

Call for special economic zone for SMEs in Bogra

STAR BUSINESS REPORT

The government should set up a special economic zone exclusively for small and medium enterprises in Bogra and come up with fiscal incentives to support the growth of the sector, speakers said yesterday.

They also said special attention should be given to female SME entrepreneurs to help them with the problems they face.

The observations came at a pre-budget dialogue titled "Development of Small and Medium Enterprises of the Bogra Region: Challenges and Initiatives" at Parjatan Motel Conference Hall in the northern district town.

The Centre for Policy Dialogue organised the discussion jointly with the National Association of Small and Cottage Industries of Bangladesh (NASCI) and Sacheton Nagorik Committee, Bogra.

Khondaker Golam Moazzem, additional research director of the

CPD, presented a keynote paper on "National Budget and Decentralised Development of SMEs: A Case Study of SME Clusters in Bogra".

He underscored increasing competitiveness, access to finance, and a regulatory regime for SME development, the think-tank said in a statement.

There was a common demand that a special economic zone should be established, with all necessary utility and support services, for the SMEs.

Many entrepreneurs fail to access the concessional loans they are entitled to as SMEs, participants observed.

Lawmaker Abdul Mannan, also a member of the parliamentary standing committee on the agriculture ministry, stressed the need for setting up a specialised cold storage facility in remote areas of the district.

He highlighted the need for effective coordination between NASCI and the Bangladesh Small and Cottage Industries Corporation

to help entrepreneurs solve some of the key challenges facing the sector.

The lawmaker said recommendations emerging from the dialogue will help policymakers in designing appropriate fiscal and institutional policies, particularly in view of preparing district budgets.

Deputy Commissioner of Bogra Ashraf Uddin said the district administration is committed to providing the necessary support and services for the SME sector to flourish.

Hosne Ara Begum, executive director of TMSS, a non-developmental organisation, called for providing gas connections to SMEs as well as more investment in the infrastructure in Bogra.

T Zaman Niketa, president of NASCI Bogra, urged the authorities to solve the problems and challenges faced by SMEs with due urgency.

CPD Executive Director Mustafizur Rahman also spoke.



Tarana Halim, state minister for telecom, and Johan Frisell, ambassador of Sweden, open the Ericsson office in Agrabad, Chittagong yesterday.

ERICSSON

New VAT law to remain unchanged: NBR chief

STAR BUSINESS REPORT

The National Board of Revenue (NBR) will not bring any changes to the new VAT act, which would be implemented from July this year, NBR Chairman Nojibur Rahman said yesterday.

NBR would consult with the Federation of Bangladesh Chambers of Commerce and Industry before imple-

menting the new law, he said.

The new law fixes 15 percent as VAT, Rahman told a group of journalists after a luncheon meeting of the Foreign Investors' Chamber of Commerce and Industry (FICCI) at Sonargaon hotel in the capital.

The NBR will take preparation for three months to implement the new law, he said. The government is implementing the new law as the current one

is too old to be efficient, he said.

Rahman said the NBR is calculating the tax receipts and it is hopeful of reaching the set target before the end of the current fiscal year.

He declined to comment on journalists' queries on a rumour of his resignation as NBR chairman.

FICCI President Rupali Chowdhury moderated and chaired the programme.



Syed Mahbubur Rahman, managing director of Dhaka Bank, and Md Munir Chowdhury, secretary of Dhaka Power Distribution Company, pose at an agreement signing ceremony at the DPDC office in Dhaka yesterday. The bank will collect bills from DPDC customers through its branches.

DHAKA BANK

German consumer morale edges lower

AFP, Frankfurt

Consumer confidence in Germany is beginning to feel the heat from global economic risks, a poll found on Thursday. "Optimism among German consumers faded somewhat in March," market research company GfK said in a statement.

"It is unlikely that weak demand for German goods in a number of key countries will not have any effect on German economic growth," the statement said.

Income expectations, as well as consumers' willingness to spend have also taken a knock, even if they remain at a high level overall.

Looking to April, GfK's headline household confidence index was forecast to ease fractionally to 9.4 points from 9.5 points, the institute said.



AMM Farhad, deputy managing director of Social Islami Bank, and ASM Salah Uddin, registrar of United International University, pose at the signing of an agreement for collection of tuition fees, at a ceremony in Dhaka. M Rezwana Khan, vice chancellor of the university, was also present.

SIBL

More Wall Street banks, investors help write blank checks

REUTERS

An obscure corner of the US IPO market is getting a new lease on life as more Wall Street banks and institutional investors turn to blank-check acquisition vehicles, once the domain of only a few underwriters and hedge funds, for better fortunes.

These special purpose acquisition companies (SPACs) have no assets but use the IPO proceeds, together with bank financing, to buy other companies and boost their value through operational improvements. The companies that are acquired by SPACs go public without ever going through the IPO process.

SPACs have traditionally struggled to attract long term investors, due to their complicated structure and investment risks. Instead, they appealed to hedge funds and other opportunistic investors, who bought into the SPAC only to take advantage of the structure's inefficiencies.

But tweaks in their bylaws and leadership by a new crop of industry veterans with acquisition experience are gradually making them more mainstream.

As a result, Goldman Sachs Group Inc's biggest successfully completed IPO assignment so far this year is not a red-hot technology startup or a multibillion-dollar leveraged buyout; it is an energy-focused SPAC called Silver Run Acquisition Corp, whose \$450 million initial public offering last month raised \$50 million more than

originally planned.

It was the first SPAC successfully taken public by Goldman, which served as an underwriter alongside Deutsche Bank AG and Citigroup Inc, which have been working on SPACs for more than a decade.

Chinh Chu, a private equity veteran who ended a 25-year career at Blackstone Group LP last year, is preparing to launch a \$1 billion SPAC and is working with Citigroup, Bank of America Corp and Credit Suisse Group AG on its IPO, Reuters reported this week.

Another SPAC planning a \$300 million IPO, Colony Global Acquisition Corp, sponsored by real estate mogul and Donald Trump supporter Thomas Barrack, is set to name Bank of America, JPMorgan Chase & Co and Barclays Plc among its underwriters alongside already publicly disclosed underwriter Credit Suisse, according to people familiar with the matter. It would be Barclays' first US-based SPAC IPO since 2007 and JPMorgan's first since 2008. Representatives for Colony and the banks declined to comment.

"It is becoming more fashionable, we are starting to see more banks interested in the product," said Gregg Noel, a capital markets partner at law firm Skadden, Arps, Slate, Meagher & Flom LLP. Overall, US IPO volumes are down 93 percent year-to-date, totaling \$317 billion, as stock market volatility prevents many companies from going public. SPAC IPO volumes, however,

are up 26 percent over the same period to \$619 million, according to data compiled by Thomson Reuters.

This is because SPAC IPOs are less vulnerable to market jitters, since they have no existing business to fret over. Investors can speculate about the companies SPACs will buy, but initially SPACs are only worth the money they raise.

No data is publicly available yet on Silver Run's offering base, but sources familiar with the investor said the investors included traditional oil and gas investors, as well as long-term institutional investors. Other IPOs of late, where shareholder information is available, show that the SPAC investor base has been slowly expanding.

Private equity firm TPG Capital LP's SPAC, Pace Holdings Corp, which went public last year after raising \$450 million, enticed Janus Capital Management LLC, according to securities filings compiled by Symmetric. Wilber Ross's \$435 million WL Ross Holding Corp attracted MFS Investment Management, TD Asset Management Inc and Wellington Management. The investment firms either did not respond to requests for comment or declined to comment. Typically, SPACs allow investors to redeem their common stock at the IPO price if they disagree with a proposed acquisition. This can challenge a SPAC's ability to write the equity check needed for a potential acquisition.

To address this, Chu and his partner in

the new SPAC, William Foley, chairman of the board of US title insurance services provider Fidelity National Financial Inc, have sought to attract some cornerstone investors ahead of the IPO.

These cornerstone investors have committed not to redeem their money if they disapprove of a proposed acquisition, giving the SPAC more financing certainty to be able to go after the companies it wants.

Other structural changes SPAC managers are making include improved disclosure over potential acquisitions, investment bankers and SPAC participants said.

"We have been able to drive improvements in the structure so that today it attracts high-profile sponsors and better transactions, which in turn has attracted the attention of high-quality investors," said Jeff Bunzel, head of Americas equity capital markets at Deutsche Bank.

More private equity executives, well-seasoned in identifying and managing acquisitions, are also launching SPACs, seeking to diversify their buyout business.

"After a few years, (private equity) investors want you to realize the gain ... you're kind of forced to sell things fairly quickly. With a SPAC, our investors can each independently decide when they want to sell their shares, and I don't have to liquidate my position," said Wilbur Ross, whose SPAC announced this week an agreement to buy US chemical distribution company Nexeo Solutions Holdings LLC for roughly \$1.6 billion including debt.

China has enough tools to ensure stable economy: Premier

REUTERS, Boao, China

China has enough policy tools to keep the economy stable despite "deep rooted" structural problems and downward pressure, Premier Li Keqiang said on Thursday, channeling calm amid concerns about the country's slowdown.

Speaking at an annual forum in Boao on the southern Chinese island of Hainan, Li said high economic growth rates are not sustainable, so the government will pay more attention to the quality and efficiency of economic growth.

The comments echoed previous statements by policymakers who are grappling with the challenge of slowing growth, soaring debt and a pressing need to drive restructuring and overdue economic reforms.

"Domestically, China faces deep-rooted, structural problems and the economy continues to face downward pressures, especially as we try to restructure and upgrade," Li said.

The renminbi currency, watched closely by global markets, will be kept within "a reasonable range", Li told the forum.

"China is a responsible nation and there's no possibility that our exchange rate will depreciate in the long-term," he said. China plans to lay off millions of people as it restructures industries mired in overcapacity, but Li said the government would "use market tools" to create new job opportunities to offset the impact.

"There'll be short-term difficulties in the job market as some companies go bankrupt but the government needs to help people find new employment opportunities and ensure a basic standard of living. Both the central government and local governments have already started doing this," he said.

While many economists have highlighted the risks in China's growing debt, Li said the country's debt-to-GDP ratio was not high.

Dhaka bourse's revenue mostly from FDR interest

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Meanwhile, the bourse's net profit rose 1 percent year-on-year to Tk 134.64 crore with Tk 0.75 in earnings per share, compared to Tk 133.95 crore and Tk 0.74 respectively a year ago.

The DSE has recommended 10 percent cash dividends for its shareholders for fiscal 2014-15. This will be the first dividend payout since demutualisation of the bourse, if the recommendation is approved at the AGM.

The DSE has become a profit-oriented company owned by shareholders after demutualisation in 2013. The demutualisation scheme was approved by Bangladesh Securities and Exchange Commission in 2013, and the law on the issue was passed in 2012, to bring transparency to the stockmarket.

Demutualisation is a way to separate the bourses' management from ownership. Prior to demutualisation, Bangladesh's stock exchanges were non-profit cooperatives, owned by the exchange members, who were usually stockbrokers.



Carmen Z Lamagna, vice chancellor of American International University of Bangladesh; Charles C Villanueva, pro-vice-chancellor, and Markus Ehman, general manager of Katalyst, attend a ceremony to sign an agreement in Dhaka. The university and Katalyst will work to develop courses on agro-based product marketing and project innovation and management for the university's business school.

AIUB

Activist fund seeks to replace Yahoo board

AFP, New York

An activist hedge fund Thursday launched a bid to replace the entire Yahoo board of directors, saying the struggling Internet firm's management team has "failed to deliver results."

In an open letter to Yahoo shareholders, Starboard Value LP said it would nominate nine "highly qualified" directors to the company's board, following a threat made last year to do so if it was unsatisfied with the pace of change.

Replacing the board could pave the way for a sale or merger of Yahoo, whose troubles have deepened despite a restructuring plan led by chief executive Marissa Mayer.

"We believe that Yahoo is deeply undervalued and opportunities exist within the control of management and the board of directors to unlock significant value for the benefit of all shareholders," Starboard said.