

# Star BUSINESS

E-mail: [business@thedailystar.net](mailto:business@thedailystar.net)

## DSE index posts record single day gain

UNB, Dhaka

The main price index on the Dhaka Stock Exchange (DSE) yesterday gained 71 points or over 3 percent, recording the highest single day rise this year.

The DSE general index bounced back after two weeks closing at 2311 points.

DSE all share price index rose 48 points or 2.60 percent to close at 1908 while DSE-20 of selective shares increased 47 points or 2.37 percent to close at 2035 points.

Of the total 202 issues traded yesterday, 160 registered gain, 32 declined and 10 remained unchanged.

The day's turnover was recorded at Tk 115 crore.

## Agrani Bank to arrange Tk 42cr loan for Green Life Hospital

Agrani Bank with the help of four other banks will provide a syndicated financing of Tk 42 crore for Green Life Hospital Ltd.

An agreement to this effect was signed between the banks and the hospital in Dhaka on Monday, says a press release.

Agrani Bank is the lead arranger, while other participating banks in the syndication are Janata Bank, Pubali Bank, Dutch-Bangla Bank Ltd and NCC Bank Ltd.

The proposed hospital with 250 beds will be constructed at a total cost of Tk 84 crore, of which the banks will provide Tk 42 crore on fifty percent equity basis, the release adds.

Bangladesh Bank Governor Dr Salehuddin Ahmed was present at the agreement signing ceremony, which was also attended by senior officials of the banks and the hospital.

Agrani Bank has so far provided Tk 90 crore as credit for nine hospitals.

## Automation at Ctg Customs in 6 months

UNB, Chittagong

A joint meeting yesterday discussed on progress of introducing automation system at Chittagong Customs House, the country's largest revenue collecting source.

Officials of Customs House, joint forces, representatives of exporters and importers and agencies concerned attended the three-hour long meeting.

The Customs House authorities presented a 37-point recommendation for infrastructure development under a pilot project involving Tk 12 crore and decided to complete the entire process within next six months.

Newly appointed Commissioner of the Customs House Lutfar Rahman said that exporters and importers could work out from their homes after implementation of the project. Export and import costs will also reduce significantly, he hoped.

## SingTel Q1 net profit up 10.4pc

AFP, Singapore

Singapore Telecommunications said Tuesday that net profit in the first quarter to June rose an annual 10.4 percent to 927 million Singapore dollars (609 million US), boosted by strong showings in its home turf and regional markets.

The telecommunications firm's first quarter net profit exceeded analysts' expectations of projected earnings of 856-877 million dollars.

Operating revenues increased 10.5 percent year-on-year to 3.57 billion dollars on strong growth in the Singapore market and from wholly-owned Australian unit, SingTel Optus, the telecoms operator said.

"We have made an excellent start to the new financial year with all our key businesses delivering strong earnings growth," said chief executive officer Chua Sock Koong. "I am extremely pleased to note that growth is broad-based and involves almost every aspect of our business," she said, pointing out the exceptional showing in Singapore and Australia.

Revenues from the Singapore market increased 10 percent to 1.16 billion dollars, boosted by strong spending amid the city-state's strong economic growth, SingTel said.

# Only 31pc listed firms comply with corporate governance guidelines

## SEC report says

SARWAR A CHOWDHURY

Only 31.18 percent companies listed on the bourses fully comply with corporate governance guidelines of the Securities and Exchange Commission (SEC).

But most companies, 56.66 percent, comply with the guidelines partially. However, the companies explained why they could not comply with the guidelines fully.

The rest 12.16 percent companies and also did not explain their reasons for failure, according to a SEC report, which was placed at a commission meeting in Dhaka yesterday.

The SEC in early last year introduced the corporate governance guidelines to ensure accountability and transparency of the listed companies. If any company fails to comply with the guidelines, it must explain the reasons for failure. But failure to provide explanations for non-compliance is considered violation of the SEC directives.

The SEC will ask the non-compliant companies to explain for failure to comply with the guidelines. As per the SEC rules, the penalty

for such violation is minimum Tk 1 lakh.

### DRAFT MARGIN RULES FOR MERCHANT BANKS OKAYED

The SEC yesterday also approved the draft margin rules for merchant banks.

The margin rules will be published in several newspapers for public opinions or suggestions. After evaluating the opinions or suggestions, the SEC will finally okay the rules and then it will be included in the Merchant Banker (Portfolio Managers) Regulation, 1996.

The SEC is enacting the rules to regulate loans offered by merchant banking wings of banking and non-banking financial institutions to the investors.

Now, there is no guideline on offering margin loans and the merchant banks follow their internal code of conduct to approve loans to investors.

The merchant banking wings of financial organisations, or merchant banks, offer loans, also known as margin loans, to investors to buy securities against shares held by them.

As per the draft rules, the merchant banks will face limitations to

offer margin loans to investors.

There will be no fixed ratio to sanction margin loans and the SEC will fix the ratio time to time.

The merchant banks will not be able to give loans to their [banks'] board members and their close relatives and employees.

Such banks will have to consider fundamentals of scrip, risk factors and taxation implications while sanctioning loans to investors.

The banks should also inform the investors about their loan interest rate, service charge and any possible future changes on rates and charges before giving loans, according to the draft rules.

While giving loans, the price of share will be calculated on the basis of closing price of a security and the net asset value per share.

The merchant banks can allow loans against shares, debentures, mutual fund certificates (open and close end), and government securities.

## Niloy Cement to buy clinker from Niloy Clinkerisation

STAR BUSINESS REPORT

Niloy Cement Industries Ltd yesterday signed an agreement with Niloy Cement Clinkerisation Industries Ltd to purchase all its clinker, the basic raw material for producing cement.

The deal between the companies, which are concerns of Niloy Niloy Group, will remain valid for the next five years.

Under the deal, Niloy Cement Clinkerisation will supply around 200 tonnes of clinker, the total daily production of the company, to Niloy Cement.

Anwar Hossain, finance director of Niloy Niloy Group, and Md Khalequzzaman, project director of Niloy Cement Clinkerisation Industries, signed the agreement.

Mushtaq Uddin Ahmad, executive chairman of Board of Investment (BoI), was the chief guest at the signing ceremony, while Abdul Matlub Ahmad, chairman of Niloy Niloy Group, Santi Ranjan Sarkar, deputy general manager of Pubali Bank, Qazi Abdur Razzaque, executive vice president of Premier Bank Ltd, and KM Zahid Uddin, chief executive officer of Niloy Cement Clinkerisation Industries, were present.

The BoI chief said the country's cement industry may be allowed bonded facilities to facilitate exports if there is no legal barriers.

Abdul Matlub Ahmad urged the BoI to encourage more investment in the clinker industry so that cement production in the country can get a boost.

Niloy Niloy Group is setting up another clinkerisation plant in Jessore with an estimated production capacity of 400 tonnes a day.

## Gemcon Group selects SAP software

Gemcon Group, a leading player in retail, exports, engineering, and media business, has announced it has chosen SAP IS-Retail solution for its retail chain 'Meena Bazaar' to achieve efficiency, says a press release.

"At Gemcon, we have a very diversified business together with ambitious expansion plans. We wanted to incorporate a solution that was scalable and could help us integrate our multiple business units," said Shilpa Reddy, director & chief strategy officer of Gemcon Group.

"We are confident that the SAP solutions will provide us a cohesive technology backbone that will facilitate future growth and development," Reddy added.

"We are delighted to partner with Gemcon Group to help them meet their business objectives," said Ranjan Das, president and CEO of SAP Indian Subcontinent.

## Myanmar plans six special economic zones

XINHUA, Yangon

Myanmar is planning to establish six special economic zones (SEZ) to attract direct foreign investment into the country in a bid to promote its economic development, local Weekly Eleven News reported Tuesday.

The six SEZs are outlined as Thilawa Port in Yangon, Mawlamyine in Mon state, Myawaddy and Hpa-an in Kayin state, Kyaukphyu in Rakhine state and Pwin Oo Lwin in Mandalay division, the industry circle was quoted as saying.

Prospective sectors for foreign investment are outlined as production, high-tech, agriculture, livestock breeding, forestry, transport and communications, and banking services.

Foreign investors making direct investment in the SEZs will be categorically exempted from taxation ranging from two to eight years, the report said, specifically adding that investment in high-tech will be exempted from income tax for the first eight years, while that in production for the first five years and that in agriculture, livestock breeding, forestry and banking services for the first two years.

Prospective investors in the SEZs are viewed as coming from China, India, Singapore, and Thailand.

Meanwhile, a new SEZ law has reportedly been drafted for future enactment.

According to the latest official statistics, contracted foreign investment in Myanmar has reached 14.6 billion US dollars in 402 projects since the country opened to such investment in late 1988.

## RUPALI BANK SELL-OFF

# Govt still hopeful of response from Saudi prince

UNB, Dhaka

The government is still hopeful of a positive response from Saudi prince Bandar Bin Mohammad Bin Abdul Rahman Al-Saud to take over Rupali Bank.

"We're still hopeful that the Saudi Prince will take over the bank," Privatization Commission Chairman M Abu Solaiman Chowdhury told newsmen after a view-exchange meeting at his office with the buyers of privatised state-run mills and factories.

But, he said, if the Prince refuses to take over the bank, they would offload its shares in the capital market.

The Privatization Commission is waiting to sign a sales and purchase agreement with the Saudi Prince as it decided in August last to sell the state-run bank to the Saudi Prince at a cost of US\$ 330 million.

Prince Bandar Bin Mohammad Bin Abdul Rahman Al-Saud was the highest bidder for the bank where his nearest contestant was Domestic Investment Consortium. But after that the Saudi Prince was dillydallying to end the process of handing over the bank.

The government asked the Saudi Prince to complete the deal for selling and purchasing the bank by July 15. But they did not respond to that deadline.

# India's rupee to move towards fuller convertibility

AFP, New Delhi

The Indian rupee, which is partially convertible, will move toward fuller convertibility in a gradual and "calibrated" manner, Finance Minister P. Chidambaram said on Tuesday.

While India allows rupee convertibility in current account transactions for travel abroad or education purposes, overseas investments or acquisition of assets, classified as capital account transactions, need central bank approval.

"The movement toward fuller convertibility of the rupee will necessarily have to be gradual, sequenced and calibrated to the overall macro-economic situation and emerging needs of the economy," Chidambaram said, according to the Press Trust of India.

Chidambaram was replying in parliament to a question about whether the government would speed up rupee-dollar convertibility.

Last year, a central bank committee called for India to make the rupee more freely convertible over the next five years to realise the country's maximum economic potential.

Economists have long argued that fuller rupee convertibility is

needed for India's economy to move ahead at full-throttle and that its brimming foreign exchange reserves now make such a move possible.

Such a move to loosen curbs on trading the rupee against other currencies would rank as one of India's biggest economic reforms.

But the committee said before making the rupee more freely tradable, India must "improve regulatory and supervisory standards across the banking system" and get its financial house in order, including taming its worsening deficit.

The rupee was made partially convertible in 1994. Fears about leaving the economy vulnerable to global economic shocks have held policymakers back from making the rupee fully convertible.

India's Prime Minister Manmohan Singh called for a roadmap to greater rupee convertibility last year, saying the country's strong economic performance made such a move more feasible.

# Nokia warns its 46m mobile phone batteries faulty

AP, Helsinki

Nokia warned Tuesday that up to 46 million batteries used in some of the company's cell phones could be faulty and pose a risk of overheating.

The advisory applies to batteries manufactured by Matsushita between December 2005 and November 2006, the world's largest mobile phone maker said. Matsushita Battery Industrial Co. Ltd. of Japan is one of several suppliers that have together made some 300 million BL-5C batteries.

Nokia said 100 incidents of overheating of the Matsushita-made BL-5C batteries have been reported worldwide, but added

that "no serious injuries or property damage have been reported."

"Consumers with a BL-5C battery subject to this advisory should note that all of the approximately 100 incidents have occurred while charging the battery," the Finnish company said. "According to Nokia's knowledge this issue does not affect any other use of the mobile device."

Nokia said it will swap out all affected batteries.

Nokia sells products in 130 countries and employs 110,000 people worldwide. In the second quarter, it sold 100 million mobile devices, claiming a 38 percent share of the global market.

## Air Arabia to up frequency on Ctg-Sharjah

Air Arabia, a low-cost carrier in the Middle East and North Africa, will shortly begin operating three additional flights per week on the Sharjah-Chittagong route, says a press release.

Currently, the Sharjah-based carrier operates two flights a week to Bangladesh's second largest city.

Between September 1 and October 27, Air Arabia will operate additional flights to Chittagong on Tuesday, Thursday and Saturday, increasing the number of flights to five per week (Monday, Tuesday, Thursday, Friday and Saturday).

All flights will depart from Sharjah at 07:15 and arrive in Chittagong at 13:50 local time. On the same days, flights will depart Chittagong at 14:35 and arrive in Sharjah at 17:30 local time.

Kyle Haywood, commercial director of Air Arabia, said: "We are pleased to increase our frequency of flights between Sharjah and Chittagong."

Air Arabia's other destinations include Syria, Egypt, Jordan, Kazakhstan, Lebanon, Sri Lanka, KSA, Nepal, Sudan and Pakistan.

## Survey on global communications channel costs

A survey conducted by global media agency MindShare enables marketers to compare communications channel costs in 14 markets, 12 in Asia and 2 in US and UK, says a press release.

Channels covered included TV spots, magazines, newspapers, radio, taxi ads, cinema, postcard ads, online advertising, local celebrities for events, event promotion people and electronic direct marketing.

Emerging Asian markets still offer exceptional value for money, the survey said, adding that cinema ad costs are under \$10 in most Asian markets.

Asian media costs are local and irregular, and digital channels promise new levels of multi-market standardisation, according to the survey posted at [www.mindshareworld.com](http://www.mindshareworld.com).

Ashutosh Srivastava, CEO for MindShare in Asia Pacific, said: "Asian markets and their agencies are aggressively seeking new ways to reach consumers beyond traditional media options. This research carried out by our network enables you to convert various cost formats into a common framework."

"US\$1,000 would be enough to reach almost half the population of Bangladesh by using television", said Partha Ghosh, general manager of Asiatic MindShare Bangladesh.

## US trade deficit falls to 4-month low

AP, Washington

The U.S. trade deficit dropped to a four-month low in June as record exports of farm goods and autos offset a jump in crude oil prices. Imports from China hit an all-time high despite recalls of tainted Chinese products.

The Commerce Department reported Tuesday that the trade deficit dropped to \$58.1 billion in June, a 1.7 percent decrease from May and the lowest imbalance since February.

The decline caught analysts by surprise. They had been looking for a small increase reflecting the fact that global oil prices have been rising.



Bangladesh Bank Governor Dr Salehuddin Ahmed speaks at a syndicated loan agreement signing ceremony in Dhaka on Monday.

# Oil prices climb as Opec hikes 2007 demand forecast

AFP, London

Global oil prices rose on Tuesday after crude producers' cartel Opec upgraded its estimate for 2007 world oil demand growth, despite the current turmoil gripping world financial markets.

The price of London's Brent North Sea crude for September delivery added 20 cents to 70.43 dollars per barrel.

New York's main futures contract, light sweet crude for delivery in September, gained 42 cents to reach 72.04 dollars per barrel.

The Organization of Petroleum Exporting Countries said in a monthly report that world oil demand growth in 2007 was forecast at 1.3 million barrels per day (bpd), or 1.5 percent.

That was "slightly higher" than the estimate given last month and reflected "additional oil needs for Japanese power plants," the Opec

report said.

Opec noted that "over the last four weeks, prices for (New York) crude oil have exhibited extreme volatility," as the world economy has experienced stock market and other economic fluctuations.

"There is no doubt that the above uncertainties have clouded the outlook for oil demand," Opec said.

It added that US economic problems such as the "recession in the housing sector, in particular the subprime mortgage market" have precipitated "fears of a global economic slowdown."

Last week, oil prices plunged by more than 7.0 percent in London, and by almost 6.0 percent in New York as traders feared that global energy demand may weaken.

Recent intervention by the US Federal Reserve and other central banks, pouring tens of billions of dollars into financial markets to ease tightening credit, has

appeared in part to soothe jittery investors.

"Overall strong fundamentals conditions (of strong global demand and tight supplies) are keeping prices... underpinned above the 70-dollar mark," said analysts at Barclays Capital.

They added that "broader financial developments continue to take central stage in setting short-term price direction."

Elsewhere on Tuesday, traders kept a keen eye on weather in the US Gulf of Mexico, where many US energy installations are based.

"In addition to an already formed tropical depression in the far eastern Atlantic, there are warnings from the US National Hurricane Centre that another depression could form in the (US) Gulf of Mexico," Sudden analyst Michael Davies said.

# KL eases Islamic finance rules

AFP, Kuala Lumpur

Malaysia will ease its rules to allow all banks to do Islamic banking business in foreign currencies, the central bank said Tuesday, further cementing the country's role in Sharia financing.

Non-Islamic commercial bank and investment banks licensed by the government will now be allowed to do Islamic banking business as the country aims to position itself as a global hub for the sector, central bank chief Zeti Akhtar Aziz said in a statement.

"We want and aim to develop Malaysia into a centre for the origination, distribution and trading of sukuk (Islamic bonds) to provide further impetus to the development of an increasingly vibrant and progressive bond market in Malaysia as well as in the Asian region," Zeti said.

However, according to Islamic finance strict rules, interest payments and profits earned from alcohol, pornography, pork or gambling are still banned.

Muslim-dominated Malaysia has the world's largest Islamic bond market, accounting for about 47 billion dollars or two-thirds of total Islamic bonds outstanding worldwide.

Its Islamic finance industry is worth 38 billion dollars in assets ranging from stocks and insurance to home loans and pawn-broking.

Islamic banking assets also make up over 12 percent of total bank assets, the central bank said. In remarks at an Islamic banking forum Monday, Zeti said Islamic bonds are increasingly becoming more important in channelling funds into emerging market economies.

"This is particularly the case for the Middle East and Asia, which are

among the fastest growing regions in the global economy," Zeti said.

"This includes financial needs of the private sector following the privatisation and implementation of infrastructure projects."

The Islamic bond market, she said, was growing by an average of 40 percent yearly, and demands for bonds "significantly exceeds supply."

Since Malaysia's first issuance of sovereign global Islamic bonds in 2002, there have been a series of other issuance by countries such as a United Arab Emirates, Qatar, Bahrain and Pakistan.

Multilateral lending agencies have also made issues to finance development projects, with Islamic bonds now catching on as an attractive instrument of financing, the central bank chief said.



The Ministry of Industries has set up an SME (small and medium enterprise) help line centre at the head office of Women Entrepreneur Association of Bangladesh (WEAB). Industries Ministry Additional Secretary Mohammad Ayub Miah, Deputy Secretary Yeamen Akbari, vice presidents of the WEAB and other members of the association were present at the inauguration of the help line centre in Dhaka on Saturday.