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SIBL Social Islami Bank Limited

Star BUSINESS

DHAKA WEDNESDAY JULY 16, 2014, e-mail:business@thedailystar.net

CPA cancels tender on equipment purchase

STAR BUSINESS REPORT

The Chittagong Port Authority has withdrawn the tender it floated on May 14 against the decision of the parliamentary standing committee on shipping ministry for purchasing equipment for the New Mooring Container Terminal.

Earlier this year, the CPA moved to purchase equipment in phases for NCT at a total cost of Tk 1,120 crore with its own funds, a development that did not go down well with the standing committee as the terminal would be leased out to a private company.

It said the private operator -- not the CPA -- should buy the equipment.

The committee on April 30 opposed the move but the CPA went ahead and floated a tender on May 14 for purchase of six gantry cranes for Tk 360 crore.

Subsequently, Finance Minister AMA Muhith sent a letter in the third week of May, instructing CPA to pull out the tender.

Although the construction of NCT was completed in 2007, it is yet to become fully operational as the government has not appointed an operator for it.

StanChart raises \$190m for Summit power plant

The British banking giant alone provides \$40m

MD FAZLUR RAHMAN

Standard Chartered Bank has raised \$190 million from international lenders for a 335-megawatt electricity plant of Summit Meghnaghat Power Company Ltd.

The lenders, which include international development partners and banks, have already disbursed the long-term project financing for the dual fuel-fired power plant in Narayanganj, the largest one in the private sector.

Summit has taken the loan to complete an existing project under which a single cycle power plant has been supplying about 217MW to the national grid since May.

"The unique feature of the project is that international lenders have come forward for a local project for long term," Muhammed Aziz Khan, chairman of Summit Group, which owns the plant, told The Daily Star yesterday.

He said Standard Chartered has played an extraordinary role in the project. "It has brought in a lot of confidence for the project as well as Bangladesh. We haven't seen before such a high number of foreign investors coming to Bangladesh for a single power project."



Second from right, Muhammed Aziz Khan, chairman of Summit Group, poses with Abrar A Anwar, head of corporate and institutional clients of Standard Chartered Bangladesh, Ayesha Aziz Khan, a director of Summit Group, and others at the bank's headquarters in Dhaka yesterday.

The total cost of the project is estimated at \$318 million, of which the \$190 million will be long-term debt.

Khan thanked Standard Chartered for not only acting as the hedge bank, account bank, inter-creditor and security agent for the financing, but also for providing \$40 million on its own, the largest among the international investors.

The investors include DEG of Germany, FMO of the Netherlands, Opec Fund for Industrial Development of Austria, CDC Group of the UK, OeEB (Development Bank of Austria), Belgian Investment Company for Developing Countries, and Infra-structure Development Company Ltd of Bangladesh.

Khan said, this was the first time a Bangladeshi company accessed international loans of this magnitude for project financing.

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Banks make attempt to rescue debt-ridden Mostafa Group

SAJJADUR RAHMAN

More than a dozen of banks yesterday sat with debt-ridden Mostafa Group, which is burdened with around Tk 1,400 crore in default loans, to find a way that would benefit both the lenders and the Chittagong-based conglomerate.

The meeting discussed various issues such as down payments and loan rescheduling, security pooling, interest waiver and working capital financing, bankers said.

Several top bankers said they demanded 5 percent of the loans as down payments from Mostafa Group for rescheduling its loans; otherwise they cannot place the issue in their respective boards.

Mostafa Group asked for extending its loan tenure to 10 years, but the bankers said the tenure cannot be more than eight years. The group also sought a full interest waiver against the loans.

The talks that failed to reach a 'concrete conclusion' were brokered by a former banker at a city hotel.

Managing directors or representatives of Pubali, Agrani, Sonali, Uttara, Dhaka, Premier, Islami, National, Eastern, IFIC, Prime, Shahjalal, Mutual Trust and Alfalah attended the meeting, where Hefazatur Rahman, chairman of Mostafa Group of Industries, was present.

"We have asked Mostafa Group to come up with its proposals to respective banks so that the banks can place the issues in their board meetings," said the managing director of a bank, to which the company owes more than Tk 100 crore.

The Chittagong-based business group owes the highest amount -- Tk 300 crore -- to National Bank Ltd, while Prime Bank's exposure is Tk 57 crore, Mutual Trust Bank's Tk 37 crore and City Bank's Tk 17 crore.

Bankers said it must be a 'win-win outcome' for both the parties, otherwise the banks will be in trouble and their profits will be affected in meeting the loan-loss provision.

Mostafa Group, a 62-year-old company, came under the spotlight last year after banks found it difficult to recover loans from the conglomerate, which owes the amount to more than a dozen of banks. All these loans have been defaulted.

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Shahjibazar Power makes a dismal debut

STAR BUSINESS REPORT

Shahjibazar Power Co failed to attract investors on its trading debut on the stock market, in spite of the 25 percent year-on-year rise in its nine-month earnings.

The rental power generation firm's shares rose 46 percent, whereas FAR Chemicals, which debuted last week, saw its shares skyrocket 500 percent on its opening trading day.

Each share of the company yesterday traded between Tk 39 and Tk 35 on the Dhaka Stock Exchange before closing at Tk 36.5. A total of 56.68 lakh shares changed hands, generating a turnover of Tk 20.73 crore.

"Debutant Shahjibazar Power could not attract investors much," said IDLC Investments, a merchant bank.

The power generation company, which received regulatory approval from the Bangladesh Securities and Exchange Commission in January, floated 1.26 crore ordinary shares of Tk 10 each at an offer price of Tk 25, including Tk 15 as premium.

Located in Habiganj, Shahjibazar Power produces electricity from natural gas and supplies to Bangladesh Power Development Board. The company started



commercial production with its 86MW power plants in February 2009.

Shahjibazar Power's net profit in the nine months to March stood at Tk 28.94 crore in contrast to Tk 22.22 crore it logged in for the same period a year ago.

Income from its two subsidiaries, Petromax Refinery and Midland Power, both of which started production during the period, pushed up its net profits, said Yeasin Ahmed, the company secretary.

Shahjibazar Power owns 99.33 percent shares of Petromax Refinery, an oil refinery company that started manufacturing petroleum and petrochemical products in November last year. It has a 49 percent stake in Midland Power Company, which started generating 51MW power for the BPDB in December last year, he said.

The company has also applied for new plants to the government, Ahmed said, adding that it is also looking to diversify into other areas such as solar power.

Feroz Alam, managing director of Shahjibazar Power, said: "We will try to give a healthy dividend to investors from our income. Shahjibazar Power will give priority to investors' interests."

Bangladesh to harvest more rice: USDA

STAR BUSINESS REPORT

Bangladesh is likely to harvest slightly more rice crop in fiscal 2014-15, the US Department of Agriculture (USDA) said in its latest report.

Total rice output may rise 0.60 percent to 3.48 crore tonnes in the current fiscal year from last year, the agency said.

Apart from Bangladesh, rice output is projected to be higher in Afghanistan and Pakistan.

Production in India, one of the major exporters, may decline to 10.6 crore tonnes this fiscal year from 10.63 million tonnes the previous year, USDA said.

USDA forecasts that global rice production for 2014-15 may be at a record of 48.07 crore tonnes (milled basis), up 1 percent from a year earlier.

Record production is projected for East Asia and Southeast Asia.

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ADP utilisation 95pc last fiscal year

STAR BUSINESS REPORT

The government managed to use 95 percent of the allocation for Annual Development Programme (ADP) last fiscal year, Planning Minister AHM Mustafa Kamal said yesterday.

Some Tk 56,793 crore of the revised ADP of Tk 60,000 crore was utilised, Kamal told reporters.

Although the implementation rate is lower than in the previous year, Kamal was still satisfied with the end result given the political strife for a good part of fiscal 2013-14. The implementation rate in fiscal 2012-13 was 96 percent.

Some 25 ministries have utilised 86 to 107 percent of their allocation, the planning minister said. "I would give 10 out of 10 to these ministries."

The power division and the ministries of rural development and cooperatives, disaster management, expatriates welfare, housing and public works, civil aviation and defence have implemented 100 percent of their allocations.

The road division, the ministries of agriculture, home, water resource, science and technology and primary and mass education have implemented 99 percent of their allocations, while the implementation rate of the education ministry and the railway and bridges



Pubali Bank cuts interest rates

STAR BUSINESS DESK

Pubali Bank, the country's largest private bank, has reduced the interest rates on its loans by 1.5 percentage points to 15 percent in a bid to encourage expansion of industry and economic development.

"We have to make it easier in getting loans to invest in the industry sector," Pubali Bank Managing Director Helal Ahmed Chowdhury said at a press briefing at the bank's headquarters.

The area of eco-friendly and productive programmes is expanding and many parties are investing in setting up new plants, due to which the bank decided to go for the interest rate cut, Chowdhury said.

At present, Pubali charges 13 percent interest for agricultural loans and 10

percent for women entrepreneurs, he said.

"Besides, prime customers and customers with a good track record are getting loans at lower interest rates."

Meanwhile, the bank has also introduced an SMS-based banking service to provide information to its customers round the clock.

The SMS service will cover debit and credit transaction notifications, online transactions, loan sanctions and disbursements, L/C openings and payments, card activations/deactivations, monthly balance notifications, FDR renewal message, ATM and OS transaction and internet banking access.

Additional Managing Director MA Halim Chowdhury and Deputy Managing Director Safiul Alam Khan Chowdhury were also present.

Microsoft to overtake Yahoo in digital ad share

REUTERS

Microsoft Corp is expected to surpass Yahoo Inc for the first time in the \$140.2 billion worldwide digital advertising market, according to estimates by research firm eMarketer released on Tuesday.

Microsoft's global ad revenue share for 2014 is forecast at 2.54 percent, edging ahead of Yahoo's 2.52 percent share.

Google Inc will remain No. 1 with a 31.54 percent share, trailed by Facebook Inc with 7.79 percent, the research firm said.

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