

BSEC bans three audit firms, four auditors over audit failures

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has banned three audit firms and four auditors from auditing listed companies for several years after they failed to audit the financial reports of two listed firms properly.

In separate orders issued on April 23, the commission banned Mahfel Huq & Co Chartered Accountants, Ata Khan & Co Chartered Accountants, and Shiraz Khan Basak & Co Chartered Accountants. It also banned four auditors who are current or former partners of these firms.

The action comes amid long-standing criticism that auditors often go unpunished despite failing to detect irregularities in listed firms. As a result of inaccurate financial reporting, many investors were misled into buying shares and later suffered significant losses.

All three audit firms failed to properly audit the financial reports of Ring Shine Textiles for three separate years, according to BSEC.

During the pre-IPO period, Ring Shine Textiles distributed shares free of cost through a private offer, which was described as a clear act of forgery. The company also issued stock dividends to shareholders who had not paid for their shares. These allotments increased its paid-up capital without any actual money being received.

Later, in 2019, the company raised Tk 150 crore from the stock market to buy machinery and repay bank loans.

However, none of these irregularities was reported by the auditors.

MAHFEL HUQ & CO

Mahfel Huq & Co was banned for three years for failing to properly audit the financial statements of Ring Shine Textiles for the year which ended on June 30, 2018.

The audit did not provide reasonable assurance that the financial statements showed a true and fair view of the company's financial position and performance, as required under auditing and reporting standards.

An enquiry committee formed by the BSEC found major irregularities in key items such as assets, retained earnings, and net profit. It also found that the firm issued an unmodified audit opinion without obtaining sufficient and appropriate audit evidence.

As a result, BSEC barred the firm from auditing any listed securities for three years from the date of the order.

The firm was also banned for one year for failing to properly audit Fareast Islami Life Insurance for 2018. A special audit found material irregularities, inadequate disclosures, and deficiencies in the financial reports, leading to the suspension.

In addition, Md Abdus Sattar, a former partner of the firm, was prohibited from auditing any listed securities issuer for five years.

Md Abu Kaiser, another former partner, was barred for two years.

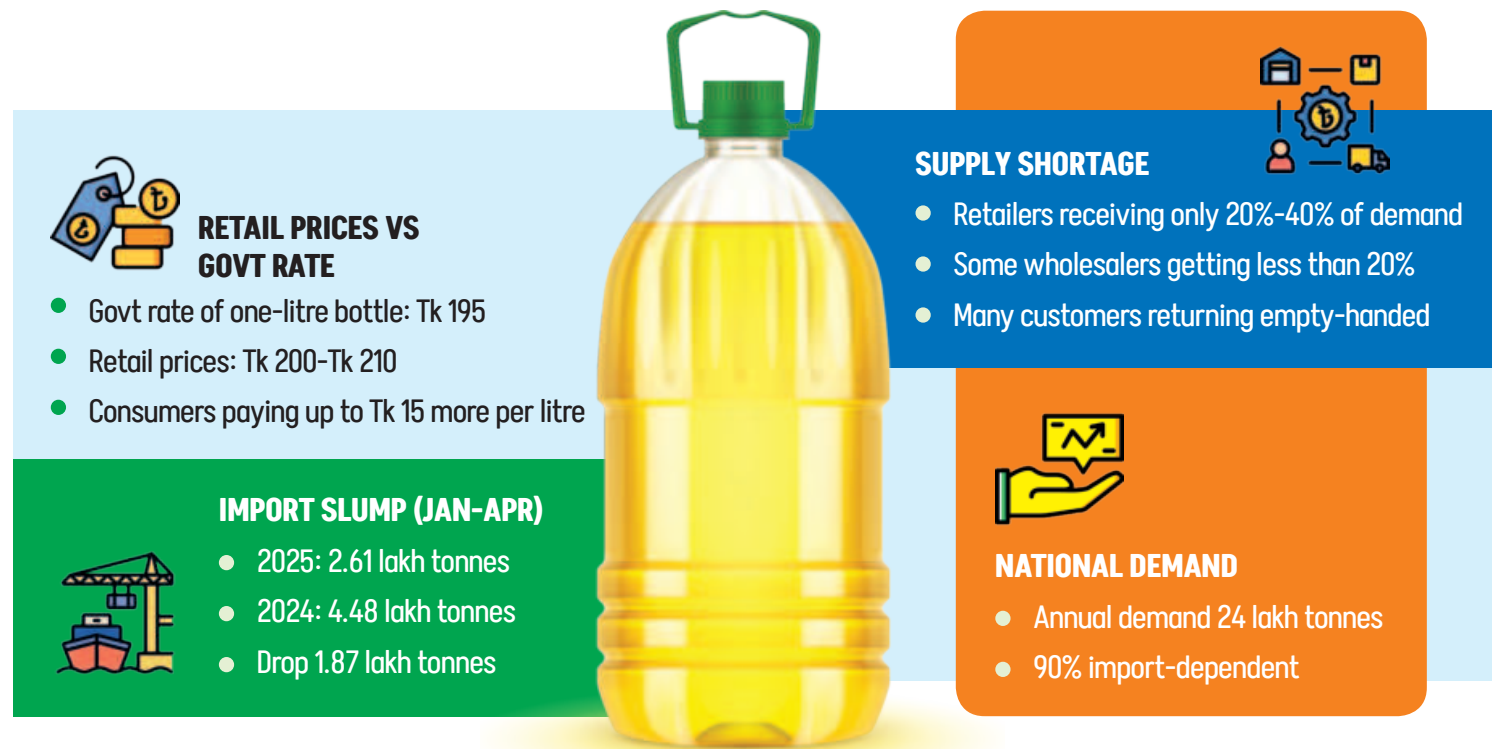
ATA KHAN & CO

Ata Khan & Co faced action after a BSEC inquiry committee found material irregularities and anomalies in key financial statement items, including the assets and net profit of Ring Shine Textiles for the year ended June 30, 2019.

READ MORE ON B3

Bottled soybean oil becomes scarce

Imports halve year-on-year, retailers receive under 40% supply, consumers pay up to Tk 15 above govt rate per litre



SUKANTA HALDER, MOHAMMAD SUMAN and DWOHA CHOWDHURY

A shortage of soybean oil that began in early March shows little sign of easing, pushing retail prices above the government fixed rate, with customers now paying up to Tk 15 more per litre.

The government has set the price of a one-litre bottle at Tk 195. However, retailers across the country are charging between Tk 200 and Tk 210.

Small shopkeepers, supermarket chains and wholesalers say they are receiving less than half of their usual daily demand for the cooking staple, most of which Bangladesh imports.

Refiners have not said clearly whether they have reduced supply. However, official data show soybean oil imports fell sharply in the January-April period compared with the same period last year.

Refiners say global prices and freight costs have increased, but authorities have yet to approve their proposal to raise local rates. They say it is no longer possible to import and sell the product at a loss.

Nurul Alam Sikder, a shopkeeper in Dhaka's Pallabi area, said he last received bottled

soybean oil from dealers about three weeks ago. Dealers are saying that there is a supply shortage, so they are unable to provide it.

Firoj Alam, manager of retail chain Daily Shopping, which has 115 outlets nationwide, said bottled soybean oil has not met demand since the beginning of April.

Currently, only about 30 percent to 40 percent of the required amount is being supplied, said Alam.

Speaking on condition of anonymity, a senior official at another supermarket chain said importers have failed to supply enough bottled soybean oil since the last week of February. At present, only 25 percent to 30 percent of the required supply is available.

The official said many customers are returning empty-handed when they come to buy oil. They are expressing frustration with them over not being able to get it.

Abu Bakar Siddique, an edible oil wholesaler at Karwan Bazar, one of Dhaka's largest kitchen markets, said the squeeze has also cut dealer commissions because the maximum retail price has not increased.

DEALERS CUT BACK SUPPLIES

During a visit to kitchen markets in Chattogram yesterday, it was found that 1 litre and 2 litre bottles were available at some

shops, while 3 litre and 5 litre bottles were largely missing from shelves.

Retailers were selling bottled soybean oil at Tk 5 to Tk 7 above the maximum retail price printed on the packaging. Traders say they are receiving less than 20 percent of their usual supply.

Abul Hashem, a retailer in the port city, said limited deliveries from distributors have disrupted sales and forced them to ration stock.

Hashem said retailers are not receiving edible oil in line with demand. Dealers said their commission has also been reduced.

"As a result, we are buying oil at Tk 1 to Tk 2 higher than the maximum retail price printed on the bottle. If we do not add at least Tk 5 per litre, we incur losses," he added.

In Sylhet, retailers reported a similar picture.

Ashis Das, a retailer at Bagbari area, said, "Dealers have stopped providing supplies for over a week. Wholesalers in Kalighat are also almost out of stock, so we are having to run our shops without oil."

Another retailer, Kapil Ray, said, "No company has provided oil for several days. We have managed to source small quantities of

READ MORE ON B3

Govt's heavy bank borrowing to curb private credit: BEA

STAR BUSINESS REPORT

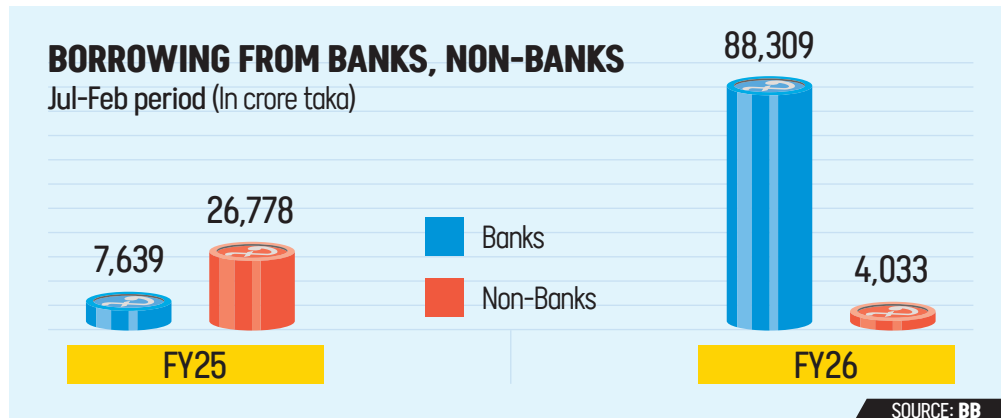
A widening revenue shortfall is driving the government toward heavy bank borrowing, raising concerns over tighter credit availability for the private sector and mounting fiscal pressure in the coming years, the Bangladesh Economic Association (BEA) said.

"If the revenue gap persists, the trend [of government bank borrowing] could deepen further in FY2026-27, amplifying a 'crowding out' effect where government demand for funds limits lending space for businesses," said the association.

The economists' body raised the issue yesterday during a pre-budget discussion with the National Board of Revenue (NBR) officials at its headquarters in Dhaka.

BEA estimates that government borrowing from banks may reach around Tk 1 lakh crore in FY26. The amount could rise to Tk 1.1 to 1.3 lakh crore in FY27, with the deficit remaining at 4.5 to 5 percent of GDP.

As of February in the current fiscal year,



the government borrowed Tk 88,309 crore from the banking system and Tk 4,033 crore from non-banking sources, according to Bangladesh Bank data.

The BEA also said the upcoming budget will face pressure from political commitments, including pay-scale adjustments, family card

programmes, agricultural support, and social safety-net expansion.

"Ensuring food security and stabilising prices of essential goods will further strain fiscal space," said Mohammad Masud Alam, member of the BEA.

READ MORE ON B2

Exports demand-driven, no overcapacity

Commerce minister says

STAR BUSINESS REPORT

Bangladesh's exports are order-based and free of overcapacity, Commerce Minister Khandakar Abdul Muktadir said yesterday amid an ongoing US investigation into forced labour and surplus production across 60 countries, including Bangladesh.

Speaking at a luncheon meeting on US-Bangladesh partnership hosted by the American Chamber of Commerce (AmCham) at the Sheraton in Dhaka, he also said Bangladesh has made substantial progress regarding labour rights.

The minister said Bangladesh's exports are driven by demand. Particularly, the garment industry produces strictly against international orders. "This is indicative of global demand, rather than excess capacity."

He pointed out that many factories are currently running below capacity due to energy and infrastructure constraints.

On forced labour, the minister mentioned that Bangladesh has enacted reforms in workplace safety and labour rights in partnership with the International Labour Organization (ILO) and other partners, establishing one of the most rigorously regulated and secure garment sectors in the world.

Stating that Bangladesh is committed to maintaining international labour standards, he said the government believes that the most constructive course of action to that end is continuing engagement and collaboration.

On partnership with the US, the minister said the government is confident that the bilateral relationship will continue to grow through trade, increased investment, technology collaboration, and continued dialogue.

He said the government is diversifying its export base by incorporating sectors such as pharmaceuticals, leather, agro-products, and light engineering, in addition to a booming ICT sector.

The minister stated that improving market access is imperative as the country is set to graduate from the least developed country status. "We look forward to continued US assistance to guarantee a seamless transition and maintain our global competitiveness."

He noted that although Bangladesh has established robust manufacturing capabilities

READ MORE ON B3

Gas price hike fuels energy inflation: BB

STAR BUSINESS REPORT

Bangladesh witnessed a spike in energy inflation during the January-March quarter of the current fiscal year 2025-26 (FY26), driven by gas price hikes, according to a Bangladesh Bank (BB) report published yesterday.

Energy inflation rose to 14.9 percent in the third quarter of FY26 from 14.4 percent in the previous quarter, the central bank said in its report titled Inflation Dynamics in Bangladesh.

The report said solid fuels such as firewood, agricultural by-products, cow dung, and jute sticks have consistently been a major driver of energy inflation.

However, inflation of solid fuels declined to 21.5 percent in the January-March period from 23.1 percent in the previous quarter. Gas inflation surged to 11.3 percent in the third quarter, rebounding from a 6.2 percent

inflation in the preceding quarter.

During the January-March period of FY26, inflation averaged 8.81 percent, up from 8.3 percent in the preceding October-December quarter, mainly driven by increased food prices, especially vegetables and spices.

Solid fuels such as firewood, agricultural by-products, cow dung, and jute sticks have consistently been a major driver of energy inflation

However, protein-based foods remained the top contributor, accounting for 44.6 percent of overall food inflation, the report said.

The average contribution of vegetables to food inflation rose to 22.7 percent in the January-March period of this year. The

contribution of cereal items to food inflation saw a notable decline, dropping to 8.1 percent from 41.4 percent in the previous quarter.

In contrast, non-food inflation remained broadly stable at a high level of approximately 8.9 percent.

During the quarter, the BB report said that the contribution of domestic items to inflation increased to 71.7 percent, while the share of import-concentrated items fell to 28.3 percent.

Despite a spike in inflation, the wage-price gap slightly narrowed compared to the previous quarter. "This narrowing was primarily driven by a decline in headline inflation rather than any significant improvement in wage growth," the report said.

"Despite some positive momentum effects, wage growth remained sluggish throughout the quarter, as the negative base effect persisted," it added.

Trust Bank Debit Card

NOW DUAL CURRENCY

Travel, Shop, Dine and Pay worldwide with your Trust Bank Debit Card.

Trust Bank PLC.

To Know More 16201

BB eases incentive bonus rules for bank staff

STAR BUSINESS REPORT

Bangladesh Bank has eased rules for banks to award incentive bonuses to staff, provided that a few criteria are met.

According to a central bank circular issued yesterday, a bank's boards of directors may approve up to one month's basic salary as a bonus in recognition of "special achievements" during the year, even if the usual eligibility criteria are not met.

However, this discretionary payment will only be permitted if the institution records an operating profit. In

Banks may approve up to one month's basic salary as a bonus in recognition of "special achievements" during the year, even if the usual eligibility criteria are not met

addition, the bank must ensure that regulatory capital is maintained at least at the previous year's level (excluding adjustments for deferred provisions approved by Bangladesh Bank) and that no fresh applications are made for deferred provisioning facilities.

Officials said the move aims to boost morale among officers and employees while preserving competitiveness in the banking sector. Meanwhile, Bangladesh Bank stressed that compliance with the outlined conditions is essential to ensure financial discipline and safeguard stability.