

Westin owner gets IPO nod

STAR BUSINESS REPORT

The Securities and Exchange Commission yesterday approved the IPO prospectus of Unique Hotel and Resorts Ltd, the owner of The Westin Dhaka, to raise Tk 195 crore from public.

The approval came at a meeting of the stockmarket regulator with SEC Chairman Prof M Khairul Hossain in the chair.

Using the fixed price method, Unique Hotel will float 2.60 crore ordinary shares of Tk 10 each at an offer price of Tk 75, including Tk 65 as premium.

With the IPO (initial public offering) proceedings, the company will set up three new hotels and repay bank loans.

As per financial statements of 2010, earnings-per share of Unique Hotel, whose existing paid-up capital is Tk 230 crore, is Tk 5.18, while net asset value per share is Tk 100.38.

Set up in 2007, The Westin Dhaka has emerged as one of the leading five-star hotels in the capital.

After listing, it will be the first private sector listed hotel in Bangladesh stockmarket. Presently, the two state-owned entities -- Bangladesh Services and Bangladesh Hotels -- are listed



with the Dhaka Stock Exchange. Bangladesh Services owns Dhaka Sheraton and Bangladesh Hotels owns Purbani International.

The SEC at yesterday's meeting also approved the amendment to corporate governance guideline.

The commission will now publish the revised guideline in national dailies and post on its website for public opinion.

The market regulator also formed a two-member committee to formulate a guideline on the uses of IPO proceedings.

The regulator asked the committee, which comprises two executive directors of the SEC -- Farhad Ahmed and ATM Tariquzzaman, to submit a report to the commission within the next five working days.

The market watchdog also decided to make it mandatory for the companies that will raise their capital from foreign sources or institutions to obtain permission or no objection certificate from the central bank.

The commission also instructed Delta Spinning Mills, a listed firm, to disburse dividends to 285 of its shareholders who are yet to receive the dividends.

Ten to contest for DSE directorship

BUSINESS REPORT

Ten candidates will contest for four directors' posts of Dhaka Stock Exchange in this year's election of the premier bourse.

All the contestants received "no objection certificates" (NOCs) from the Securities and Exchange Commission, the stockmarket regulator, yesterday to contest in the DSE election set for March 11.

It is a regulatory requirement for a candidate to obtain an NOC from the SEC to take part in the election of the bourse.

The DSE board comprises 25 members, of them 12 to be elected and 12 to be nominated and one ex-officio. According to DSE rules, four directors retire every year and four others replace them through direct voting.

The directors who will retire this year are: incumbent President Md Shakil Rizvi, Vice-president Md Shahjahan, and directors Rafiqul Islam and Abdul Haque.

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Tata Ace dominates mini-truck market

SOHEL PARVEZ

Mini-truck Tata Ace has triumphed in the small-pickup market in a short time, eating up the shares of its competing brands.

The vehicle took over more than 90 percent stakes in the small pickup segment in three years since its launch in early 2009, said a senior official of Nitol Motors Ltd, the distributor of Indian Tata vehicles in Bangladesh.

Nitol sold 7,800 units of Tata Ace during the January-December period of 2011, up from 3,500 units in 2009, said SM Nuruzzaman, chief business officer for small commercial vehicle division of Nitol Motors.

A massive reduction in initial cash payment lured many buyers.

Apart from it, the vehicle's ability to navigate through narrow roads with less than one tonne load also attracted buyers.

"We focused on selling our vehicles at major growth centres in urban, semi-urban and rural areas," said Nuruzzaman, explaining the reason behind the drastic rise in sales.

A wide network for sales and services supported the buoyancy in sales of Tata Ace that kept its dominance in mini truck segment with the new and reconditioned ones.

In 2011, the market share of Tata Ace stood at 91 percent of the totals sales of 8,500 units in the entire market, he said.

Tata launched mini trucks in 2005 in the Indian market to give an option to businesses for carrying small amount of goods on shorter distances.

Nitol unveiled the vehicle in Bangladesh after four years.

"The demand for small pickups is

rising because of its advantage in goods transportation inside cities and between districts," Nuruzzaman said.

He said the demand for small pickups is rising in almost all sectors for transportation of essential commodities, poultry, pharmaceuticals, and raw materials of textiles and garments mills.

The Nitol official also said the company, keeping a scope for buyers to pay in instalments, has made flexible the initial cash payment for Tata Ace at 30 percent, or less, of the total price of the vehicle.

"It's a major advantage for a buyer, as people primarily think of the amount of down payment not the total price," he said. Tata Ace is now sold at Tk 799,000.

In some cases, Nitol reduced the amount of down payment to 20 percent of the total price, when its competitors are taking as high as 50 percent.

He said the scope of getting a pickup with a small down payment has encouraged many to start business of goods transportation.

Nuruzzaman said half of the buyers of Tata Ace rent out the vehicles for transporting goods while the rest use it for business support.

Abdul Mannan Chowdhury Khasru, president of Bangladesh Reconditioned Vehicles Importers and Dealers Association, also admitted that Tata Ace rules the market.

"Import of reconditioned pickups has almost come to a halt" said Khasru. Only 40 units of used pickups were imported from Japan in the first half of the current fiscal year in the face of a slump in sales, he said.

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TV ad spending shoots up in 2011

STAR BUSINESS REPORT

Companies spent more funds on television advertisements in 2011 than a year ago to boost demand for their products and brands among customers, according to a report released yesterday.

Ad spending on TV by local and multinational companies rose 5 percent to Tk 2,591 crore last year, compared to 2010, said Ryans Archives, which monitors the print and electronic media.

However, Ahmed Hasan, managing director of Ryans Archive, said data on the expenses by firms for television advertisements may not reflect the original expenditure of the advertisers.

"We have calculated the expenses based on the tariff rates of different TV channels. So, it is difficult to say how much money the companies have actually spent on advertisements," he said.

"A lot of discounts are offered to advertisers," Ahmed said, unveiling a study on annual television commercials in Bangladesh in 2011 at IDB Bhaban in Dhaka.

The tariff list may not truly reflect reality, said Hasan.

Ryans carried out the study on 12 television channels out of a total of 23. It said it did not include the rest of the channels because some were launched recently while some are on test run.

The survey shows the number of television commercials rose 10 percent to 27.69 lakh last year from 25.14 lakh in 2010.

Last year, television channels spent 19,744 hours to broadcast commercials totalling 324 products, with a majority being from mobile phone operators, apartments, bath soaps, fruit-flavoured drinks, cosmetics, milk and nutrition related products and soft drinks.

On average, televisions ran advertisement for 5 hours a day last year, according to Ryans.

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