

Saudi Arabia kick-starts IPO of world's largest oil company

REUTERS, Dubai/Dhahran, Saudi Arabia

Saudi Arabia's state oil company kick-started its initial public offering (IPO) on Sunday, announcing its intention to list on the domestic bourse as the kingdom seeks to diversify and create the world's most valuable listed company. Aramco did not give a time frame or say how much of the company it would sell, but sources have told Reuters the oil company could offer 1 percent-2 percent of its shares on the local bourse, raising as much as \$20 billion-\$40 billion. Aramco said the IPO would be split into two tranches: one each for institutional and individual investors. The percentage of shares to be sold and the purchase price would be determined after the book-building period, it added in a statement. Confirmation of the share sale in Saudi

Arabian Oil Co, or Aramco, as the oil giant is usually known, comes about seven weeks after crippling attacks on its oil facilities, underlining Saudi Arabia's determination to push on with the listing regardless. Aramco said it does not expect the Sept. 14 attack on its oil plants will have a material impact on its business, operations and financial condition. The attacks targeted the Abqaiq and Khurais plants at the heart of Saudi Arabia's oil industry, causing fires and damage and temporarily shutting down 5.7 million barrels per day (bpd) of production - more than 5 percent of global oil supply. The company did not specify any additional security measures. The IPO of the world's most profitable company is designed to turbocharge Crown Prince Mohammed bin Salman's economic reform agenda by raising billions to diversify the kingdom, whose dependency on oil was

highlighted by the production impact of the September attacks. "It is a colossal public offering that could potentially generate more than 10 years' worth of proceeds raised through IPOs in the country," said Salah Shamma, head of investment, MENA, Franklin Templeton Emerging Markets Equity. He said some local investors could be selling other shares in order to shift their investments to Aramco, but this could well be a case of "short-term pain for long-term gain." Aramco plans to release the IPO prospectus on Nov. 9, Chief Executive Amin Nasser told a news conference in Dhahran, Saudi Arabia. Saudi Aramco chairman Yasir al-Rumayyan told the news conference that the valuation for the company should be determined after the roadshow. At a valuation of \$1.5 trillion, Aramco would still be worth at least 50 percent more than the world's most valuable companies, Microsoft and Apple, which each have a market capitalisation of about \$1 trillion. But a 1 percent sale would raise "only" around \$15 billion for Saudi coffers, less than the \$25 billion generated by Chinese e-commerce giant Alibaba in its record-breaking IPO in 2014. It would rank Aramco as the 11th biggest IPO of all time, Refinitiv data show. A sale of 2 percent of Aramco shares at a \$1.5 trillion valuation would make it the biggest IPO of all time, beating Alibaba's.

The prospect of the world's largest oil company selling a piece of itself has had Wall Street on tenterhooks since Prince Mohammed flagged it three years ago. Aramco said in Sunday's statement that it posted a net income of \$68 billion during the nine-month period ending on September 30. Revenues and other income related to sales for the same period amounted to \$244 billion, it added. To help get the deal done, Saudi Arabia is relying on easy credit for retail investors and hefty contributions from rich locals. Aramco said the Saudi market regulator, which approved its application to list on Sunday, had issued an exemption for non-resident institutional foreign investors to subscribe.



IFC

Anne Molyneux, a member of governing board at the International Corporate Governance Network, poses at a panel discussion on "Future of corporate reporting in enhancing investment decisions" organised by the International Finance Corporation in partnership with the Japan-Bangladesh Chamber of Commerce and Industry in Dhaka on Saturday.



AFP

Saudi Aramco's President and CEO Amin Nasser, left, and Chairman Yasir al-Rumayyan attend a press conference in the eastern Saudi Arabian region of Dhahran yesterday.

Internet server glitch halts trade via Benapole port

OUR CORRESPONDENT, Benapole

Trade between Bangladesh and India through Benapole land port has remained suspended since Sunday morning due to a problem with the internet server. However, there were no problems with the other activities, such as movement of travellers, loading, unloading and delivery of goods. Meanwhile, thousands of commodity-loaded trucks got stranded at the entry points of Benapole and Petrapole ports. Since morning till 12pm on Sunday, some 2,000 passengers entered India, as there was no disruption in such activity, said Mohsin Khan, police immigration officer in charge of Benapole International Checkpost. India's Petrapole port stopped working due to a server problem, which created all the sufferings, said Abdul Jalil, deputy director (traffic) of Benapole Land Port.



BTCL gets new MD

STAR BUSINESS DESK

Md Rafiqul Matin yesterday took charge as managing director of Bangladesh Telecommunications Company Ltd (BTCL). He was previously the deputy managing director, having worked as project director for "Cyber Threat Detection and Response" of the telecommunication division, says a press release. Matin attained BSc and MSc degrees in electrical and electronic engineering from the Bangladesh University of Engineering and Technology.



DBBL reappoints chief executive

STAR BUSINESS DESK

Abul Kashem Md Shirin has recently been re-appointed managing director and CEO of Dutch-Bangla Bank for the next three years with effect from November 1. Shirin has been in office for three years and has served as deputy managing director for around eight years. He was previously the deputy general manager and head of IT of BASIC Bank.

Not fund crisis, poor governance depresses stocks: CPD

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Many listed companies' dividends fell and some failed to provide any dividend also. On the other hand, junk stocks were jumping abnormally, but no effective steps were taken against them from the regulator, he pointed out. "Institutional investors are behaving like silent audience. On the other hand, higher bad loans and lack of corporate good governance mounted the crisis of confidence." Institutional investors' transactions sometimes create instability in the market. As institutional investors hold almost 60 percent of the shares in the market, they need to behave in a stable manner. "Otherwise, the market will not be stable. We are not seeing responsible market behaviour in the market." Crisis between Grameenphone and the Bangladesh Telecommunication Regulatory Commission was also a reason of the market's slide. About the lack of quality IPOs, Moazzem said a number of IPOs have been approved by the BSEC whose stock price rose in the first few days and then plummeted to a very low level. Sometimes they went below the offer price. So, it raises the question of what kind of companies they are and whether they were properly scrutinised by the Dhaka Stock Exchange, Chittagong Stock

Exchange and the BSEC.

However, Tk 220 crore has been raised by many companies in the current year, so the IPO process should be well monitored and transparent, Moazzem said. About the financial reporting of listed companies, the researcher said there are many anomalies in financial reports of listed companies, so the BSEC's auditor panel should be well-drafted such that only good auditors can get the chance to audit listed companies. He recommends assessing the financial reports through a third party, which can be the Financial Reporting Council (FRC). Moazzem recommends bringing transparency in the opening of BO accounts. The total number of BO accounts is more than 66 lakh, but about 27 lakh are active. The secondary market has been witnessing suspicious trading, too. For instance, many 'Z' category shares take place surprisingly in the top gainers' list. "How can a company bag a place in the list when it fails to provide dividend or hold annual general meetings?" Overall, the CPD's suggestion was to increase investment in the market, be strict with market surveillance, ensure a strong bond market, get the Chinese investors to meet their commitments, strengthen the role of central depository of Bangladesh and implement laws.

Pubali Bank celebrates 60th anniversary

STAR BUSINESS DESK

Pubali Bank recently celebrated its diamond jubilee at Pan Pacific Sonargaon Dhaka inviting people from different sectors. The bank initially emerged in the then East Pakistan as Eastern Mercantile Bank Limited at the initiative of some Bangalee entrepreneurs in 1959, says a press release.

After independence, the bank was nationalised and renamed in 1972 before being denationalised and getting its present name in 1983. Mahfuz Anam, editor and publisher of The Daily Star, was a guest speaker at the celebration while Md Ashadul Islam, senior secretary to Financial Institutions Division, and lawmaker Hafiz Ahmed Mazumdar were present. Azizul Huq, chairman of the bank,

presided over the ceremony while Md Abdul Halim Chowdhury, CEO, delivered the welcome speech. Directors Monzurur Rahman, Habibur Rahman, Fahim Ahmed Faruk Chowdhury, Md Abdur Razzak Mondal, M Kabiruzzaman Yaqub, Rumana Sharif, Azizur Rahman, Arif A Choudhury and Asif A Choudhury and independent director Shahdeen Malik were present.



PUBALI BANK

Guests and top officials of Pubali Bank cut a cake to celebrate the bank's 60 years in banking at the Pan Pacific Sonargaon Dhaka recently.

Ship sets off to check viability

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Of the Rs 305.84 crore maintenance cost, India will bear 80 percent while Bangladesh the rest. Other attempts at utilising the waterways include agreements on declaring additional ports of call at Kolaghat, Dhulian, Maia and Sonamura in India and Chilmari, Rajshahi, Sultanganj and Daudkandi in Bangladesh. The countries also agreed on Badarpur as an extended port of call of Karimganj (India) and Ghorasal in Bangladesh, Tribeni in India and Muktaarpur of Pangaon in Bangladesh. Plans have been taken to extend the Rajshahi-Godagari-Dhulian stretch up to Aricha and the Daudkandi-Sonamura one up to the Gumti river. During Prime Minister Sheikh Hasina's official visit to New Delhi in October, the two countries signed a standard operation procedure on movement of goods to and from India through Chattogram and Mongla ports. The proximity of these two ports is expected to reduce logistics cost and improve trade competitiveness of the north eastern Indian states.

Warehouses fined for selling onion at inflated prices

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The team found stock of 70 tonnes of Myanmar's onion, Islam said, adding that the price chart displayed at the warehouse showed price of the neighbouring country's onion at Tk 65. "But when we checked the sale documents from a truck loaded with the onion just in front of the warehouse we found the onion was sold to the client from Sylhet at Tk 110 per kg." The wholesale owners gave the excuse that they were hostage of a syndicate of Teknaf-based onion importers who fixed the rate. The magistrate said they asked the wholesale owners to provide list of the syndicate members by today.

Brand Forum recognises 79 digital campaigns

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Grey Advertising Bangladesh Ltd landed nine awards and WebAble Digital eight awards. More than five hundred nominations were submitted for the award. Four jury panels shortlisted the digital works and another four jury panels selected the winners. About the awards, Nazia Andaleeb Preema, director of Bangladesh Brand Forum, said, "In this era of dual existence of digital and physical dimension, we need to activate our human emotions more."

Oppo opens local plant

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Oppo has been in Bangladesh for five years and from the beginning, it has been bringing in quality smartphones, changing the business dynamics in the smart device segment in Bangladesh. The increase in tax on the imports of smartphones in the current budget to 57 percent from 32 percent acted as a catalyst in pushing the Chinese company to set up the plant, an employee of the company said. "Without owning a plant, one cannot be price-competitive and customers will not get cost-efficient smart devices," he said. Earlier in the fiscal 2016-17, the government formulated the tax policy on setting up mobile assembling

plants after bringing down the cost of raw materials to 1 percent, from as high as 96 percent in some cases, and increasing the tax on imports gradually. Oppo said its five-year experience of doing business in Bangladesh also gave it confidence to set up the plant. It also took into account the growing demand of the market, as it looks to strengthen its ability to meet the growing demand. Currently, there is a demand for 10 lakh pieces of smartphones in Bangladesh every month. As of August, there are 16.26 crore active mobile connections in the country. Of them, 9.24 crore are connected with internet.

The Bangladesh Telecommunication Regulatory Commission has given 10 licences to set up plants. Eight of them have started assembling handsets. Local brand Walton showed the way after it started making mobile phones in its own plant in October 2017. Since then, it has not imported a single device. Global brand Samsung's plant assembles 96 percent of the products it sells locally. It only imports flagship products and plans to stop importing from the first quarter next year. Chinese company Transsion Bangladesh Limited does not import any product. Once a market leader, Symphony also assembles a significant volume of devices every month.



AB BANK

A number of managing directors and chief executive officers of different banks from Bangladesh pose during the "5th Annual Bilateral US-Bangladesh CFT Banking Dialogue" organised by the United States Department of Justice in North Carolina recently. They took part in a series of presentations by experts on terror finance, good governance, money laundering, and cyber security during the four-day event.

Tanners long way off LWG certification

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Currently, Bangladeshi tanners consume 65,000 litres of ground water for washing a tonne of rawhide, which is the highest water consumption globally. The local standard for water consumption for washing a tonne of rawhide is 30,000 litres and the international standard is 25,000 litres. So far, water flow metres have been installed only in 68 out of 155 tanneries, he said. "This is a simple example and the tanneries will have to comply with many more issues to obtain any kind of LWG certification." The certificate is mandatory to gain market access to Europe, the US and some developed Asian countries. In the absence of the certification, Bangladesh leather exporters ship their goods to mainly China at 40 percent lower prices, according to industry insiders. "We have warned the tanneries that they will be shut down if they do not improve their compliance substantially before the visit of the LWG audit team," Paul added. Md Shaheen Ahmed, president of the Bangladesh Tanners Association, said they have been running mock tests in some tanneries now to verify their readiness for the certification. However, the tanneries are running their business by maintaining other compliance and environmental standards like ISO, Ahmed said. "We have some limitation about technological know-how related to compliance for obtaining the LWG certification."

The mere obtaining of the LWG certification will not guarantee better prices, Ahmed said, adding that Bangladesh needs to improve its negotiation skills and develop markets and products. Delwar Hossain, team leader of the CETP, said currently he and his team are working to improve the chrome recovery from waste water so that the water is treated better. Once the water is treated well, it can be discharged into the nearby river easily, said Hossain, who is also a teacher of the civil engineering department of the Bangladesh University of Engineering and Technology. "Our target is to treat the waste water of the CETP in such a way that the fish can swim in the water. Swimming of fish in the treated water indicates better treatment of water and it will also affect the water of the river if it is discharged."