

Stocks

DGEN 3,079.34 0.85%

CSCX 5,532.85 0.18%

Asian Markets

MUMBAI 16,721.08 0.14%

TOKYO 13,540.87 0.28%

SINGAPORE 3,177.55 0.51%

SHANGHAI 3,583.03 9.29%

Currencies

Buy TK. Sell TK.
USD 68.10 69.10

EUR 106.45 111.08

GBP 133.15 138.31

JPY 0.65 0.69

Commodities

Gold \$899.14 (per ounce)

Oil \$118.05 (per barrel)

More News

An industry on the carpet



When the country's jute-based carpet industry is almost in the morgue, Bengal Braided Rug is exporting small heart shaped jute rugs to the US and Europe, where such handmade items are prized as environmentally friendly and durable.

Govt to focus on raising number of taxpayers

The focus of the upcoming budget will be on increasing the number of taxpayers, instead of imposing new taxes, along with streamlining of the tax payment procedures, Finance Adviser Mirza Azizul Islam said yesterday.

International

High costs slow Vietnam's construction projects

A sharp increase in the cost of construction materials and difficulties in land clearance led to the slow disbursement of basic construction capital in the first quarter of 2008 in Vietnam.

VW plans two new Chinese plants

Volkswagen, the biggest European carmaker, plans two new production sites in China to meet growing demand there, a press report said Thursday.

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DBH shares skyrocket 1450pc on first day

Buying spree underlines need for quality shares, say experts

SARWAR A CHOWDHURY

Shares in Delta Brac Housing Finance Corporation (DBH) rocketed by more than 1450 percent on their debut on the Dhaka Stock Exchange (DSE) yesterday, as retail investors scrambled to purchase stakes in the company.

Experts said the desperate buying spree once again underlines the need for quality shares on the market.

The DBH is not the first company, whose shares skyrocketed on the debut day.

Record prices on debut				
Securities name	Face value	Premium	Debut price (closing)	Rise in percentage
Brac Bank	Tk 100	Tk 70	Tk 531.50	431.50
Trust Bank	Tk 100	Tk 50	Tk 849.25	749.25
DBH	Tk 100	Tk 110	Tk 1563.25	1463.25

Same thing happened when Brac Bank and Trust Bank made their debut on the stock exchanges.

Shares in Trust Bank rocketed by more than 700 percent on their debut on the DSE on October 1 last year, while the Brac Bank shares jumped by more than 400 percent on their debut on January 31 last year.

Some market analyst said the trend was the evidence of poor listing procedures that failed to value companies correctly. However, others said nothing could be done when investors become desperate for quality shares.

"I was surprised when I saw the DBH shares price reached

Tk 1680. I don't think buyers analyse the fundamentals of a company," said Abu Ahmed, professor of economics at Dhaka University.

Demand and supply mismatch of shares is also a reason for such skyrocketing, he said, adding that the supply of shares should be increased anyhow.

For a DBH share the investors in some cases paid Tk1680 whose value is Tk 210 including a premium of Tk110.

Delta Brac Housing floated 5 lakh shares through initial public offering (IPO) to raise a total of Tk 10.50 crore including a premium of Tk5.50 crore.

However, the shares opened at Tk 1000 yesterday

and rose as high as Tk 1680 before closing at Tk 1563.25. On the Chittagong Stock Exchange, starting with Tk 999, the DBH shares rose as high as Tk 1650 before closing at Tk1596.25.

A total of 1,51,250 shares worth Tk 22.81 crore were traded on the DSE, while a total of 33,200 shares worth Tk 15 crore were traded on the CSE.

Market insiders described the yesterday's buying spree as 'madness' pointing to the earning per share (EPS) and price earning ratio (PER) of DBH.

At present, DBH's EPS is around Tk 50 and PER is 30 that do not match the yester-

day's price, they said.

There is no doubt that DBH is a good company having a bright prospectus. But, the shares were overpriced, said Arif Khan, general manager of IDLC Finance.

"In case of Jamuna Oil and Meghna Petroleum shares we saw that the shares were traded with high prices with an average price of Tk 500 to Tk 600. But, later the prices came down to Tk 300," he said.

The DBH shares also pushed the benchmark index of the Dhaka bourse to close higher, although most of the issues closed down.

The DSE General Index rose by 26.02 points, or 0.85 percent, to 3079.34 points. Of the issues traded on the premier bourse, 87 advanced and 158 declined with six unchanged.

A total of 1,54,54,561 shares worth Tk 302.59 crore changed hands on the DSE.

sarwar@thedailystar.net

Pharma ingredients park delay holds back Tk2000cr investment

JASIM UDDIN KHAN

Serious delays in setting up the proposed Active Pharmaceutical Ingredient (API) park are holding back around Tk 2000 crore of private sector investment for manufacturing basic pharma raw materials.

The present interim government took the decision for implementation of such a project in Munshiganj district last year, although the then Khaleda Zia government brainstormed the project in November 2001. But it still awaits the nod of the Executive Committee of the National Economic Council.

As per the project profile, as many as 20 factories with a central effluent treatment plant (ETP) will be accommodated in the park.

A total of 25 local companies have already applied for allotment of plots in the park where each of them proposed for around Tk100 crore investment. These companies will be able to create employment opportunities for around 5,000 skilled workers.

"It's high time to approve the project and establish an API park to produce basic raw materials locally," said Nazmul Hasan, chief executive officer of Beximco Pharmaceuticals Limited, and also the secretary of the Bangladesh Association of Pharmaceutical Industries.

"Bangladeshi companies will be able to increase its global competitiveness in a patent-free regime until 2016, if such parks are established," said Ashfaq-ur-Rahman, managing director, Novartis Bangladesh Ltd.

Among the 49 LDCs, Bangladesh has the strongest base to manufacture pharmaceutical products, although the country has to import around 70 percent of the basic raw materials from India, China, Italy and Germany.

Sources said the local pharma industry is growing fast as currently a total of 164 companies are in operation, while 68 companies have registered with the Board of Investment (BoI) to start business.

jasim@thedailystar.net

BTTB fights back with call rate cuts

MD HASAN

State-owned land phone operator BTTB will introduce the market's lowest call tariffs next month as its battles to reverse its fall in subscribers in the face of intense competition from private rivals.

Telecommunications ministry, which runs the Bangladesh Telegraph and Telephone Board, has decided to cut the cost of calling mobile phones from BTTB phone by around 50 percent to Tk 0.80 per minute from Tk1.50.

It will also cut the tariff within its own network by 50 percent to Tk 0.15 in Dhaka and Tk 0.10 per minute outside Dhaka, which is now on an average is Tk0.30.

Telecom ministry sources said the BTTB's new call rate will come into effect after the approval by finance ministry and Bangladesh Telecommunication and Regulatory Commission (BTRC).

In some cases, the new tariff structure is even lower than mobile operators' tariff structure. The mobile operators call charges now range between maximum Tk 2 and minimum Tk0.25 per minute, according to the regulator.

However, mobile phone industry insiders said due to stiff competition average industry call rate now is Tk0.70 per minute.

Private land line operators said BTTB's new tariff structure will definitely help the state-run operator stay in the competition.

The industry has 12 private land phone operators apart from BTTB and six mobile phone operators.

The number of private land phone users more than doubled in the last one year to 3 lakh at the end of March 2008, while state owned BTTB saw its number of subscribers drop, being unable to compete with the better service and cheaper connection of its private rivals.

The private landline operators generally offer Tk1.25 per minute to call any mobile network. To call some specific numbers called friends and



A man talks over a land phone. In the face of stiff rivalry from private operators, state-owned land phone operator BTTB will offer the market's lowest call tariffs next month.

family, the private operators offer lowest tariff is Tk0.78 per minutes.

In case of calling its own network private operators' lowest tariff is Tk0.25.

The telecom ministry has drastically reduced the call tariff because BTTB has been losing significant number of customers since private land-line operators entered the market in 2005.

BTTB last month proposed to the ministry to cut the cost of calling mobile phones from its network by 33 percent to Tk1 per minute. It also proposed lowering the rate for calls within its own network by 17 percent to Tk 0.25 per minute from Tk0.30.

Meanwhile, the government has ordered the law and establishment ministries to come up with a report on final draft of the ordinance to turn BTTB into a private company.

According to telecom regulator statistics, the country's total PSTN (Public Switched Telephone Network) subscribers reached 11.68 lakh at the end March 2008.

Of this number, the 12 private PSTN operators accounted for 3.15 lakh customers by the end of March 2008, up 130 percent from the same date a year earlier. In contrast, BTTB actually lost subscribers, down from 8.77 lakh to 8.72 lakh during the same period. "Certainly, BTTB's new call tariff will change the entire tariff structure of the land phone market," said Masrur Nawaz Waiz, head of operation and coordination for Rankstel.

But private landline operators are still strong enough to sustain in the market as they have lucrative value added services such as low-cost internet, SMS, news service, and ringtone, he said.

Merkel calls for action on food crisis

AFP, Berlin

German Chancellor Angela Merkel called Wednesday on the international community to stave off a global food crisis by doing all it could to lower prices.

"It is very important that the international community takes measures to lower the prices of food products," especially in developing countries, Merkel told a press conference in Berlin alongside Egyptian President Hosni Mubarak.

"This theme will be the focus of the FAO (the UN's Food and Agriculture Organization) in Rome in June, then again at the G8 summit" of the world's leading industrialised nations in Japan in July, she said.

Overseas Development Minister Heidemarie Wiecek-Zeul announced that Germany was earmarking a further 10 million euros for emergency aid, after initial pledges totalling 13 million in March and April.

These pledges to the UN's World Food Programme were in addition to Germany's annual contribution of 23 million euros.

The UN food agency said that the world faced a "silent tsunami" of soaring food prices ahead of a summit in London on Tuesday aimed at kickstarting a plan to tackle a potential hunger crisis.

Another report adds: The German government released a forecast Thursday indicating that economic growth would slow to 1.2 percent in 2009 from 1.7 percent this year.

Economy Minister Michael Glos said in a statement announcing the official forecast that the government was giving a more conservative outlook than many analysts and called for more economic reforms to spur growth.

"Only if we stay the course and stand up for the continuation of reforms of the labour market, in trimming bureaucracy and also in the area of taxation will we be successful," Glos said.



Falling prices of shrimp have affected farmers who are getting almost half the price they got last year. Exporters now feel shaky in buying shrimps from farmers due to the volatile global market, battered by US economic recession fear.

Exporters sit on Tk500cr processed shrimps on falling global prices

SOHEL PARVEZ

The falling world price of shrimp and stricter hygiene controls are causing concern in the country's second largest export earner, with industry sources claiming exporters are now sitting on around Tk 500 crore of processed shrimps.

"It's a bad situation. Prices have fallen largely in the international market while many exporters feel shaky exporting to EU market amid consignment rejection threat," said Maqsur Rahman, senior vice president of Bangladesh Frozen Foods Exporters Association.

Falling prices of shrimp have also affected farmers who are getting almost half the price they got last year. Exporters now feel shaky in buying shrimps from farmers because of the volatile global market, battered by US economic recession fear.

The fear of losses resulted from the possible rejection of export consignments by European Union is also discouraging exporters in buying and exporting to EU.

Industry sources said many exporters are holding stocks of processed shrimp amid expectations of price recovery.

Exporters claimed that price of shrimp (16-20 grade) declined to \$4.50-\$4.30 a pound in April this year from \$5.80-\$5.30 in the same period last year due to a low price of Vannamei variety of shrimp, produced mainly by farmers in Vietnam, Thailand, Indonesia and China.

It has caused the overall shrimp market down, said Maqsur Rahman.

"We are still sitting with last year's stocks of shrimp worth Tk 400-500 crore due to the falling prices," Maqsur said, adding "achieving the target will be impossible."

Shrimp industry, which controls about 85 percent of the total export earnings from the frozen foods, has earned \$515.3 million from exports in the fiscal year 2006-07, up from \$459.1 million a year ago. Europe and USA is the major market for the Bangladeshi shrimp.

The sector as a whole has created employment for

about 900,000 people who are cultivating Black Tiger shrimp on about 41,000 farms.

Delwar Hossain, a farmer cultivating shrimp on about 33 acres of land in Mongla, said, "My production cost has increased by almost 50 percent while prices are falling."

Ziaur Rahman of Bhai Bhai Fish, a shrimp buying depot at a village in Bagerhat thana, said the price of shrimp has been lower for about two months. "Prices of each kg of shrimp of every grade have fallen Tk 125 on an average," he said.

He said they are buying each kg 44-grade shrimp between Tk 200-220 now, which were Tk 325-340 earlier.

"We are in trouble with the prices. Buyers are unwilling to buy at higher price. How can I buy if I can't sell," said Golam Mostafa, managing director of Coastal Sea Foods.

Mostafa said US economic recession fear has also affected the shrimp consumption.

sohel@thedailystar.net