

Book-building method being abused: BSEC

STAR BUSINESS REPORT

The book-building system is being abused in defining cut-off price of ordinary shares, M Khairul Hossain, chairman of Bangladesh Securities and Exchange Commission, said yesterday.

"We are taking corrective measures on a case-by-case basis to stop misuse and the process will continue," he said.

The BSEC chief cited the name of a company as an example and said there has been unusual price bidding of ordinary shares of the company under the book-building process. "There is a huge gap between the highest and lowest prices proposed by the institutional investors."

"We asked the institutional investors about their logic for bidding such high prices," he said, adding that action will be taken after reviewing their response.

Earlier in October, the company held its price bidding, where institutional investors proposed prices between Tk 12 and Tk 90. Later, BSEC formed an inquiry committee against the unusual price bidding.

Hossain's comments came at the seminar titled "Importance of capital market as a source of long term finance: Bangladesh perspective".

The Bangladesh Merchant Bankers Association (BMBA) organised the event at the capital's Westin hotel.

At the event, Hossain asked merchant banks to sound out their objections if any non-fundamental company is given

approval by the BSEC to get listed.

He went on to urge private sector investors to use the stockmarket as a source of financing instead of banks.

"The situation in the banking sector is not good because there is a culture of not returning money to the banks."

The capital market is the best source of financing because investors do not need collateral here, he said.

Hossain also urged the government to take initiatives such as increasing the tax rebates with a view to bringing the multinomial companies to the capital market. The share prices of companies with weak fundamentals are on the rise, said Azam J Chowdhury, president of the Bangladesh Association of Publicly Listed Companies.

Even some companies that are not operational are seeing an increase in share price, he said.

"BSEC should take action against such companies to recover investor confidence because there is still fear in the market after the debacle of 2010," he added.

Ahsan Khan Chowdhury, CEO of Pran-RFL Group, urged BSEC to make the processes for initial public offering and rights share offer easier such that private companies are tempted to get listed.

BMBA President Sayedur Rahman urged the government to increase the tax rebate for listed companies to 20 percent from existing 10 percent to encourage more companies to get listed.

Biman makes profit for third year in a row

STAR BUSINESS REPORT

Biman Bangladesh Airlines logged in Tk 151 crore as gross profit for fiscal 2016-17, making it the third consecutive year that the national flag carrier has been in the black.

After clearing default tax, the net profit stood at Tk 47 crore, said a press release from the airline. It contributed Tk 381 crore to the national exchequer.

Biman recorded Tk 276 crore as profit for fiscal 2015-16 and Tk 324 crore for fiscal 2014-15.

Last fiscal year, Biman ferried a total of 23.51 lakh passengers, up 1.42 percent year-on-year. It also shipped 33,542 tonnes of cargo, down 18.05 percent from a year earlier.

The ban on direct freight to London has been blamed for the slump in cargo traffic.

Biman is now running its operation with 10 wide-bodied and two narrow-bodied updated and advanced aircraft to 15 international and seven domestic destinations. Four modern Boeing 787-8 Dreamliners are expected to join Biman's fleet in the next two years.

Nihad Kabir reelected MCCI president

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Nihad Kabir is an advocate of the Supreme Court and a director and shareholder of Kedarpur Tea Co Ltd and the daily Sangbad.

She is a director of Brac Bank, Infrastructure Development Company Bangladesh Ltd, Palli Karma-Sahayak Foundation, bKash, and independent director of Square Pharmaceuticals and Apex Footwear. She is chairperson of Brac-EPL Investments and Brac-EPL Stock Brokerage.

Mainuddin is a director of the Federation of Bangladesh Chambers of Commerce and Industry and ACI Ltd.



Bazal Ahmed, a director of United Commercial Bank, opens the bank's 173rd branch at Manikganj yesterday.



Md Abdul Halim Chowdhury, managing director of Pubali Bank, opens the 460th branch of the bank at Birganj in Dinajpur.



KM Ali, CEO of complex 1 of Partex Star Group, poses with the best performing dealers of Star Particle Boards Mills, a concern of the group, at a programme at Six Seasons Hotel in Dhaka.

PARTEX STAR GROUP

Saudi Arabia to spend big after economy shrinks

AFP, Riyadh

Saudi Arabia said on Tuesday its economy contracted for the first time in eight years due to painful austerity measures as it announced record spending to stimulate growth.

The Opec kingpin said gross domestic product for 2017 shrank by 0.5 percent due to a drop in crude production in line with an agreement with major oil producers aimed at boosting prices.

Oil sector GDP fell 2.0 percent in 2017, the ministry said.

The last time the Saudi economy contracted was in 2009, when GDP fell 2.1 percent after the global financial crisis sent oil prices crashing.

Riyadh also posted a higher-than-expected budget deficit in 2017 and forecast another shortfall next year for the fifth year in a row due to the drop in oil revenues.

It unveiled plans to spend more than ever in 2018 in a bid to stimulate the sluggish economic, saying it expects GDP to grow by 2.7 percent.

The kingdom has set aside 978 billion riyals (\$260.8 billion) for expenditure, up 10 percent on this year, said the finance ministry.

"The 2018 expansionary budget includes a number of new development projects," said powerful Crown Prince Mohammed bin Salman, who oversees economic affairs.

"About 50 percent of the new budget will be financed from non-oil sources," he said, quoted by the official Saudi Press Agency.

The contraction comes as the world's top oil exporter tries to cope with persistent budget deficits that began in 2014 when crude prices plummeted.

In the past four years, Riyadh posted a total of \$258 billion of budget deficits, drew on \$240 billion of its reserves and borrowed around \$100 billion.

King Salman said the Gulf country would "continue to decrease its dependence on oil to reach just 50 percent" of total revenues.

The finance ministry estimated a deficit of \$52 billion for 2018.

It said the deficit for 2017 came in at \$61.3 billion, or 9.2 percent of GDP, and higher than the expected \$53 billion.

The shortfall is still 25 percent lower than the \$82 billion posted in the previous year.

King Salman told the cabinet that Saudi Arabia expects to continue posting deficits through to 2023.

Revenues in 2018 were estimated to be 783 billion riyals (\$208.8 billion), up 13 percent on the previous year's projections.

Actual revenues for the current fiscal year rose by a healthy 34 percent compared with 2016 to \$185.6 billion due a sharp increase in both oil and non-oil revenues.

Capital Economics said Saudi Arabia had loosened up its purse strings.

Internet users soar

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"A lot of digital services are available now. The increasing number of such services will boost internet use."

Kabir said people now use internet for commercial purposes and even to use ride-hailing services. Many government services can now be accessed through digital channels that are boosting internet use.

"That's the real essence of digitisation."

Most of the internet users are young as they are the early adopters of any new service, Kabir said.

The ICT industry touched the milestone of six crore active internet connections in July 2016, five crore landmark in August 2015 and four crore mark in September 2014, according to BTRC data.

In November, Teletalk added 9.26 lakh new mobile connections as the state-owned telecom operator started selling special SIMs among women on October 24 this year. The SIM allows users to access internet without any charge.

Manual VAT numbers to remain valid for two more months

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Accordingly, the NBR formed a panel with representatives from businesses to amend rules to introduce online VAT return submission.

"We are yet to finalise the changes that would be incorporated in the rules and forms," the official said.

Meanwhile, many firms that have 11-digit BINs are yet to get e-BINs because of confusion arising out of inconsistencies in forms and rules that overlap two laws.

"We expect these businesses will get e-BINs after we fix the inconsistencies in forms," he added.

Until Dec 19, 72,124 firms have got e-BINs. Of those, 38,635 firms have registered for BINs for the first time and 33,489 have re-registered for 9-digit BINs, according to data from the NBR.

13 closed textile mills to reopen

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The committee also approved purchase of 30 Mercedes Benz or BMW cars at an estimated cost of Tk 24.26 crore for the OIC (Organisation of Islamic Countries) meet scheduled to be held in Dhaka next year. The cost excludes taxes.

According to a proposal of the civil aviation and tourism ministry, the price of each car, including registration and import insurance, stands at Tk 80.89 lakh. If the duty is imposed, their price will soar by 597 percent. After the conference, the vehicles will be used for VIP guests invited to international conferences.

Of the cars, five will be given to the foreign ministry and the rest might be handed over to the government's transport pool.

The cabinet committee also gave nod to buy three 80-seater aircraft from Canada for \$22.42 million each under a government-to-government arrangement.

The Dash 8 aircraft, which are fuel-efficient and cost-effective, will fly on seven domestic and three regional routes: Kolkata,

Yangon and Kathmandu.

The aircraft, which is built by Canadian plane manufacturer Bombardier Inc, is ideal for short-haul routes. Canada's government-owned Export Development Canada will provide Biman with the necessary credit to help buy the aircraft.

Biman's fleet now comprises 13 aircraft: 10 Boeings, one Airbus and two Dash 8s.

The initiative to acquire the new planes was taken as a number of aircraft will be removed for re-delivery and returned once their lease term ends.

One of the Boeings will be removed from the fleet in the last week of January and another in March next year for re-delivery, according to the proposal.

The Airbus will be returned in February next year, two Dash-8s in April 2020, and two Boeings in 2022 once their lease term expires, according to the proposal.

At present, \$1.68 lakh is spent on the two hired Dash 8 aircraft every month.

13 TEXTILE MILLS UNDER PPP		
NAME OF MILLS	ESTIMATED PROJECT COST	LAND
RR Textile, Ctg	Tk 600 crore	18.95 acres
Amin Textile, Ctg	Tk 1,200 crore	23.49 acres
Rangamati Textile	Tk 1,200 crore	26.24 acres
Magura Textile	Tk 600 crore	16.17 acres
Bengal Textile, Jessore	Tk 600 crore	15.92 acres
Rajshahi Textile	Tk 1,200 crore	26.53 acres
Sundorbon Textile, Satkhira	Tk 1,200 crore	29.47 acres
Dinajpur Textile	Tk 2,000 crore	35.45 acres
Jalil Textile, Dinajpur	Tk 2,000 crore	68 acres
Darwani Textile, Nilphamari	Tk 2,000 crore	68.30 acres
Dost Textile, Feni	Tk 1,200 crore	21.47 acres
Afsar Cotton Mills, Savar	Tk 200 crore	5.52 acres
The Asiatic Cotton Mills, Ctg	Tk 1,200 crore	24.96 acres

Imported apple, ginger find no takers at auction

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The reserve value for the four containers was set at Tk 75.10 lakh but the most they fetched was Tk 9.60 lakh, according to the auction department.

"We can't sell the goods at such cheap rates," said AKM Nuruzzaman, commissioner of Chittagong customs.

After failing to get the expected prices, the

authority decided to call another auction that took place yesterday.

Nuruzzaman suspects the bidders might have formed a syndicate to rig the auction.

"If they think they can buy the items at such low rates they are wrong. We will go for re-auctions." In the previous auction held on October 15, apple was sold at Tk 45 a kg and ginger at Tk 40 a kg.



Newly elected national president of JCI Bangladesh Fayaz Atiquel Islam, executive vice president Irfan Islam and national secretary general Maruful Islam Jhalak take oath, at a general assembly of the junior chamber at Banani Club in Dhaka on December 17.

JCI BANGLADESH



M Mosaddek Hossain, managing director of UniMed UniHealth Pharmaceuticals, attends the company's annual sales conference for 2017, at Bangabandhu International Conference Centre in Dhaka yesterday.

UNIMED UNIHEALTH