

DHAKA SUNDAY FEBRUARY 27, 2011, e-mail:business@thelialystar.net

## Five IPOs hit hurdles

GAZI TOWHID AHMED

The initial public offerings (IPO) of five companies, now awaiting regulatory approval to float shares worth Tk 721 crore, are uncertain on the back of a current bearish trend on the stockmarket.

The five companies, including a listed one, submitted IPO proposals to the Securities and Exchange Commission (SEC) under fixed price method. They are Central Depository Bangladesh Ltd (CDBL), STS Holdings Ltd, GBB Power Ltd, Rangpur Dairy and Food Products Ltd and Shurwid Industries Ltd.

Of them, CDBL plans to float four crore ordinary shares of Tk 10 each, with Tk 50 as premium. CDBL operates the central depository system for electronic share transfer. STS Holdings will offer three crore primary shares of Tk 10 each, at an issue price of Tk 125 including Tk 115 as premium.

GBB Power will float 2.05 crore ordinary shares of Tk 10 each, in addition to Tk 60 as premium, while Shurwid Industries will float 1.4 crore shares of Tk 10 each.

Rangpur Dairy will come up with 1.64 crore primary shares of Tk 10 each at an offer price of Tk 25, including Tk 15 as premium.

Bangladesh Shipping Corporation, which is a listed company, will go for repeat public offering (RPO). The company, however, did not finalise the RPO size, which will be announced after primary approval.

Officials at Securities and Exchange Commission (SEC) said, although the five companies' IPO proposals are pending for approval, more information are needed from some of them.

"The commission has already sent letters to them," said Yeasin Ali, a member of the SEC.

Ali said it will not be a proper time to give nod to those IPOs, as the secondary market is now on a declining trend. The SEC will consider the IPOs when the market stabilises, he added.



## Revised ADP to see more local resources

Ministry places proposal at a meeting today

REJAUL KARIM BYRON

Domestic resources will see a rise in the revised annual development programme (ADP), compared to the original layout, due to the government's failure to implement foreign-aided projects.

According to a planning ministry proposal, the allocation in the revised ADP has been cut by about 9 percent to bring it down to Tk 35,130 crore.

Domestic resources are now 56 percent of the revised ADP, which were 51 percent in the original outlay, and foreign resources are 44 percent, down from 49 percent earlier.

The planning ministry places the revised ADP for approval at a meeting of the National Economic Council (NEC) today.

Mustafizur Rahman, executive director of the Centre for Policy Dialogue (CPD), said reducing dependence on foreign resources is a positive sign but the government took the initiative after it failed to utilise foreign aid.

In the original ADP, the total foreign resources were estimated at Tk 18,800 crore, of which project aid was Tk 15,300 crore and budget support was Tk 3,500 crore.

In the revised ADP, the budget support remains the same, but a proposal was made to slash project aid by 22 percent to bring it down to Tk 11,930 crore.

A planning ministry official said some ministries returned the project money, failing to utilise the amount.

The project aid fell by 25 percent in the power division and 27 percent in the health sector. Besides, allocations of project aid to most of the ministries were also reduced.

Rahman said cutting the foreign resources is not a reflection of any policy decision; it reflects the weakness of the ministries.

According to the Implementation, Monitoring and Evaluation Division report, project aid implementation was 22 percent of the total ADP in the first seven months of the current fiscal year, which was 34 percent in the same period last fiscal year.

"We get foreign loan at a much cheaper rate and the repayment time is also longer. If foreign loan had been utilised properly, pressure on domestic resources would have eased."

He said a maximum utilisation of the available project aid, especially budget support from the development partners, should be made as it has a positive effect on the overall macroeconomic management.

In the revised budget, a big portion of the Tk 3,500 crore budget support will come from the World Bank (WB).

The government has sought \$1 billion budget support from the WB for three years -- of which, it hopes, \$300 million to \$350 million will be available for the current fiscal year.

However, the Economic Relations Division officials said, while the government seeks budget support, the WB will decide on it after judging the government's ability to implement the ADP.

Rahman said: "I won't say the ADP size is big. It is okay considering our need. But the ministries' capacity to implement the ADP hasn't increased much. Weakness lies both with bureaucracy and monitoring."

He stressed increasing efficiency of ministries and the local government system.

## Rahimafrooz launches new auto battery

STAR BUSINESS REPORT

Rahimafrooz yesterday launched maintenance-free automotive battery Globatt in Bangladesh and set a target to emerge as one of the top three brands in South Asia by 2015.

Rahimafrooz had earlier launched Globatt in 22 countries in Asia, Middle East and Africa, said Munawar M Moin, a group director of Rahimafrooz, at a press meet at Hotel Sonargaon in Dhaka.

"We launched Globatt first in Dubai in 2009 and then in Singapore the same year," said Moin.

In 2010, the leading battery maker unveiled the product in Asia's major markets: China and India.

In the last two years, the company exported nearly 600,000 batteries of \$24 million, with Globatt taking up 65 percent of all, he added.

"We want to produce and sell six million pieces of battery in Bangladesh and other South Asian countries by 2015," said Moin, adding that Rahimafrooz now looks to European and North American markets.

"Through superior product and excellent customer services, we will establish that Globatt is a technology leader and the best automotive battery brand in the market," he added.

Moin said Globatt customers will enjoy



the global brand with national identity. Rahimafrooz introduced a 36-month warranty for the first time with it.

Another group director of Rahimafrooz, Mudassir M Moin, said the company would sell the new product through a network of 12 sales centres and selected brand stores.

Globatt will be available in the passenger car segments for Japanese and European vehicles with advanced maintenance-free battery and expanded metal technology.

Rahimafrooz has two state-of-the-art automotive battery plants in Savar and Ishwardi.



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