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Stocks

DGEN 1.09%
3,090.96

CSCX 1.97%
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Asian Markets

MUMBAI
16,907.11

TOKYO 0.37%
13,978.46

SINGAPORE
3,160.86

ST. LOUIS
3,485.63

Currencies

	Buy TK.	Sell TK.
USD	68.10	69.10
EUR	105.96	110.56
GBP	132.70	137.85
JPY	0.66	0.69

SOURCE: STANDARD CHARTERED

Commodities

Gold	\$ 929.30 (per ounce)
Oil	\$ 135.09 (per barrel)

SOURCE: AFP

More News

Short supply of milk irks customers



Against the increased demand for processed milk, suppliers are unable to provide the item sufficiently to the customers, as processors cannot meet the retailers' demand due to its scarcity.

Stable macroeconomy needed to cut poverty

The government needs a stable macroeconomic environment to sustain strong economic performance and reduce poverty, a seminar was told yesterday in Dhaka.

International

IMF says Japan's economy showing resilience

The Japanese economy is holding up well in the face of the US economic slowdown but interest rates still need to be kept low until uncertainty over the outlook clears, the IMF said Thursday.

Rice crisis costs extra \$158m to Philippines

The National Food Authority of the Philippines has already used US\$158.89 million in import-tax subsidies from the national government in the first four months of the year.

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Company recasts board in line with SEC directives

Mona Food accommodates two directors from general and institutional shareholders

SARWAR A CHOWDHURY
In a significant development in the country's corporate sector a listed company yesterday reconstituted its board in line with the Securities and Exchange Commission (SEC) notification to improve the company's performance.

In its reconstituted board, Mona Food that has been in the red since 2000-01 accommodated two new directors, one each from general and institutional shareholders.

The SEC notification, which was made effective on December 3 last year, asked poorly performing companies to improve their performances in six months that ends on June 2 this year.

After the six-month deadline expires the SEC as per the notification will ask the companies to dissolve and reconstitute their boards.

Mona Food has reconsti-

tuted its board as it had realised that it was impossible to improve performance in the six months period.

Mona Food incurred a loss of Tk 64 lakh in 2006-07, while the loss was Tk 78 lakh in 2005-06.

Market experts said if a sick company becomes profitable through recasting its board, it will be a good sign for the market.

Some experts, however, said it is very difficult to improve a company's position through changing its board only.

Mona Food, a Z category company, reconstituted its board of directors at an extraordinary general meeting (EGM) at Hemayetpur in Savar yesterday.

The notification allows the SEC to ask companies, which are not holding annual general meetings and paying dividends without accepted reasons, to reconstitute their boards.

As per the SEC notification, Mona Food's new board will get a 24-month period to improve its performance.

The new board however decided to inject fresh working capital into the company with profit/loss basis to make it a profitable one. It will also take steps to get its interest of bank loans waived.

The board has been reconstituted with Abul Bashar, the immediate past chief, as chairman. Ali Zaman, a general shareholder, and Investment Corporation of Bangladesh, an institutional shareholder, have been made directors.

"With the new board the company will be able to be a profitable company to offer dividends to shareholders," hoped Ali Zaman.

As per the SEC notification, if the new board fails to improve the company's performance, the company will be given six months time for liqui-

FACTS OF SEC NOTIFICATION



- In 2002, the SEC issued a notification on dissolving and reconstituting board of directors for the companies belonging to Z category.
- The effectiveness of the notification was suspended upon a writ petition filed by a company in 2003.
- The SEC got the power back in December 2007, as the High Court vacated a previous stay order on effectiveness of the SEC notification through which the regulator can dissolve and constitute a new board.
- The notification was effective from December 2, 2007.
- Mona Food is the first company that has reconstituted its board in line with the SEC notification.

dation.

"The new board will have to perform efficiently," SEC Chairman Faruq Ahmad Siddiqi said, adding that in case of failure the regulator will take the next legal step.

Welcoming the Mona Food's initiative, Yawer Sayeed, managing director and chief executive officer of AIMS of

Bangladesh, said it is a good sign for the market that the sick or weak companies have started initiatives to improve their performances.

To bring positive changes in the company, the new board will have to be transparent and accountable, he added.

Salahuddin Ahmed Khan, chief executive officer of Dhaka

Stock Exchange (DSE), said they now have to start thinking about a lock-in provision so that any director in the new board, especially the director on behalf of the general shareholders, could not sell shares in the certain company within a definite period.

sarwar@thedailystar.net

Oil above \$135

AFP, London.

World oil prices broke yet more records on Thursday, catapulting above 135 dollars a barrel for the first time on runaway fears about rampant demand exceeding supply, analysts said.

Brent North Sea oil struck a historic height of 135.14 dollars a barrel and benchmark New York light sweet crude hit an all-time peak of 135.09 dollars.

"It seems there is no stopping to soaring oil prices," said Audrey Kryuchenkov at the Sudden brokerage in London.

"Investors doubt that the market will be able to meet ever growing demand in the long run, with booming emerging market economies underpinning robust demand for energy," he added.

After posting fresh highs, New York's main oil futures contract, light sweet crude for July delivery, pulled back to 134.28 dollars a barrel.

In London, Brent North Sea crude for July delivery was up 1.16 dollars at 134.33 dollars a barrel.

Crude futures have risen by more than a third since the beginning of 2008 when they struck 100 dollars for the first time.

A blow to sputtering world economy... B 4

Prices of MS rod shoot up again

Retailers blame syndication of re-rolling mill owners

KAWSAR KHAN

Prices of MS (mils steel) rod, a construction material, have shot up again in Dhaka retail market, despite government moves to bring the item's price under control.

During the last four days, the prices of both 40 and 60-grade rod and the deformed ones increased by Tk 2,500-Tk 6,000 per tonne. The retailers attributed this hike to the syndication of re-rolling mill owners.

According to the Nayabazar steel market, the largest rod market in the capital, the cost of 40-grade rod increased to Tk 69,000-Tk 70,000 a tonne, which was Tk 64,000-65,000 five days back.

The cost of deformed rod (without grade) rose to Tk 63,000-Tk 64,000 a tonne against Tk 56,000-Tk 57,000 just four or five days ago. The cost of 60-grade rod, which witnesses less price volatility, increased to Tk 72,500-Tk 73,000 a tonne, which was sold at Tk 70,000-Tk 71,000.

Blaming the re-rolling millers for creating instability in the local market, a retailer said, "In the past ship-breakers were involved in price manipulation, but now it is the rod manufacturers who are behind the move."

But, the trade body for the re-rolling millers thinks that the high prices of melting scrap and re-rolling scrap, the raw material of MS rod, in the international market has caused the recent hike in prices of rod.

According to Masudul Alam Masud, general secretary of the Bangladesh Re-rolling Mills Association, the prices of melt-



STAR

A file photo shows workers are laying rod at a construction site in Dhaka. Prices of MS rod, a construction material, have gone up again in the capital's retail market, although the government has taken initiatives to bring the item's price under control. During the last four days, the prices of both 40- and 60-grade rod and the deformed ones increased by Tk 2,500-Tk 6,000 per tonne.

ing scrap and re-rolling scrap increased from \$ 650 to \$750 a tonne in the international market.

Masud also blamed that the ship-breakers are also selling re-rolling scrap and melting scrap at Tk 42,000 and Tk 54,000 per tonne respectively, which is higher than the price fixed by the government.

Tk 40,000 is the fixed price for melting scrap and Tk 52,000 for re-rolling scrap.

Before this fresh round of price hike, prices of rod have witnessed a reduction following the government's threat to take action against any price manipulation on April 29.

After the government's threat the price of rod decreased by Tk 8,000-Tk 9,000 a tonne.

When asked about the present price of the raw materials, the leaders of the Bangladesh Ship Breakers Association did not agree to talk.

The government last month formed a committee to find the reasons for unprecedented price hike of the construction material in the local market. The committee submitted the report with eight-point recommendations. But the recommendations are yet to be utilised.

kawsar@thedailystar.net

Mirza Aziz asks banks to protect depositors' interest

STAR BUSINESS REPORT

Finance Adviser Dr AB Mirza Azizul Islam yesterday asked commercial banks to take proper measures to protect depositors' interests.

"Banks run on the depositors' money, but do hardly anything for them (depositors)," Mirza Aziz said while inaugurating an online banking service of a local bank in Dhaka.

Al-Arafah Islami Bank Limited, a Shariah-based bank, started online service yesterday with the use of local software and engineers saving a huge amount of foreign currency. Sources said the bank spent about only Tk 10 crore on adopting online services, while some other private banks spent Tk 100 crore on the online projects.

The bank's Chairman Anwar Hossain and Managing Director MA Samad Sheikh also spoke.

Besides depositors' interests, the finance adviser asked the banks to ensure corporate governance and adopt information technology to address the global banking business trend.

Mirza Aziz said both government and private banks fall short in providing adequate services to their clients.

"Even clients of the most responsible and sensible banks complain about lack of proper service," he said.

Bangladesh Bank recently instructed the commercial banks to nominate two directors on their boards from depositors, but the banks have so far found it difficult to choose such nominees from a huge number of depositors.

He also asked the banks to comply with the banking rules and regulations as well as to improve banking services.

Aziz expected that the online services would help improve the services of Al-Arafah Bank.

BTTB fails to attract new subscribers in 4 months

Private operators add 68,000 new users

EIGHT LEADING LAND PHONE OPERATORS AND NUMBER OF SUBSCRIBERS

Operators	December 2007	April 2008	Change
BTTB	8,72,409	8,72,409	0%
Ranks Telecom	1,12,560	1,36,448	21.22%
Telebarta	55,809	56,413	1.08%
Onetel Communication	30,126	37,713	25.18%
National Telecom	17,521	31,009	77.07%
Peoples Telecom	32,961	38,066	15.48%
Dhaka Telephone Co	27,793	47,210	69.68%
Sheba Phone	8,232	6,963	-15.41%

STAR BUSINESS REPORT

State-run land phone operator BTTB has failed to attract new subscribers in the first four months of 2008 as private operators added around 68,000 new subscribers during the same period.

Land phone industry insiders said BTTB has lost its opportunity to retain and add new customers in the face of aggressive marketing strategy by private land phone companies.

Till April 2008, a total of 68,420 new customers subscribed to landline networks. RanksTel, Dhaka Telephone Ltd and National Telecom were the major beneficiaries of the new subscription base.

According to the latest statistics from Bangladesh Telecommunication and Regulatory Commission (BTRC), no one subscribed to the landline service of Bangladesh Telegraph and Telephone Board (BTTB). From January to April the number of BTTB's subscriber

remained unchanged at 8,72,409.

As of April 2008, the number of landline subscribers reached 12.55 lakh, out of which BTTB holds 8.7 lakh subscription. The 12 private landline operators share the remaining 3.8 lakh.

BTRC statistics showed that leading private landline operator RanksTel continued its momentum by adding 23,888 new subscribers to its network, followed by Dhaka Telecom's 19,417 and National Telecom's 13,488. Rest of the customers went to the Telebarta, Onetel, and Peoples Telecom.

Sheba Phone Ltd is the only private landline operator whose subscriber number decreased to 6,963 in April from 8,232.

While mobile subscriptions continue to soar, some customers have been reluctant to give up the idea of a fixed home or business phone. The private land phone networks offer many of the services of the mobile operators such as text messaging, caller identifica-

tion and internet services. At the same time they claim to have better voice quality.

So far BTTB has been unable to capitalise on this market as it is burdened with delays, hidden charges and bureaucracy.

"The math is simple. If you have a better product on offer it will capture the attention of the consumer," said Masrur Nawaz Waiz, head of operation and coordination for RanksTel.

"So, as a private landline operator what we offer to the customers, BTTB still lags behind," Waiz said adding that to survive in the competitive market BTTB has to improve.

Talking to The Daily Star, a BTTB high official said the main reason for failure to attract new subscribers is its limited capacity to accommodate new connections.

"But as we are getting ready to become a public limited company, something new you can see within a short time which will help BTTB to have more customers," the official said.