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Govt eyes 300MW rooftop solar power

Rooftops of factories and public agencies to be used

SOHEL PARVEZ and TUHIN SHUBHRA ADHIKARY

The government is looking to use the rooftops of factories and public agencies to generate about 300MW of clean electricity through solar photovoltaics (PV) -- a move that can slash emissions and dependency on fossil fuel.

"We are considering rooftops because of scarcity of land suitable for setting up solar power plants to generate renewable energy -- and we have a lot of rooftops," said Siddique Zobair, member of the Sustainable & Renewable Energy Development Authority (Sreda).

The move comes at a time when the government is falling behind its target of generating 10 percent of electricity by renewable energy by 2020. The share of renewable energy is just 2.83 percent, according to Sreda.

Bangladesh's current power generation capacity is 20,834 MW, with the country remaining heavily dependent on fossil fuels and conventional energy resources to meet its energy demand for a growing economy.

To increase generation of renewable energy, the government signed power purchase agreements with 11 private firms that took initiatives to establish solar parks. But thus far, only two have started operations.

A lack of availability of suitable land has



COLLECTED

The government considers installing rooftop solar panels because of scarcity of land.

been blamed the most for the sluggish progress, according to officials.

Rooftops of public agencies and plants offer good potential, Zobair said, adding that the Sreda is hoping to generate 300 MW of electricity over the next four years through rooftops.

Germany is one of the big proponents of rooftop solar installation. As of September 2018, total installed capacity of solar systems in Germany is 42,000 MW, of which rooftop solar installation accounts of 71.4 percent.

Australia is another leading country in rooftop solar installation. As of June, the contribution of solar rooftop system is about 43 percent of total installation.

"Industrial rooftops hold huge potential," said Mahmood Malik, executive director and chief executive of Infrastructure Development Company Ltd (Idcol).

Pre- and post-IPO earnings raise questions

EPS falls after IPO

AHSAN HABIB

Earnings of many companies drop even after three-four years of their listing in the bourses, whereas stock investors expect it will rise with the investment of the proceeds from the initial public offering.

Once their earnings slide, their stock price follow suit, leaving a hole in the stock investors' portfolio.

Between 2012 and 2016, 63 companies withdrew capital from the stock market to go for further investment and loan repayment -- with the promise that their earnings will rise.

Of them, earnings of 45 companies fell, 17 rose and one has been merged with another listed company and so its data was not available.

The data of companies that raised funds between 2017 and 2019 have not been considered for comparison as a company generally needs two to three years to make profit from an investment.

"It's a good finding that investors suffer with newly listed companies," said Abu Ahmed, a stock market analyst.

Most of the companies come to the market and show higher earnings per share (EPS) until the sponsors keep their stake. Once they sell off their shares EPS starts to fall.

"This clearly shows a form of cheating with the shareholders, so the stock market regulator should be tough with them," he said, adding that the issue manager should be rewarded or punished for bringing a stock.

Market analysts said most of the companies deliberately show higher earnings per share before getting listed.

The reality of their income situation comes to the fore once they get enlisted.

What is more, some companies come to the market when the sponsors think the business is sinking.

After completion of listing, such companies' earnings go down slowly and move towards the junk stock's status.

One such example is Tung Hai Knitting and C&A Textiles, both of which got listed in 2014 and 2015 respectively.

Within four years of their listing, both the companies closed their factories and the Dhaka bourse could not find any official at their office addresses.

PERFORMANCE OF FIRMS LISTED IN 2012-16

- 63 companies were listed
- 45 saw EPS fall
- 10 became junk
- 6 downgraded to B category

So, the stocks' prices came crashing down to Tk 2.90 and 2.50 respectively while their face value was Tk 10. As a result, investors lost huge sums by investing in them.

An email has been sent to the official mails of C&A Textiles and Tung Hai Knitting to know the reasons behind their earnings slump, but they are yet to answer.

A merchant banker acknowledged that the issue managers keep abreast of the potential of a company, so they should be punished for bringing badly performing companies to the market.

"However, the regulator is very strict with some issue managers but not for all," said the merchant banker preferring anonymity.

Stock investors should also be careful about investing in newly listed companies, but they run towards them as soon as they come to the market, he added.

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Onion OMS from today

STAR BUSINESS REPORT

Open market sales of onions, the key cooking ingredient which has suddenly become costly, will start today as the government looks to rein in the runaway prices.

At least five trucks will be selling onions in Dhaka city, said Md Humayun Kabir, spokesperson of the Trading Corporation of Bangladesh.

Consumers will be able to buy 2 kilograms of onions each from the trucks deployed in front of the National Press Club and at Motijheel and Farmgate's Khamarbari. Two more trucks might be placed at Jatrabari and Mirpur.

No decision has been taken yet regarding the price, but it will be less than the existing market rate, he added.

Traders have raised the prices of onion by 25 percent or Tk 12.5 each kilogramme overnight to Tk 55-70, banking on India's slapping of a minimum export price (MEP) for the tuber at \$850 (Tk 71,821) per tonne of onion.

The neighbouring country imposed the restriction on September 13 to contain the price hike in its domestic market.

Since then, some retailers in Dhaka city asked Tk 80 for a kg of onion, which Bangladesh has to import to meet a portion of its requirement for a shortage of domestic production.

Yesterday, onions prices dropped marginally at the wholesale market at Shyambazar but edged up at the retail level.

Special committee to heal stock ills

STAR BUSINESS REPORT

The government is set to form a special committee to take definitive actions against listed companies that have shuttered and overvaluation of stock price, as part of efforts to win back investors' confidence.

The Bangladesh Securities and Exchange Commission (BSEC) will form an audit-based committee that will work in tandem with the Financial Reporting Council (FRC).

"The committee will investigate the shuttered factories' real scenario and the balance sheet of companies going for initial public offering (IPO) so that it can detect distortion," Finance Minister AHM Mustafa Kamal said yesterday at a press briefing after a meeting with the stakeholders of the stock market.

In the last one month, the stock market slid over 300 points and has been on the downturn in the last few months.

Subsequently, the finance ministry organised the meeting, which was chaired by Md Asadul Islam, senior secretary to the Financial Institutions Division.

There is no alternative to the development of the capital market, so all the divisions of the government will continue their support for the stock market, Kamal said.

"You all acknowledged that all the economic indicators are in a powerful position. We don't expect more but a stock market that is consistent with the economic development," he added.

The ministry though has traced some reasons behind the market slump from the meeting.

One of the reasons is the scarcity of

REASONS BEHIND AILING STOCKS

- Reluctance of well-performing companies to come to stock market
- Over-valuation of some stocks at the IPO time
- Lack of good governance in companies

good companies in the market.

"We are determined to bring good companies to the market, especially state-run companies. I can ensure that all the public companies will be listed though it may take time for fair valuation of the company's assets and preparing updated balance sheet."

New public companies will also be given the condition to get listed.

The last state-owned company to get listed on the stockmarket was Titas Gas Transmission and Distribution Company -- back in 2008.

Then in January 2010, the government had selected 26 state-owned companies and instructed them to offload shares in the next six months.

But that never happened, even though the finance minister then had proclaimed time and again that the state-run companies will offload their shares within a certain period.

Probed, Kamal said he cannot comment on earlier commitments but he will ensure that the state-run companies offload their shares.

Telcos' data revenue surges

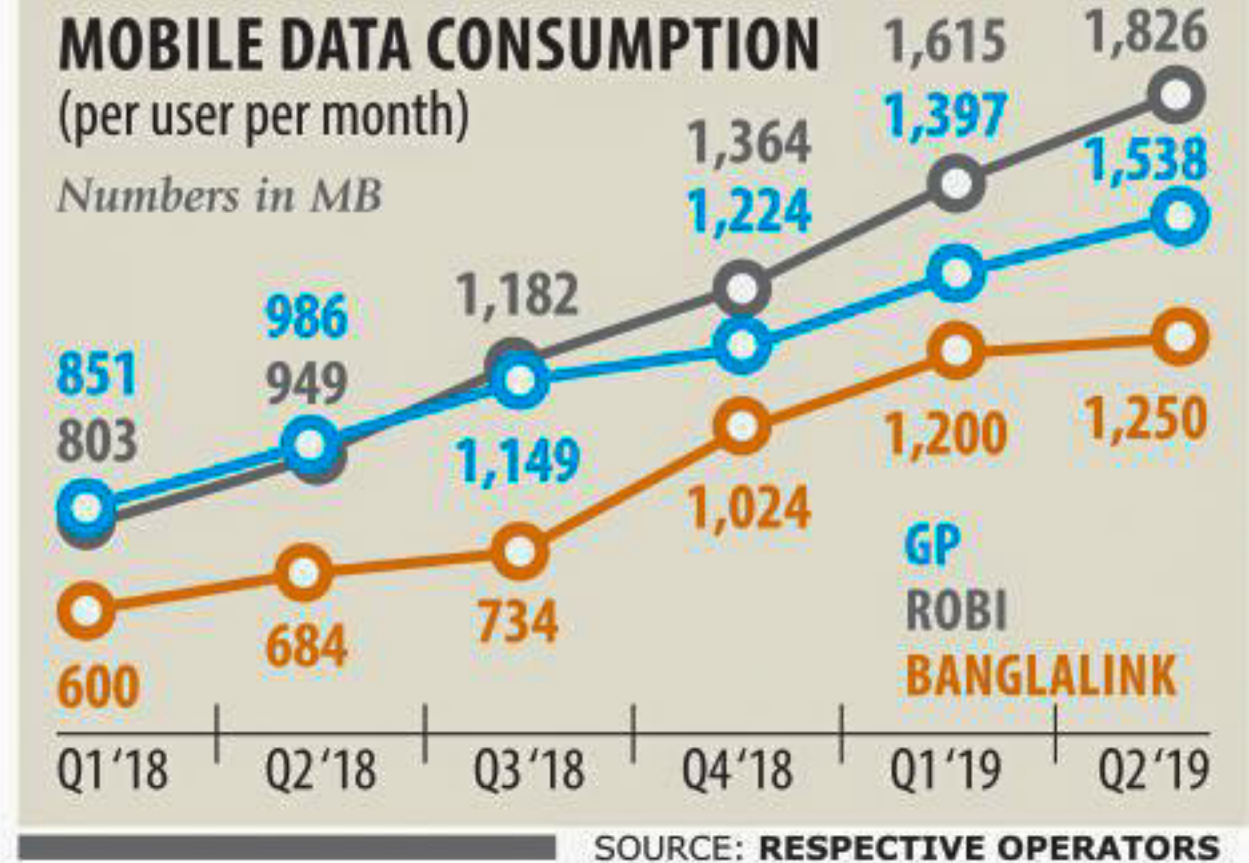
MUHAMMAD ZAHIDUL ISLAM

Data revenue for the top three mobile phone operators surged 23 percent to Tk 2,862 crore in the first half of the year on the back of fast-expanding 4G coverage.

In February 2018, Grameenphone, Robi and Banglalink rolled out the fourth-generation service. State-run Teletalk followed suit in December but it does not make data public.

In the last 20 months, the 4G service has grown from strength to strength, pushing data consumption up significantly.

A subscriber consumes more than 1.5GB of data every month on an average, up from below 1GB at the end of the second quarter last year.



Rod price falls on low demand, scrap price slump

JAGARAN CHAKMA

In a surprise development, prices of mild-steel rod fell in Bangladesh owing to lower demand, the fall of raw material prices in global market, and the slow start of development projects in the first quarter of the current fiscal year.

When the budget for the current fiscal year was unveiled in June, steel millers had been apprehending an average increase of retail price of rod by Tk 9,000 per tonne, owing to a number of new VAT and tax measures and gas price hike.

They had predicted that the price would go up to Tk 70,000 to Tk 72,000 per tonne.

But yesterday, the popular 60-grade rod was selling at Tk 65,000 to Tk 70,000 in markets in Dhaka, whereas the 40-grade MS rod was selling between Tk 57,000 and Tk 60,000, according to the state-run Trading Corporation of Bangladesh.

But a month ago, the 60-grade rod had been selling at Tk 67,000 to Tk 70,000 and the 40-grade rod at Tk 58,000 to Tk 60,000.

"Sales of rod fell around 20 percent in the first quarter of the fiscal year. The price of steel rod has declined by Tk 2,000 per tonne on an average in the last one month," said



STAR/FILE

Prices of MS rod fell in the local market due to slow development activities and a drop in scrap prices in the international markets.

Alamgir Kabir, chairman of GPH Ispat Ltd.

He said the price of steel went down because of the fall of prices of raw materials in the global market.

The price of scrap, the key raw material for steel, came down to \$361 per tonne from \$389 globally, according to a miller.

Since May, the price of scrap has fallen by \$30 per tonne, said Tapan Sengupta, executive director of the BSRM.

Government consumption of rod dropped in the July-September period. Similarly, the private sector consumption was also down, owing to the slowdown of the real estate sector.

Government projects account for 35 percent to 40 percent of the total steel consumption, while the private sector accounts for 30 percent and individual consumers the rest.

Kabir, however, is optimistic and said the situation might change for the better in the second half of the fiscal year.

Md Shahidullah, secretary general of Bangladesh Steel Manufacturers Association, said sales usually fall a bit in the first quarter of a fiscal year compared to other quarters owing to lower demand.

"Nowadays, lots of digital services are available on mobile platforms, which are boosting data consumption," said Shahed Alam, chief corporate and regulatory officer at Robi.

"4G has definitely given the industry a fillip and changed the customers' data usage pattern."

People use data to buy products from online shops, hire rideshares, call plumbers and get appointments online and all of these have made people's life easier, experts say.

Grameenphone, the largest operator, earned Tk 1,410 crore from January to June in data revenue, up from Tk 1,190 crore a year ago.

The second largest operator, Robi, took home Tk 1,062 crore, according to its parent company's quarterly report, which was Tk 799 crore during the same period last year.

Banglalink, the third biggest operator, made Tk 429 crore up from Tk 341 crore in the same period in 2018.

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