

# Zaheen Spinning gets IPO go-ahead

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission gave the green light to Zaheen Spinning to raise Tk 12 crore from the public.

The yarn manufacturer will float 1.2 crore ordinary shares of Tk 10 each to raise funds for plant and machinery purchase.

MTB Capital will manage the initial public offering (IPO), which was approved at a meeting on Wednesday. The company's earnings stood at Tk 1.01 and net asset value at Tk 12.59 per share on June.

At present, 36 textile companies are listed on the Dhaka Stock Exchange, accounting for around 5 percent of the total market capitalisation. The BSEC also approved the application of First Security Islami Bank to raise Tk 205.72 crore through a rights issue.

A rights issue is an issue of rights to a company's existing shareholders that entitles them to buy additional shares directly from the company in proportion to their existing holdings within a fixed time period.

First Security Islami Bank, which has been listed on the stock exchange since 2008, will issue 20.57 crore rights shares of Tk 10 each to its existing shareholders.

One rights share will be offered for existing two shares and the raised fund will be used for increasing the company's paid-up capital base.

Also on Wednesday's meeting, the BSEC fined directors of Shahjibazar Power Company Tk 10 lakh each for disclosing inflated earnings per share in the company's quarterly reports.

The stockmarket regulator also imposed a Tk 5 lakh penalty on the listed firm's managing director for the same offence.

In the third quarterly report, Shahjibazar Power had announced

Tk 2.54 as EPS for the June-March period. But the BSEC found the EPS to be Tk 1.48 after a special audit into the company's financials, the regulator said in a statement.

In addition of the financial penalties, the commission also referred the power generating company's chief financial officer to the enforcement department.

In another move, the BSEC fined United Power Generation and Distribution Company Tk 2 lakh for furnishing false information in financial statements, which were submitted with initial public offering application. United Power showed 'income tax payment' as outflow instead of inflow in the cash flow statements.

The regulator also fined United Power IPO's issue manager, LankaBangla Investments, Tk 1 lakh and auditor, Hoda Vasi Chowdhury and Co, Tk 2 lakh on the same ground. Island Securities was also fined Tk 1 lakh on charges

of short-selling of shares, which is a violation of securities rules.

Some 2,200 Bangladesh Submarine Cable shares were traded from the stockbroker on March 7 last year through short-selling, which is the sale of a stock that an investor or a brokerage or a dealer does not own.

In another move, the BSEC allowed four listed banks to raise Tk 1,000 crore through issuing different types of bonds and the fund will be used for fulfilling the requirements of Basel-II.

Prime Bank will issue non-convertible subordinated bonds worth Tk 250 crore and Jamuna Bank Tk 200 crore worth fully redeemable, non-convertible and unsecured subordinated bonds.

Bank Asia will issue non-convertible subordinated bonds worth Tk 300 crore and Eastern Bank Tk 250 crore worth of non-convertible subordinated bonds.



Helal Ahmed Chowdhury, managing director of Pubali Bank, attends a branch managers' conference with all managers of the bank's Moulvibazar operations, at a local hotel in Moulvibazar recently.

## Summit to focus on communication

STAR BUSINESS DESK

The fourth edition of Commward will begin at Sonargaon Hotel in Dhaka tomorrow, Bangladesh Brand Forum said in a statement yesterday.

Commward is the largest initiative in Bangladesh in recognising and inspiring creative communication in business and marketing since 2009, it said.

Two panel discussions on creative communication will also be held.

Prahlad Kakkar, founder and director of Genesis Productions of India; Santosh Ramesh Desai, managing director and chief

executive of Futurebrands India; Partha Sinha, director and chief strategy officer of Publicis South Asia; Allaine G Moore, founder and director of AdAsia Media of Singapore; and Henry S Tenedero, president of Centre for Learning and Teaching Styles of Philippines, are scheduled to attend.

Winners from the 220 nominations received in 17 categories ranging from press, radio, outdoor to copy, mobile marketing and direction for ad film, will be awarded at a ceremony to recognise the best works in creative communication in Bangladesh.

The daylong summit that will begin at 9am is for registrations only.



Shaikh Abdul Aziz, managing director of Uttara Bank, and Proshanta K Halder, managing director of Reliance Finance, attend the signing of an agreement for the bank to receive Tk 20 crore from Reliance, at a programme recently.



Selim RF Hussain, managing director of IDLC Finance, opens a branch of the company in Bhulta, Narayanganj on Tuesday.

## Noman Group: a pioneer in garment business

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"I did not even have any capital in the beginning. It's hard work that paid off." Islam said he used to work for a company and run his small business at the same time.

For the last few years, his company has been exporting garment products worth \$500 million a year, he told The Daily Star in an interview at his office in Gulshan.

Islam said, when he was able to manage some capital he began dyeing and spinning business. "Then I started to make fabrics and later expanded my business to knitting, terry towel, denim and other segments."

Expansion mainly began after the independence of the country and a breakthrough came after 1987 when banks were showing interest to give him loans. Now the group has 28 factories, he said. "All are running very well."

Five more factories that were built in 2009 and have been inactive due to a gas shortage will go into production soon, said the 64-year-old entrepreneur.

Around 60,000 people work for his company now, and once the new factories start operations, 30,000-40,000 jobs will be created. Islam said exports of garments will bring an additional \$200 million from next year.

His son Abdullah Mohammad Zubair, deputy managing director of Noman Group, also took part in the interview. Zubair and his three brothers and a sister manage the entire business.

Zaber & Zubair Fabrics, a subsidiary of Noman Group, manufactures various home textile items for export, mainly to Europe and North America. Zaber & Zubair Fabrics won HSBCE Export Excellence Awards in 2012 under the RMC and textile category with an annual export turnover of more than \$50 million.

The company supplies to renowned retailers such as Walmart, Target, K-Mart, PVH, Nitori, Esprit, and HEMA.

Noman Group has targeted several emerging markets in line with their growth strategy. It has already entered the Japanese market, and in 2013, it participated in Heimtextil Frankfurt, Heimtextil Russia, JapanTex and Australian International Sourcing Fair.

Different sister concerns of the group export their products to top global brands such as H&M, IKEA, Target, GAP, JC Penney, Tesco, Li & Fung, American Eagle, Carrefour, Disney, Nike, Zara, Mango and Uniqlo.

Compliance is an important area where the group focuses on the most, Islam said. "I had to spend Tk 300 crore to set up an effluent treatment plant."

The garment sector is facing a dearth of skilled manpower, especially at the management level, he said. "So most of the top officials of the factories are basically foreigners; they are from India, Sri Lanka, Pakistan and the Philippines."

The government should set up training centres to produce skilled manpower, he said.

About the image of the garment sector that was dented by Tazreen Fashions fire and Rana Plaza building collapse, he said, "If all factories become compliant and run properly, the sector will soon recover the losses."

Relationship between owners and workers should be developed through motivational activities, he said.

"Another disaster is shutdown," Islam said. "One day's hartal means losses of millions of dollars for the sector. Political peace is a must for our business to thrive."

Zubair said it is very important to build the four-lane Dhaka-Chittagong highway as soon as possible, as the exporters have to maintain a strict lead time.

At the same time, a deep-sea port is also essential for the sake of exports, Zubair said.

He also called for bringing down bank interest rate for lending to single digits, saying the current rate is too high and not business-friendly.

## Graduation from LDC by 2020 requires additional \$6b: official

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Bangladesh is focusing on domestic resource mobilisation along with official development assistance to finance development programmes in the country, ERD Secretary Mohammad Mejbahuddin said.

The government aims to raise its tax-GDP ratio by 1 percentage point this year from the current 10.5 percent by plugging some loopholes, he said.

Mejbahuddin also agreed that the inflow of foreign direct investment in Bangladesh is below expectation.

"We have to improve our business climate further to attract more FDI," he said, adding that quick development of special economic zones is another factor to lure more investments.

He also talked about the cost of graduating Bangladesh from LDCs. "There will be some costs, but in the long-term, it will be worth it."

All the benefits the country is now enjoying as an LDC will not cease after graduation as there will be some post-graduation support, he added.

At the closing session of the event, Commerce Minister Tofail Ahmed said the country wants to move out of the LDC bracket as quickly as possible, as it is a matter of pride.

Bangladesh can also get duty benefits such as GSP plus after graduating, he added. Officials from the 12 LDCs of the region also made a number of recommendations to meet the financing graduation gaps of Asia-Pacific LDCs.

LDCs are encouraged to explore options to find the required fiscal space such as implementing tax administration reforms to tackle tax evasion and fraud and increase the efficiency of tax collection and allocation.

They also recommended implementing reforms to create an enabling macroeconomic environment and appropriate incentives to attract private investment in support of LDC graduation on a sustainable basis.

LDCs are encouraged to use ODA and fiscal resources to minimise risks and provide credit to leverage private sector investment in infrastructure development, economic diversification and increase of productive capacities.

Development partners should expeditiously meet their ODA commitment of 0.15 to 0.20 percent of GNI and above to LDCs in accordance with the Istanbul Programme of Action for the LDCs (2011-2020).

## US pledges energy cooperation

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The United States has actively supported Bangladesh's work to promote workers' safety and labour rights, with particular emphasis on the garment sector.

Referring to the October 20 conference on the Bangladesh-EU-US-International Labour Organisation Sustainability Compact, Bangladesh and the United States reaffirmed their shared commitment to ensuring safe working conditions and protecting workers' rights.

The US acknowledged Bangladesh's progress in establishing a preliminary online database of inspections, working toward improving the capacity and resources of the labour inspectorate, beginning to hire new inspectors, carrying out factory inspections, registering new unions, and dropping cases against labour activists.

At the same time, Dhaka and

Washington agreed to continue working together to address outstanding needs to safeguard labour's rights, health and safety.

Both sides also agreed to continue to work on an action plan to help Bangladesh get back the generalised system of preferences benefits.

The United States has supported efforts to boost workers' rights and safety with over \$10 million in aid.

USAID plans to announce \$5 million in new funding for the sake of the workers. The United States remains committed to supporting Bangladesh's ongoing efforts to combat the trafficking of its citizens, especially in overseas labour markets.

Sherman termed Bangladesh a role model for its significant achievements in socio-economic field, including achievement of MDGs, the foreign ministry said in a statement yesterday.

On the sidelines of the partnership dialogue, Foreign Secretary

Haque met with senior US government officials, including Assistant Secretary of State for South and Central Asia Nisha Desai Biswal and Deputy United States Trade Representative (USTR) Ambassador Robert Holleyman.

At the meeting, the foreign secretary briefed Biswal about the priorities of the present government in governance, law and order, counter-terrorism, economic stability and labour rights. They also discussed the regional integration and various regional and sub-regional arrangements, including Saarc, BCIM and BIMSTEC.

Bangladesh would continue its leading role in promoting regional integration, Biswal said.

Secretary Haque had a meeting with Deputy USTR Ambassador Robert Holleyman where Assistant USTR Michael J Delaney and representatives from the labour and state departments were also present.

## Emirates sees growing potential in Bangladesh

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The airline began its journey in Bangladesh with two flights a week in 1986, just a year after the company's inception. After 10 long years, Emirates increased its flights to seven a week. In 2007, the carrier raised the number of flights to twice a day.

The expansion of Emirates' flights is also linked to foreigners' interest in investing in Bangladesh. Mualla, who was Emirates' manager in the Dhaka office for three years in early 2000s, said Dubai's vintage location is helping them grow and make consistent profits for more than 25 years.

"A tenth of the world's population

is within a six-hour journey from Dubai and two-thirds in eight hours," he said. "Even the Japanese are now going to Rio via Dubai."

The official also spoke about the company's plan to expand its fleet ahead of the World Expo 2020 to be held in Dubai.

Emirates carries passengers from 148 destinations with 220 aircraft, many being the sophisticated A380s.

"Another 290 updated versions of the A380s will be added to our fleet in the next eight to 10 years," Mualla said. "Two Concorde aircraft will be added next year."

The Emirates' senior official said

more than 20 million people are expected to visit Dubai during the six-month World Expo and most will be their passengers. Emirates has also built a new dedicated Airbus A380 terminal at Dubai airport to deliver efficient services to passengers.

He said quality products, services and fuel efficiency are driving the airline to grow faster though the market is very competitive and the margin is only between 3 and 6 percent.

In response to queries on the airline's spending on sports, Mualla said sports connect everybody. "Sports also promote the products of the airline."



SM Amzad Hossain, chairman of South Bangla Agriculture and Commerce Bank, opens the bank's 23rd branch at Banglabazar in Sonimuri, Noakhali recently. Md Rafiqul Islam, managing director, was also present.



Badiur Rahman, chairman of Al-Arafah Islami Bank, and Mohammed Nurul Newaz, chairman of Electro Mart, attend the signing of an agreement at the bank's new head office building recently, for supply and installation of Daikin HVAC Solutions.

## Money launderers to be revealed: Muhith

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For instance, the central bank has set up a unit at the NBR for surveillance on transfer pricing practices of multinationals and other corporates engaged in cross-border businesses.

Benefiting from the mutual information exchange and cooperation with different nations, Bangladesh recovered stolen assets from abroad in one case, and efforts are ongoing in two other cases, BB Governor Atiur Rahman said earlier this month.

When asked about the status on the two other cases that Rahman mentioned, Muhith said that the country will be able to recover the money in these cases with assistance from the same source that helped recover the stolen assets in the earlier case. Between 2010 and 2012, around \$2.9 million was brought back.