

Ibrahim Khaled calls for lower PE ratio

PART TWO

MD FAZLUR RAHMAN

The government should bring down the price-earning ratio below 20, and if possible below 15, for the sake of the stockmarket, said a former deputy governor of the central bank.

There is nothing to be satisfied with a 29 PE ratio, said Khondkar Ibrahim Khaled.

"India has a huge stockmarket. But they are even worried about their PE ratio at 18. Our PE should be brought down gradually," Khaled said.

The PE ratio of a stock is a measure of the price paid for a share relative to the annual net income or profit earned by the company per share. P/E reflects the capital structure of the company.

The former Bangladesh Bank official said the price drop had become inevitable on the stock exchanges and been normal now compared to how it went up before.

"The SEC seems active when prices go down. What did it do when prices increased astronomically?"

He also called for a probe committee to look into the role of the members of the Securities and Exchange Commission (SEC) during the surge of indexes.

"The probe's terms of references must try to find out the persons responsible for taking up the prices too much and then bringing those down near to the ground.

There is a possibility that the same people were involved in both cases."

Khaled also blamed the SEC for making and changing its decisions overnight, an accusation already admitted by the regulator.

"Many people were benefited from its overnight shift in the decisions. The SEC has created opportunity for them to profit, so it should go for long-term policy," he said.

"There is no doubt that SEC has failed. It has either collaborated with the manipulators or showed great negligence."

Khaled, also the chairman of Bangladesh Krishi Bank (BKB), said he did not believe that money that went out of the market would ever come back. According to many analysts, about Tk 10,000 crore has been siphoned off from the market, affecting 20 lakh investors more or less.

"Despite huge losses, the retail investors are still waiting for opportunities to enter the market again. Their confidence has to be restored. It, however, will take time."

Khaled also called upon the government to take steps so the retail investors do not sell their stocks out of panic. To restore their confidence, the government needs to start probe immediately, restructure SEC quickly, revive the 1996 cases and find out the responsible persons behind the unusual rises and falls in the market.

He said the government steps to restore confidence to the investors are a step forward.

"But these steps are not sufficient. They might work for the time being. But the steps must be driven by the restructuring of the SEC."

"The market will pick up if the SEC overhauls and other steps go simultaneously. Otherwise, I doubt whether the market will revive," he said.

The former deputy governor said it would not be wise to allow all banks to reinvest their profits from stock trading in the bourses.

"Only five banks have made profits from stock trading. Of those, three made profits over Tk 200 crore, and these three, for example, should be allowed to reinvest their profits only for four to five months."

"It will not be wise to involve all banks in the rescue process. It's not the bank's job to be engaged in the stockmarket. They may invest a negligible amount. They have to operate within the laws of the central bank," he said.

Otherwise, there will be a banking crisis, like that in the stockmarket now, he cautioned.

The BKB chairman said it would also be unethical and illegal to allow banks to use depositors' money in the unproductive and speculative market.

"The banks' money is not their own. It's people's money. So, they cannot use the money in unproductive sector. But the central bank may allow doing this for a

rescue purpose, and that must be for a short period."

He also urged the government to appoint efficient lawyers to deal with the 1996 cases. "The finance minister has said witnesses are not available. But if the cases are revived and efficient lawyers are appointed then the most affected general investors will try to believe that the government is trying, which will help restore the much-needed confidence."

"The cases should be revived even if the witnesses are not available," he said.

He also lent support to the central bank, which is accused of being too lenient to the banks overexposed to stockmarket. "In theory, the stockmarket does not fall under the purview of the Bangladesh Bank. So it took relaxed approach to some extent. But it should have been cautious earlier."

Khaled said the central bank was not well-informed about the stockmarket situation in advance. "Bangladesh Bank has taken some steps to rein in their overexposure, which should have been taken much earlier."

He said the real economy could be affected if the banking sector is affected by the stockmarket debacle. But at the moment, there might not be any impact on real economy, as too much money was not raised from the market for industrial uses, as seen globally.

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StanChart's top official in city

STAR BUSINESS DESK

Nirukt Sapru, head of growth markets for Southeast Asia and South Asia of Standard Chartered Bank, has arrived in Dhaka on a brief visit to meet officials and clients.

Nirukt joined Standard Chartered in 2004 and was the regional head of global corporate for Europe.



\$9.7b worth new airline IAG debuts

AFP, London

International Airlines Group, formed via the merger of British Airways and Iberia of Spain, made its stock market debut on Monday at a valuation of £6.1 billion (7.2 billion euros, \$9.7 billion).

IAG's shares opened at 288.10 pence on the London FTSE 100, before slipping slightly to 284.9 pence in midday deals.

The giant merger had completed on Friday, creating Europe's second biggest airline by market value behind Lufthansa of Germany. It is set to fly about 60 million passengers a year.

"IAG has a great future ahead of it," IAG chief executive Willie Walsh said in a statement.

"The merger will lead to annual synergies of 400

Govt approves guidelines for e-procurement

Transparent system on cards

STAR BUSINESS REPORT

The cabinet yesterday approved the electronic government procurement (e-GP) guidelines to demonstrate the government's commitment to achieving openness and accountability in procurement.

The government will kick off the e-GP system next month through 17 of its offices across the country under Local Government Engineering Department, Rural Electrification Board, Water Development Board and Roads and Highways Department.

The bidders are required to get registered with the Central Procurement Technical Unit (CPTU) of the planning ministry to take part in the bidding under the new system.

A CPTU official said authorities would invite the bidders formally through newspaper notices in next three to four days. The bidders can register themselves online.

The bidders will have to pay a fee of Tk 5,000 at the time of first registration. The registration will have to be renewed every year by paying a fee of Tk 2,000.

The official said the media personnel will be able to get registered for free to check up on transparency of the process and will have to submit their national ID cards and office ID cards electronically to sign up.

However, the media personnel will not have access to all procurement related documents such as evaluation report, the official said. He said the media personnel would have to ask for those documents separately under the Right to Information Act.

CPTU reserves the right to take the payment service of banks, payment service providers, mobile networks, and other reliable and authorised online service providers through memorandum of understanding (MoU) with agreements for the e-GP online payment network, according to the guidelines.

CPTU officials said they already had final discussions with Bangladesh Bank and 12 other commercial banks on the new system and a draft MoU has already been prepared. The agreement will be signed soon.

In the first phase of the e-GP system, the contractors have to go to a CPTU-approved bank to pay cash and demand drafts of pay orders to sign up for the system, CPTU said.

In the second phase, there are possibilities of opening various channels such as ATM, debit card, credit card or Internet banking.

Government agencies will have to prepare an annual procurement plan and will send it to CPTU. Then the procurement process will proceed automatically.

A CPTU official said the system will eliminate bid rigging, obstruction and harassment of the bidders. "There will be no scope for political muscle flexing," he said.

The e-GP system will be a single web-portal, through which procuring agencies and entities will perform their procurement related activities: publish annual procurement plans, invitation for tender and request for proposal.

Request for quotation, tender/application/proposals submission, opening, evaluation, contract award notices, payments, procurement management information system with key procurement performance indicator reports and other procurement related information will be available in the portal, according to the guidelines.

The e-GP system will be hosted in the e-GP data centre at CPTU, and the web-portal will be accessible to procuring agencies and entities on the web. The system will be implemented in all the procuring entities of the government.



ISLAMI BANK
Abu Nasser Muhammad Abdus Zaher, chairman of Islami Bank, speaks at project officer conference of rural development scheme at Institution of Diploma Engineers Bangladesh in Dhaka on Saturday. Mohammad Abdul Mannan, managing director of the bank, was also present.

Japanese KDDI sees 3Q earnings slip

AFP, Tokyo

Japan's number two telecom operator KDDI Corp. said Monday its net profit for its fiscal third quarter fell 2.5 percent on falling revenue from voice calls and higher promotion costs.

The earnings were in line with analyst expectations as the company looks to begin making the most of the popularity of smartphones, after making a late entry last year into the fast-growing segment led by Apple's iPhone.

As a result it has had to spend more to retain customers and attract new ones.

Smartphones are seen as a way for Japanese carriers to generate revenue on data traffic in a saturated market, as evidenced by the impact of the iPhone on Softbank's earnings, the exclusive carrier of the device in Japan.

"As smartphones become more widespread, we will see the data portion of the revenue increase," KDDI President Takashi Tanaka told a news conference.

He said that the company expects to sell more than one million smartphones cumulatively by the end of March, with new models coming out in the January-March quarter.

Philips buys Indian appliance maker Preethi

AFP, The Hague

Dutch consumer electronics maker Philips said Monday it had purchased leading Indian kitchen appliance maker Preethi for an undisclosed amount to become the leader in India's fast-growing market.

Royal Philips Electronics said in a statement that it "has agreed to acquire the assets of the Preethi business, a leading kitchen appliances company in India" based in the southeastern city of Chennai and which employs around 850 people.

"This will make Philips the clear leader in this specific fast-growing segment within the Indian domestic appliances market," it added.

Philips, a manufacturer of medical equipment, televisions, lighting systems and consumer appliances, employs about 119,000 people in more than 60 countries.



DBH
Hamidul Huq, managing director of Credit Rating Agency of Bangladesh, hands over the credit rating report to QM Shariful Ala, managing director of Delta Brac Housing, at a programme held at the latter's office in Dhaka recently.

Japan's Kirin, China Resources to tie up

AFP, Tokyo

Japanese beverage giant Kirin Holdings will form a soft drink alliance with leading Chinese brewer China Resources Enterprises to expand in the growing China market, the companies said Monday.

The pair will form a production and sales joint venture in China, with Kirin paying \$400 million for a 40 percent stake and China Resources taking 60 percent, the companies said in a statement.

The alliance comes as Japanese beverage producers aggressively seek opportunities to purchase or collaborate with foreign peers for further growth to offset a declining domestic market.

Kirin has struggled to expand its sales in China, where it began brewing beer in the 1990s, due to limited sales channels.

In China Kirin has business in Shanghai, Guangzhou and Beijing with black tea and coffee brands, but now stands to benefit from China Resources' vast distribution network.

পাওয়ার গ্রীড কোম্পানী অব বাংলাদেশ লিঃ
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Web: www.pgcb.org.bd

Memo No: 4.07/PGCB/MATLP/2011/17 Date: 18/01/2011

Invitation for Bids

1.	Project Name	Meghnaghat-Aminbazar 400 kV Transmission Line Project (MA400kVTLP) (Phase-1).
2.	Procuring Agency	Power Grid Company of Bangladesh Limited (PGCB).
3.	Type of Tender	Single envelope system.
4.	Name of Work	Land Development for 10 acres (more or less) and slope protection works of proposed Aminbazar 400/230 kV substation.
5.	Work Completion time	9 (nine) months.
6.	Place of the Work	Borobordeshi Mouza, Aminbazar, Savar, Dhaka.
7.	Work Method	Dredger filling by Hydraulic Compaction and Carried earth Filling by Roller/Hydraulic Compaction.
8.	Source of Fund	GOB (Local Currency).
9.	Bid Security	Taka 20,00,000/- (Twenty lakh) only.
10.	Cost of Tender Document	Taka 10,000/- (Ten thousand) only.
11.	Eligibility of bidder	a) Enlisted 'A' class contractor of BPDB, BWDB, LGED and R&H Department. b) Having past experience on land filling works & valued minimum Tk. 1 (one) crore. c) The original qualification and supporting documents are to be shown during purchases of the tender document.
12.	Name & Address of Office (s) collecting tender documents	a) DGM & Project Director, M-A400kVTLP, PGCB, House no # 6, (2 nd floor) Road # 23/A, Gulshan-1, Dhaka-1212. b) GM (Projects), PGCB, Concord Tower (6 th floor), 17, Mohakhali C/A, Dhaka-1212. c) DGM, Project-1, PGCB, Aftabnagar, Badda, Dhaka.
13.	Name & Address of Office (S) for submission & opening of tenders	a) DGM & Project Director, M-A 400kVTLP, PGCB, House no # 6, Road # 23/A, Gulshan-1, Dhaka-1212.
14.	Last date & Time of selling	During office hour up to 24 February 2011.
15.	Date & Time Submission of Tender	Upto 11:00 am on 27 February 2011.
16.	Date & Time for opening Tender	At 11:30 am on the 27 February 2011.
17.	Special instruction	PGCB reserves the right to reject all the tenders prior to acceptance.

(Engr. Md. Ainul Haque)
DGM & Project Director
M-A 400kV T/L Project, PGCB, Dhaka.