



IPO Stagnation, Idle Funds Slow Investment



Connected picture

For more than a year, Bangladesh's capital market has remained stagnant as no new initial public offerings (IPOs) have been approved. This has effectively shut the door to fresh financing from the market for industries. At the same time, companies that previously raised funds for business expansion are struggling—or unwilling—to put that money to productive use.

Unused IPO Funds

An analysis by Dhaka Post reveals that over the last decade, at least two dozen companies that raised funds through IPOs have faced difficulties in utilizing them. Many firms have failed to deploy their capital even after repeated extensions, while several companies did not spend a single taka from their IPO proceeds in the last fiscal year (2024–25). Others used only a fraction of their targeted investment.

Economist and market analyst Professor Abu Ahmed criticized the trend, saying, “Many companies entered the market without genuine purpose. They submitted fabricated expenditure plans to the regulator and collected money without analyzing where to invest or how to generate profits. In some cases, IPO funds are being misused for personal or related-party interests.”

Companies' Spending Pattern

Among the few that spent significantly, Best Holdings PLC topped the list, deploying Tk 77 crore—22% of its Tk 350 crore fund. Techno Drugs Limited followed, utilizing 64% of its Tk 100 crore fund.

In contrast, several large companies showed worrying underutilization:

Global Islami Bank: Used only Tk 6 crore (1.42%) of its Tk 425 crore fund.

Sikder Insurance: Spent Tk 2 crore (12.5%) of its Tk 16 crore fund.

Navana Pharmaceuticals: Invested Tk 8 crore (13.33%) of its Tk 75 crore fund.

Others—including Silva Pharmaceuticals, Acme Pesticides, and Aman Cotton Fibrous—did not use any of their IPO funds during the fiscal year.

Expert and Regulatory Views

Dr. Al-Amin, Associate Professor of Accounting at Dhaka University and a member of the Capital Market Taskforce, observed that many entrepreneurs are hesitant to invest amid political uncertainty. “Business owners are waiting to see the new government's vision before committing to large investments. Weak companies that raised funds without strong fundamentals are now unable to find viable opportunities,” he said.

Professor Ahmed added that some firms issued shares at inflated premiums to raise excessive amounts, often with questionable motives. “They evade taxes and pacify investors with meager dividends,” he noted.

Bangladesh Securities and Exchange Commission (BSEC) spokesperson Md. Abul Kalam assured that only quality companies will now be allowed into the market. “Weak and poorly managed firms will no longer get approval. With ongoing reforms, good companies will eventually re-enter the IPO pipeline,” he said.

Echoing this, Saiful Islam, President of the DSE Brokers Association (DBA), emphasized that IPO reforms are essential to restore investor confidence.

The Bigger Picture

The twin challenges of stalled IPO approvals and sluggish fund utilization reflect broader weaknesses in Bangladesh's investment climate. Regulators and stakeholders now see reforms and stronger oversight as the key to building a transparent, robust capital market capable of supporting sustainable industrial growth.

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