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star BUSINESS

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STAR
Jute products are on display at a fair that began yesterday at Bangladesh Jute Research Institute on Manik Mia Avenue in Dhaka. Jute-goods makers are facing a slack time. Story on B3

Dhaka bourse rejects listing proposals of MJL, MI Cement

Regulator extends MJL listing deadline

SARWAR A CHOWDHURY

The Dhaka Stock Exchange (DSE) yesterday turned down the listing proposals of MJL Bangladesh Ltd and MI Cement Factory Ltd.

The decision of the bourse came in response to an instruction from the regulator that asked the exchanges to take necessary steps about the twin companies' listing in line with the existing rules.

The refusal put a lid on the debate that surfaced over the last few days following the two companies' compensation offers to the investors if their share prices go below the IPO (initial public offering) price within six months of trading.

our market," Titu said, explaining that it will be difficult to maintain a record of which investor has lost how much.

Earlier, the listing of MJL Bangladesh and MI Cement faced a hurdle when the stockmarket regulator suspended book building system in January this year upon a government instruction.

The government later said the two companies can be allowed on condition of buying back by the sponsors if their share prices go below the IPO prices within one month of trading.

But, instead of this, the companies had offered the compensation package referring the clause 57(2)C of the Companies Act that states: "The share premium account may be applied by the company in writing off the expenses of, or the commission paid or discount allowed, on any issue of shares or debentures of the company."

It means, a company can compensate or write off when it issues shares or debentures at a discount price. For example, if share price is Tk 100, and it is sold at a discount price of Tk 90 -- the company can compensate Tk 10 from its account.

liable for losses or profit from share investment. And it is not also a company's liability if its share prices go up or down than the IPO price in the secondary market.

The Listing Committee of the DSE sat on the issue on Tuesday and came up with a conclusion that if the two companies cannot be listed in line with their compensation offer, it will be conflicting with the Companies Act.

Moreover, it will raise huge complexities also. The companies and the stockbrokers will face problems to manage several lakhs of beneficiary owners' accounts, if their share prices come below the IPO prices.

In another development, the Securities and Exchange Commission yesterday extended the deadline for MJL Bangladesh listing by two more weeks.

The extended time will be counted from the next day of the legitimate deadline of March 31 for listing.

The latest development came after the fuel company applied to the regulator for time extension for its listing.

If MJL Bangladesh and MI Cement cannot list by the deadline, the two IPOs will be scrapped as per listing rules.

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WB opposes draft telecom rules

REJAUL KARIM BYRON

The World Bank (WB) has opposed the draft guideline for licence renewal of telecom operators, saying the move will impede growth of the booming sector and cast a negative impact on the government's revenue and stockmarket.

Last month, WB Country Director Ellen Goldstein wrote a letter to Finance Minister AMA Muhith to convey the bank's concern over the draft. The copies of the letter were sent to the Prime Minister's Office (PMO) and the post and telecommunications ministry.

Goldstein said, if implemented, the new telecom rules will substantially derail growth in the telecommunications sector and seriously impede future growth and innovations in a sector that is crucial for Bangladesh's economic and social progress.

The WB has also deferred its budget support to the next fiscal year owing to its opposition to the draft and slow progress in governance related reform programmes.

Last week, a team led by the WB country director met the finance minister and raised the issue. A finance ministry official said Muhith has reviewed the WB of a further revision of the issue.

The bank recommended a revision to the licence renewal policy and regulatory guideline in line with international good practices, and an extension of the term of the current licences beyond November 2011.

The WB also recommended

designing and implementing a transparent auction process to discover the renewal fees for spectrum. It also suggested that the spectrum prices are based on a comprehensive and justified benchmark analysis.

The guidelines do not provide adequate evidence or transparency on how the proposed fees were computed, the bank said.

It said the requirements to pay extremely high one-time spectrum assignment fees within 21 days of renewal will be a significant burden on the operators, and will have an impact on the financial sector and capital market.

Citing examples of different countries, the WB said, in Pakistan the fees for 2G licence renewal was \$21.40 million per megahertz (Mhz) in 2004. In India the 3G fee was from \$1.80 million to \$23.66 million in 2010, while in Sri Lanka, the 2G renewal fee was \$0.38 million in 2008. In Bangladesh, the fee for 2G renewal was proposed at \$31.50 million without any auction.

The WB said the licence renewal fee in Bangladesh was much higher than in other countries and it varied from company to company.

Four mobile operators will have to pay a total of Tk 12,118 crore in spectrum fees. Grameenphone will have to pay the highest -- Tk 5,504 crore, Banglalink Tk 2,994 crore, Robi Tk 3,000 crore, and Citycell Tk 620 crore, under the new rules.

But the renewal fee is \$291 million (Tk 2,112.80 crore) in Pakistan, \$5 million in Sri Lanka and \$270 million in Nepal. However, infor-

mation about the fees in India was not available.

The WB said the government should consider discovering the renewal fee through a transparent, well designed and market-oriented auction process that will be acceptable to all stakeholders.

In renewing the licences, the key guiding principles for the government should be to follow good practices like affordable and increasing access to voice and data service which has not been adhered to in the draft, the WB said.

The draft provided for issuance of initial public offering (IPO) within two years of the licence renewal, but the WB says it should be left to the company.

The high cost of licence renewal will impact the stock price and shareholder dividend payout by Grameenphone, which would affect investor sentiment in an already volatile market, the WB said.

The high fees will also affect the financial health of some of the licensees who are only marginally profitable, and their ability to launch IPOs as required by the draft guidelines.

The WB also said, if the government revises the guideline, the WB would provide technical support if necessary.

The government in January sent the prepared guideline to the stakeholders and asked them to give their opinions about it by February. The WB urged the government to publish the revised guideline after taking opinion of the stakeholders and initial consultation.

Court rules on BGMEA polls

STAR BUSINESS REPORT

The High Court yesterday asked the election board of Bangladesh Garment Manufacturers and Exporters Association to explain why the latest polls should not be declared unlawful.

The court issued the rule after Anwar-ul-Alam Chowdhury Parvez, who boycotted the BGMEA election, filed a writ petition on Wednesday, challenging the biennial election. Parvez, leader of Forum Panel, charged that the election was held on a faulty voter list.

Barrister Rafique-ul-Huq represented Parvez in court.

An HC bench of Justice Mamtazuddin Ahmed and Justice Gobinda Chandra Tagore issued a rule nisi but did not pass any order to cancel or stay the publication of the results of the polls held on March 20.

merce secretary, the director of trade organisations of the commerce ministry, the arbitration tribunal of FBCCI and BGMEA's election board to respond to a notice.

In his reactions, Shafiul Islam Mohiuddin, the president-elect of BGMEA, said he heard about the rule, but did not receive any notice yet. "Everybody has the right to go to court, but it was not necessary," Mohiuddin said.

Abdus Salam Murshedy, the outgoing president of BGMEA, who did not receive any notice from court, said: "We will respond according to the law."

Parvez went to court before a hearing at BGMEA's election appeal board and the tribunal body of the Federation of Bangladesh Chambers of Commerce and Industry, said Shafiullah Chowdhury, chief election commissioner for BGMEA.

In line with the trade organisation rules, any aggrieved candidate

in trade-body elections will first go to the election appeal board and if he is not satisfied here, he has scope to go to the FBCCI tribunal, Chowdhury said.

If the aggrieved person is still not satisfied, he can go to court later, Chowdhury added. The Forum panel leader should have completed those procedures before going to the High Court, he said.

BGMEA's appeal board hears Parvez's complaints today.

Rafiq-ul-Huq said the election commission published the results before the hearing was complete. "The High Court has issued a rule nisi by this time. The procedure of the case is right," Huq said.

Parvez applied to the BGMEA's appeal board on March 21 for cancelling the election and demanded a fresh election on a flawless voter list.

The Sammilito Parishad was voted to power with all the 27 posts of director elected.

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Dr Prema Raj
Dr Prema Raj is a Hepatobiliary & Pancreatic and Liver Transplant Surgeon practising at Mount Elizabeth Hospital in Singapore. He started the Liver Transplant Programme in Mount Elizabeth Hospital in January 2009. His interest lies in the development of minimal access surgeries for the liver and he is pioneering robotic liver surgery in Singapore. His research interest is developing a bioartificial liver.



Dr Kenneth Chan
Dr Chan is a Respiratory Physician who has extensive experience in respiratory and critical care medicine. He is well-versed with many cutting-edge technologies, such as advanced mechanical ventilatory techniques; and is also able to perform ultrasound examinations of the thorax, primarily for the diagnosis and management of pleural effusions. Dr Chan is the current Vice-President of the Society of Intensive Care Medicine, Singapore.



Dr Pary Sivaraman
Dr Pary is a Kidney and Transplant Physician who was instrumental in various complex transplantations. He has managed many patients with difficult post-transplant complications such as Hepatitis C, lymphoproliferative disorder and recurrent diseases. Due to his experience in renal issues, he was called on to provide almost total support to the management of renal problems for potential liver transplant candidates before and after liver transplantations.

Please call to register with
24-Hour Helpline: 0173 6000 000
by Thursday, 31 March 2011

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