

Star BUSINESS



DSEX reshuffle lays bare market irrationality

It drops Unilever, adds mostly junk stocks

AHSAN HABIB

Unilever Consumer Care, a listed multinational company formerly known as GlaxoSmithKline, has been removed from the Dhaka Stock Exchange's (DSE) main index, the DSEX, after failing to meet eligibility criteria.

It was excluded alongside 15 other companies during the latest periodic review. The removal means their share prices will no longer factor into the calculation of the market's overall performance.

At the same time, nine companies were added to the index after meeting the same criteria. Six belong to the DSE's Z category — stocks considered non-performing due to weak fundamentals or governance issues. One is from the low-performing B category, and only two are A-category companies, generally regarded as financially sound.



The inclusion of such stocks in the benchmark index, alongside the exclusion of a stable multinational, sends a troubling signal to institutional and foreign investors, say experts.

The DSE said the reshuffle was based on objective indicators.

To qualify for the DSEX, a company must have a float-adjusted market capitalisation above Tk 10 crore and an average daily trading value of at least Tk 10 lakh over the previous six months. Unilever Consumer Care fell short on the latter, with its shares traded too infrequently to meet the liquidity threshold.

In contrast, several Z-category stocks comfortably exceeded the minimum trading requirement despite weak financial performance and minimal dividend payouts.

A MARKET DRIVEN BY SPECULATION

The review highlights a striking trend of investors showing greater interest in speculative, low-quality stocks than in a multinational company that paid a 520 percent cash dividend in 2024.

Six of the newly included Z-category firms — BD Welding, DESCO, Dulamia Cotton, Salko Spinning, Standard Ceramics, and Zeel Bangla Sugar Mills — returned little or nothing to shareholders in the last fiscal year.

Dulamia Cotton, for instance, paid a 3 percent dividend, its first in at least 15 years, according to DSE data.

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BB tipped as regulator for microcredit banks

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has been recommended as the licensing authority for microcredit banks by the technical committee working on the draft ordinance containing regulations for these institutions.

The draft Microcredit Bank Ordinance 2025, unveiled by the Financial Institutions Division (FID), had named the Microcredit Regulatory Authority (MRA) as the licensing body.

However, industry leaders opposed the proposal, warning that it would create a dual licensing system with BB being the regulator for banking institutions in general.

The Daily Star has seen the recommendations by the review panel.

It also recommended doubling the minimum paid-up capital requirement for a microcredit bank to Tk 200 crore and authorised capital to Tk 500 crore from the previous Tk 300 crore.

Changes were proposed in board composition as well. The original draft suggested three directors from borrower-shareholders, three from

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From 10%, Premier Bank's default loans jump to 42% in a year

MD MEHEDI HASAN

Since its inception in 1999, Premier Bank has managed to project a glossy business image. But that perception has begun to crumble as the bank's bad loans surged nearly fivefold within just a year, hollowing out the balance sheet to a degree that is no longer easy to conceal.

Defaulted loans at the third-generation bank climbed to 42 percent, or Tk 13,959 crore, at the end of September last year, according to Bangladesh Bank (BB) data. The ratio stood at 10 percent in the same month of 2024 and below 5 percent a year earlier.

The jump in bad loans forced the commercial lender to make heavy provisions. However, Premier Bank failed to meet the full regulatory requirement, leaving a provision shortfall of Tk 10,048 crore, according to BB data.

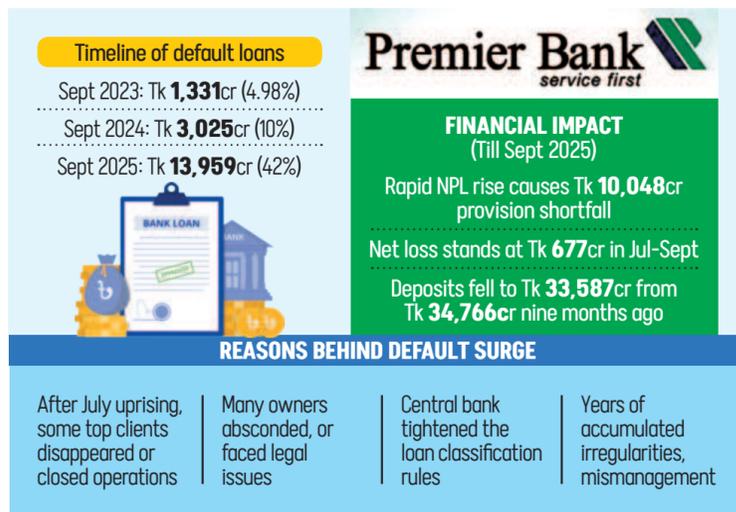
Depositors responded to the weakening financial position by withdrawing funds amid regulatory intervention and changes in the board. The pressure culminated in a net loss of Tk 677 crore in the July-September quarter last year.

The deterioration has become more visible months after HBM Iqbal, founding chairman of the bank, stepped down from the board, ending his 26-year tenure following the political changeover in August 2024.

BB data show that Premier Bank's loan portfolio was heavily concentrated among a small group of large borrowers. A large chunk of its funds was lent to just 24 clients, several of whom have since slipped into default.

Among the top borrowers are Bashundhara, Blue Planet, Western Engineering (Pvt) Ltd, Karnafuly, Crony, Vincen Consultancy Pvt Ltd, Jaj Bhuyan, Abdul Monem Limited, Saad Musa, ACI, Diamond and Doreen.

As business conditions tightened after the August uprising and political alignments shifted, loan recoveries slowed, according to bank officials. They said that defaults rose after loan classification rules were tightened



and as several borrowers linked to the ousted government shut operations, faced legal trouble or left the country altogether.

Following the political changeover, the central bank dissolved the board in August last year and formed a new seven-member panel. Arifur Rahman, founder vice-chairman and an entrepreneur shareholder, was appointed chairman.

Rahman is now overseeing operations of the bank.

Amid the regulatory intervention, deposit growth slowed. As of September last year, total deposits and other accounts stood at Tk 33,587 crore, down from Tk 34,766 crore at the end of December 2024.

Rahman said the weak financial condition was largely the result of accumulated problems from previous years. "However, we are trying to stabilise operations," he told The

Daily Star.

"Under policy support from the central bank, a number of loans are being rescheduled, which is why non-performing loans are declining in the December quarter," he added.

The chairman said the losses were mainly driven by higher provisioning requirements and added that the bank would seek a deferral facility from the BB to meet provision obligations.

He said defaults rose as several businesspeople close to the previous government were absconding, in jail or had shut down their businesses. Changes in loan classification rules also contributed to the increase.

PAST IRREGULARITIES UNDER SCANNER

Investigations by the BB, the Bangladesh Financial Intelligence Unit (BFIU) and the Anti-Corruption Commission (ACC) have previously uncovered irregularities at Premier Bank linked to the tenure of former chairman HBM Iqbal.

These include the alleged use of bank assets for personal

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Labour rights group calls for dignified living standard

Places 15-point manifesto for political parties ahead of polls

STAR BUSINESS REPORT

Labour activists yesterday presented a 15-point manifesto to political parties and key stakeholders, urging them to prioritise labour rights and social justice in the next national election.

Under the banner of the National Workers' Rights Advocacy Alliance, the manifesto was unveiled at the Bangladesh-China Friendship International Conference Centre. The programme was attended by representatives from different political parties.

Alliance leaders said workers have long been central to political movements, yet their rights are often overlooked once governments change.

"Those who rise to state power on the sacrifices of workers must not forget their rights," said Syed Sultan Uddin Ahmmed, member secretary of the alliance and executive director of Bangladesh Institute of Labour Studies (BILS).

"Workers still face job insecurity, low pay, and inadequate social protection," he said. The manifesto calls for several reforms, including amendments to labour laws to ensure legal recognition and protection for all workers, and the introduction of a national minimum wage that guarantees a dignified standard of



living. It also proposes stronger workplace safety measures, higher compensation for industrial accidents, transparent investigations into workplace incidents, and expanded social protection covering food, housing, and healthcare for workers' families.

The alliance demanded full freedom of association and collective bargaining, including for workers in export processing zones. It calls for gender equality at work, steps to end harassment and

violence, and the extension of paid maternity leave to six months for all female workers.

The manifesto also addresses emerging challenges such as climate change, automation, and the fourth industrial revolution, proposing the creation of a National Permanent Labour Commission to tackle labour crises and ensure administrative accountability.

Nazrul Islam Khan, convener of the alliance and a BNP Standing Committee member, said the demands were not new. "Those

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Khaleda Zia played pioneering role in RMG growth

BGMEA leaders say

STAR BUSINESS REPORT

Khaleda Zia, a three-time prime minister of Bangladesh, played a pioneering role in the growth of the country's ready-made garment (RMG) sector, according to leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The leaders recalled her contributions at a doa mahfil held yesterday at the trade body's office in Uttara, Dhaka, attended by several hundred garment entrepreneurs.

In 1991, recognising the potential of the garment industry, Khaleda Zia introduced an innovative policy that allowed BGMEA to issue the crucial Utilisation Declaration (UD) and Utilisation Permission (UP) certificates.

The UD permits the production of a certain quantity of imported fabrics under the bonded warehouse system, while the UP allows the import of raw materials for the export-oriented garment sector.

Before this change, these certificates were issued by the government's Export Promotion Bureau (EPB), often causing delays that led international clothing brands to shift orders to other countries.

Khaleda Zia's decision to delegate this authority to BGMEA streamlined the process, supporting private entrepreneurs and accelerating exports.

Thanks to her pragmatic decisions, Bangladesh's apparel exports crossed the \$1 billion mark for the first time during her tenure, BGMEA leaders recalled.

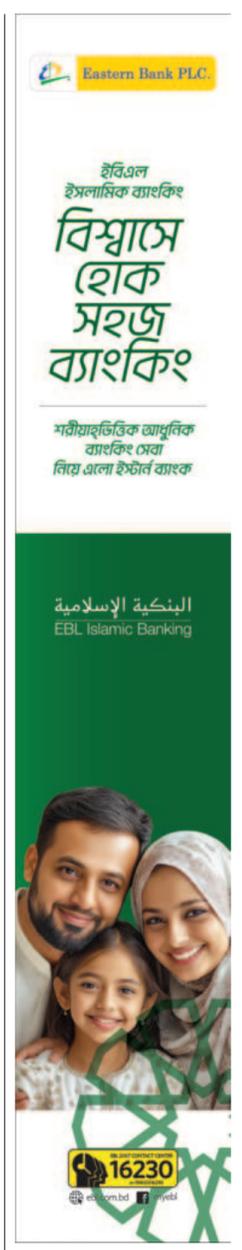
The sector, which had struggled since its inception in 1978 due to limited government support, gained momentum under her leadership.

Khaleda Zia also introduced a high percentage of cash incentives, further enhancing the country's competitiveness in global markets.

Today, Bangladesh is the world's second-largest apparel exporter after China, with nearly 8 percent of the global market share.

Over the past five decades, the RMG industry has employed over four million workers, empowered women, contributed 13 percent to the national GDP,

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BB eases rules for LPG imports as gas crisis deepens

STAR BUSINESS REPORT

Bangladesh Bank (BB) has allowed the import of liquefied petroleum gas (LPG) under suppliers' or buyers' credit, in a move aimed at easing financing pressure on local importers amid a deepening LPG supply crisis.

The BB issued a circular in this regard yesterday, saying LPG imports would be eligible for usance terms of up to 270 days.

The move comes as residents and restaurants are struggling to cook daily meals amid a worsening gas crisis affecting both pipeline supplies and bottled LPG.

LPG prices have gone up by Tk 350 to Tk 900, depending on the cylinder size, amid limited supply. LPG cylinders are being sold at prices higher than the government-fixed rates, affecting both households and businesses.

BB said LPG is imported in bulk and later bottled in cylinders for domestic use, a process that requires additional time for storage, bottling, and other operational activities.

Considering this operational reality, the central bank said LPG should be treated as an industrial raw material for trade credit.

Under existing foreign exchange regulations, imports of industrial raw materials are permissible under suppliers' or buyers' credit for a usance period of up to 270 days, or the cash conversion cycle, whichever is earlier.

In addition to suppliers' credit, BB advised banks to arrange buyers' bank facilities from overseas banks and financial institutions.

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