

BUSINESS

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15 new securities enter stockmarket

SARWAR A CHOWDHURY

Fifteen new securities found their way into the stockmarket this year, up from 13 last year, although the market showed clear signs of volatility in 2011 with two price debacles.

Eight equity securities, six mutual funds or investment securities and a convertible bond came to the stockmarket, according to data from Dhaka Stock Exchange. The value of public offerings and pre-IPO placements was around Tk 1,250 crore.

Merchant bankers said the number of listings could have been higher this year if the book building method had not been suspended in January and if the market had remained stable all year.

The suspension of the book building method, a price discovery system, blocked many IPOs whose prospectuses were submitted in 2010 under the method, the merchant bankers said. A key responsibility of a merchant bank is to manage issues or bring new IPOs to the market.

With the book building method now modified, regulators have asked issuer companies to revise their IPO prospectuses, they said.

The situation was different last year, when the market was in a bullish trend," Mohammad A Hafiz, president of Bangladesh Merchant Bankers Association (BMBA). "This year, the situation was not so good, as the market maintained a bearish trend."

After the Securities and Exchange Commission was restructured, the policy issues and many rules and regulations, including book building method, were also redesigned.

So, the companies that applied for IPO under book building method, found their entry to the market delayed, said Hafiz, also a director of AAA Consultants and Financial Advisers.

However, he said, bad days are gone, as many new companies have already applied to the commission for IPOs. "We expect a good flow of new IPOs in the coming year."

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New policy fires up solar energy business

SOHEL PARVEZ

A government policy to promote renewable energy has lured a large number of new entrants into the business, particularly for solar panel installations, sector people said.

In the last two years, nearly 100 firms and NGOs have appeared on the scene to sell technologies including solar home systems, irrigation pumps, water heaters, street lights and their accessories and batteries.

"We have taken it as an emerging business," said Taskin Choudhury, head of business development of Allied Solar Energy Ltd, which entered the trade a year ago to supply solar technologies, panels and accessories.

The government has taken a policy to

meet 5 percent of the country's energy demand through green energy by 2015 and 10 percent by 2020.

In the last seven years, more than 10 lakh rural homes in off-grid areas have got lights through solar home systems (SHS), while millions still live without electricity.

"It is a big market. Only one crore homes have come under solar power," said Md Akhtar Hamid Khan, chief operating officer of InGen Technology Ltd.

Some 80,000 SHSs are installed a month, said Choudhury of Allied Solar. Installation of SHSs will also require accessories such as battery and inverter.

Nearly half a dozen firms, including Rahimafrooz Renewable Energy and Electro Solar Power, stepped in to assem-

ble panels.

The government had earlier set conditions that newly built buildings will have to meet a portion of their electricity requirements through solar energy in order to get fresh electricity connection.

The requirement for producing green energy is 3 percent and 7 percent of the total electricity demand in the residential and commercial buildings respectively.

Syed Istiaque Ahmed, head of sales of Rahimafrooz Renewable Energy, however, said many are assembling panels, targeting mainly the off-grid areas.

"There is a huge prospect of solar irrigation pump," said the official.

Noting a recent rise in the installation of solar panels in the grid areas, he said a

business opportunity has been created suddenly. But only 25 percent of the buyers are conscious about quality, he said.

Choudhury of Allied said his company works with around 20 realtors to set up solar panels in new buildings. "This segment of the market is also big."

Choudhury also cited the potential of business of solar street lights, industrial water heaters, solar power plants and supplying solar power to the national grid.

"We have already won a government contract to install solar street lights from Notre Dame College gate to Kakrail Mosque," he said.

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