

Regulator gives back authority to bourses to evaluate IPOs

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission has revised the Dhaka and Chittagong stock exchanges' listing regulations, allowing the twin bourses to make recommendations on any initial public offering prior to approval.

The bourses have won back the authority after three years, as the practice was suspended by the regulator following a conflict between the BSEC and Dhaka Stock Exchange in 2012 over the listing of a new company.

The bourses can also inspect the office or factory of a company, audit the financial statements and seek additional information, explanation or documents from a firm.

The BSEC approved the amendment at a meeting at its office in Dhaka yesterday, according to a statement.

The regulator would take its decision on an IPO approval after

receiving and evaluating the observations and recommendations from the exchanges.

At yesterday's meeting, the BSEC also gave a green light to KDS Accessories to raise Tk 24 crore from the public.

The trims and packaging manufacturer is set to float 1.2 crore ordinary shares worth Tk 10 each at an offer price of Tk 20, with Tk 10 as premium.

KDS Accessories, a unit of KDS Group, will use the funds from the IPO for business expansion and bank loan repayment.

The company's weighted average earnings per share as of December 2013 stood at Tk 2.3 with a net asset value per share of Tk 19.63. Alliance Financial Services is the issue manager for the IPO.

In another move, the regulator approved Al-Arafah Islami Bank's proposal to issue a Tk 300 crore Mudaraba subordinated bond through private placement from

institutional and high net worth individual investors.

The face value of each unit of the bond, which will have a maturity period of seven years, will be Tk 10 lakh. The fund will be used to fulfil the Basel-II requirements.

Meanwhile, stocks closed lower yesterday with DSEX, the benchmark index of the DSE, finishing the day at 4,611.21 points, after declining 15.95 points or 0.34 percent.

The day's turnover, another important indicator of the market, however slightly rose by 0.81 percent to Tk 842.49 crore on the transaction of 20.49 crore shares and mutual fund units.

Losers beat gainers 219 to 73, with 19 securities unchanged on the premier bourse.

Khulna Power Company dominated the turnover chart with 67.66 lakh shares worth Tk 56.23 crore changing hands, followed by Beximco, Bangladesh Submarine

Cable Company, United Power Generation and Distribution Company and ACI.

Among the major sectors, mutual funds gained 0.96 percent in market capitalisation, followed by cement with 0.75 percent rise. Conversely, textile makers' market capitalisation eroded by 1.58 percent, followed by telecoms 0.62 percent and banks 0.36 percent.

BSRM was the day's best performer, advancing 10 percent, while Dulamia Cotton was the worst loser, slumping 9.52 percent.

Chittagong stocks also fell slightly with the bourse's benchmark index, CSCX, declining only 3.47 points to stand at 8,709.24.

Losers beat gainers as 174 scrips declined and 58 advanced while 15 closed unchanged on the Chittagong Stock Exchange.

The port city bourse traded 2.04 crore shares and mutual fund units, generating a turnover of Tk 74.18 crore.

Reform companies law to attract FDI: EU envoy

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The European Union (EU), a forum of 28 countries, wants Bangladesh to revise and update its century-old companies act to improve the business climate and attract foreign investment.

"The current one, that is still in force, dates back to 1913. More than a century has passed and it is time to revisit this fundamental legal framework," Pierre Mayaudon, ambassador and head of delegation of the EU to Bangladesh, told economic reporters yesterday.

The EU has already raised the issue at different forums, including Bangladesh's commerce ministry, said Mayaudon.

The Economic Reporters' Forum (ERF) organised the event on "Bangladesh-EU Trade Ties: Prospects and Challenges" at the National Press Club with its president Sultan Mahmud in the chair.

The ambassador said the EU wants to develop a bold economic partnership with Bangladesh.

To serve this purpose, he said, the EU is working in three directions -- implementing the sustainability compact (SC), improving the business climate and climbing the value chain.

Mayaudon said the Rana Plaza building collapse has triggered an immense emotion in Europe and also an immediate reaction. Both have translated into the SC, he said.

He said implementing rules for the labour law is urgent; the status of the EPZ in the law should benefit from the revision.

"The implementation rules should be there by the end of June," he said. Of course, the ILO wants to ensure full compliance of the labour legal framework with the international conventions, he added.

In addition, the compact is preparing the Bangladesh economy to graduate from the generalised system of preference (GSP) regime and apply to access GSP Plus.

"In 2021, when Bangladesh will become a middle-income country, it will have to be compliant with 27 UN core conventions in the fields of human rights, labour rights, the environment and good governance, in order to benefit from the GSP Plus scheme," said the ambassador.

"Bangladesh should perceive the SC not as a burden but rather as a fantastic opportunity to bring its economy forward. This is also the best tribute that could be paid to the thousands of victims of the Rana Plaza tragedy."

On improving the business climate, Mayaudon said economic reform is an absolute necessity for Bangladesh. The century-old companies act must be reformed to attract foreign investment.

The service sector, where Europe can share its expertise with Bangladesh, should be an integral part of this reform process, he said.

"What companies need is a transparent and predictable regulatory framework to secure investment," he said, adding that a new law cannot change everything overnight but it is a critical driver to the process of reform.

"Concerning news here and there in the media can possibly deter investors to consider Bangladesh as a suitable destination. Then we observe that 70 percent of the court cases are related to land disputes, which is not an encouraging signal to foreign investors who look for safety and stability," he added.

Moreover, Bangladesh is not the only candidate to receive foreign direct investment, rather it has to compete with many attractive destinations, the EU diplomat said.

Offering the labour force better training options, improving the standards, exploring high-tech intensive domains and going for a green and environment-friendly growth would impact Bangladesh's value chain positively, he said.

Mayaudon said Bangladesh's growth is driven not only by the apparel sector and remittance, but by two inspiring visions -- Digital Bangladesh and Blue Economy.

This comes together with efforts to diversify the economy in four sectors -- IT, shipbuilding, leather and pharmaceutical, he said.

Blue Economy is marine-based economic development that leads to improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.

"What the EU can provide to Bangladesh is a smart combination of trade, development assistance and access to state of the art technologies. This is exactly what Bangladesh needs at this point of time."



STAR

Officials of Bangladesh Event Management Service attend a press meet at The Daily Star Centre in Dhaka yesterday to announce a three-day motorbike show to kick off in Bogra on June 11.

Motorbike show begins in Bogra on June 11

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A three-day motorbike show will kick off in Bogra on June 11 to offer the rural bike lovers multi types of two-wheelers and accessories under an umbrella.

Bangladesh Event Management Service (BDEMS) is going to arrange the event at Hotel Naj-Garden that will remain open for all from 9am to 9pm every day.

Pran group will be the title sponsor of the exhibition, which will also be co-sponsored by Runner Automobiles, Rasel Industries and Jamuna Electronics and Automobiles. Some 15 exhibitors will join the fair, where a prospective customer can enjoy cash discounts, Syed Raju Ahmed, chief executive officer of BDEMS, said at a press meet at The Daily Star Centre in the capital yesterday.

He said this is the first time a motorbike

show will be held at district level after Dhaka and Chittagong. "The rural markets account for 70-75 percent motorcycle sales in Bangladesh."

High registration cost is a major barrier to popularise the two-wheelers especially among low- and mid-income people, said Mozammel Hoque, deputy general manager for marketing at Runner Automobiles.

"An 80cc motorcycle costs around Tk 56,000; but the registration costs around Tk 20,000 to Tk 22,000," he said, urging the government to reduce the registration fee.

Every year 2.5 lakh to 3 lakh units of motorbikes are sold across the country, he said. Shamsul Bashar, director for marketing at Rasel Industries; Golam Shahriar Kabir, senior general manager of Jamuna Electronics and Automobiles; and Monirul Islam, brand manager for marketing at Pran Group, also spoke.

Dhaka Bank official selected for advisory council of World Brand Congress

STAR BUSINESS DESK

Khandaker Anwar Ehtesam has recently been selected as advisory council member of CMO-Asia's World Brand Congress.

Ehtesam, currently the head of communications and branding division at Dhaka Bank, was awarded as one of the 100 most talented "Global Marketing Leaders" by World Marketing Congress in 2014, Dhaka Bank said in a statement yesterday.

He brings almost a decade of professional experiences in advertising, brand management, public relations and qualitative research, according to the statement.

Ehtesam joined the "Festival of Media - Asia Pacific 2015" marketing event as the first Bangladeshi judge to evaluate 46 renowned global companies. Festival of Media is a strategic concern of C Squared Brand and M&M Global, according to the statement.



France to fund power distribution network

DIPLOMATIC CORRESPONDENT

France will provide a loan of 100 million euros for a project in South Dhaka to modernise and strengthen the production and distribution capacities of Bangladesh's power system.

Agence Française de Développement (AFD), the French development finance institution, will provide the loan to establish "a stronger, more reliable and cleaner electricity network" in Dhaka, AFD and the Bangladesh government said in a joint statement yesterday.

Under the power system expansion and efficiency improvement investment programme, AFD will fund construction of seven 132/33kV sub-stations and seven 33/11kV sub-stations as well as the associated electric lines.

An agreement to this effect will be signed in Dhaka on Monday between AFD and the Economic Relations Division. French Ambassador Sophie Aubert will attend signing ceremony to be held at ERD.

The AFD has teamed up with Asian Development Bank, European Investment Bank and Islamic Development Bank to finance the project that is to be implemented by the Dhaka Power Distribution Company (DPDC), according to officials of the power division.

The investments funded by AFD will significantly upgrade the capacity and stability of the DPDC network.

The frequency of load-shedding in South Dhaka will be minimised and power distribution will become more predictable and reliable, according to the statement.

It constitutes the third major project financed by AFD in Bangladesh after the Greater Dhaka Sustainable Urban Transport Project (Bus Rapid Transit System) and the Dhaka Environmentally Sustainable Water Supply Project (Gandharbapur Water Treatment Plant).

Export fund raised to \$2b

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The revolving fund was introduced at just \$100 million in 2006. Its size rose to the present level from only \$200 million five years ago, riding on demand and swelling foreign exchange reserves, now nearly \$24 billion.

The interest rate for loans from the fund is 2.5 percent plus LIBOR (London Interbank Offered Rate). Businesses from various sectors, including garments, can take loans worth \$1 million to \$15 million for a maximum of 180 days.

Also, by a notice yesterday, the BB raised exporter's retention quota (ERQ). The central bank allowed exporters to retain

specified parts of their export earnings in foreign exchange, for utilisation without prior approval from the BB for bonafide business expenses abroad, including maintenance of offices abroad, import of raw materials, machineries and spares.

The ERQ for exports of high domestic value-added merchandise was raised to 60 percent from 50 percent now.

The quota for merchandise exports of high import contents (like apparels using woven fabric) rose to 15 percent from existing 10 percent, according to the notice.

The ERQ for export of services increased to 60 percent from existing 50 percent of repatriated export receipts.

manager of sales and marketing of BM Energy.

The market structure of LPG has changed dramatically over the years, with growing participation of private companies.

For instance, in 2014, the private companies supplied 86 percent of the total demand for LPG in the country, he said.

BM Energy will import LPG mainly from Middle Eastern countries like Saudi Arabia and Qatar, he said, adding that a 5,000 tonne LPG vessel can be anchored at the company's floating terminal in

Chittagong.

The company has already appointed 3,000 dealers across the country to sell its product, according to Ahmed.

The current plant-gate price of each 12kg LPG cylinder is hovering around Tk 1,130 to Tk 1,250.

BM Energy has not disclosed its LPG price; it will announce it when the product is formally launched at the market.

Local Bashundhara and Jamuna Spacetechn, France's TotalGaz and Australia's Kleenheat are the leading companies that sell cooking gas.

New LPG supplier enters the market

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BM Energy's entry comes on the heels of Omera Petroleum's, which started selling its LPG on April 12.

Bangladesh has much potential in terms of gas consumption as only 6 percent of the entire population has access to natural gas, and that too mostly in urban areas, said Bert Pronk, chairman of BM Energy.

The gap between demand and supply of natural gas is widening by the day owing to the large scale conversion of fuel-run automobile engines to CNG and

increased pressures from the growing industries and households, he added.

The country consumes more than one lakh tonnes of LPG a year, 80 percent of which is imported from Saudi Aramco, the state-owned oil company of Saudi Arabia. The rest is produced by state-run Bangladesh Petroleum Corporation (BPC).

The demand for LPG is expected to increase in the coming days as the government looks to stop new piped gas connections for domestic use, said Firoz Ahmed, general

MJL Bangladesh Limited

NOTICE OF 17TH ANNUAL GENERAL MEETING

Notice is hereby given that the **17th Annual General Meeting of MJL Bangladesh Limited** will be held on June 16, 2015 at 11.00 am at the convention hall of Krishibid Institution Complex Bangladesh, Krishi Khamar Sarak (Khamarbari) Farmgate, Dhaka-1215, to transact the following businesses:

Agenda:

- To receive and adopt the Directors' and Auditors' Report and the Audited Accounts of the company for the year ended December 31, 2014.
- To declare dividend for the year ended December 31, 2014.
- To elect Directors.
- To appoint Auditors' and to fix their remuneration.
- To approve the appointment of Independent Director.

By order of the Board
Sd/-

Date: May 28, 2015

Ahmad Munir Hossain FCS
Company Secretary

Notes:

- The Record Date is May 20, 2015. Shareholder(s) whose name will appear in the Depository Register on that date will be eligible to attend the Annual General Meeting and receive dividend approved.
- A Member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote on his/her behalf. The proxy Form, duly stamped with revenue stamp of Tk.20 must be deposited at the company's Registered Office no later than 48 hours before the meeting.
- Admission into the hall will only be allowed on production of the attendance slip sent with the notice; and upon verification of signature of member(s) and/or proxy holder(s).

- Shareholder(s) bearing BO ID are requested to update their respective BO ID with 12 Digit Taxpayer's Identification Number (e-Tin) and address through their Depository Participant (DP); failing which, Income Tax at source will be deducted from cash dividend @15% instead of 10%.**
- As per directive of Bangladesh Securities and Exchange Commission (BSEC) no gift or benefit in cash or in kind shall be offered to the shareholder(s) in the Annual General Meeting.**

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