

## Stocks

|                     |       |
|---------------------|-------|
| DGEN                | 1.09% |
| 3,090.96            |       |
| CSCX                | 1.97% |
| 5,660.72            |       |
| (Thursday closings) |       |

## Asian Markets

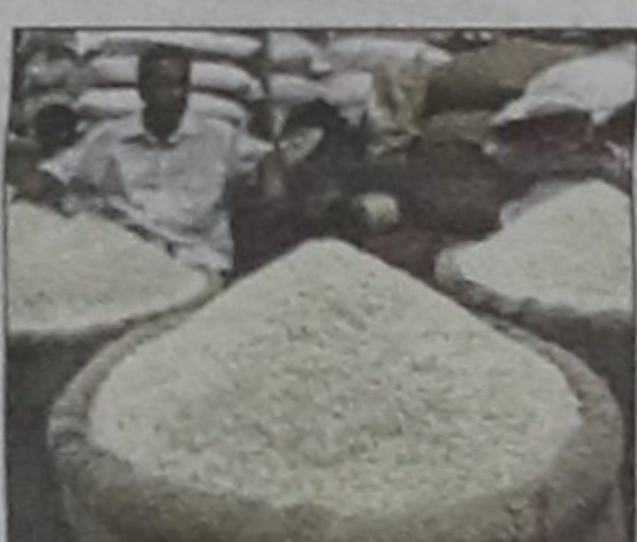
|                   |       |
|-------------------|-------|
| MUMBAI            | 1.52% |
| 16,649.64         |       |
| TOKYO             | 0.24% |
| 14,012.20         |       |
| SINGAPORE         | 1.22% |
| 3,122.15          |       |
| SHANGHAI          | 0.36% |
| 3,473.09          |       |
| (Friday closings) |       |

## Commodities

|                  |          |
|------------------|----------|
| Gold             | \$927.50 |
| (per ounce)      |          |
| Oil              | \$133.71 |
| (per barrel)     |          |
| (As of a Friday) |          |

## More News

### The challenge of securing 'Right to Food'



The precarious hunger, malnutrition and poverty situation in the Net Food Importing Low Income Countries have become further fragile due to the soaring food prices. World food prices by March 2008 were more than two and a half times higher than that in 2002.

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### Inflation, election should top govt's agenda: ICC-B chief

Containing inflation and hand-over of power to elected representatives should be the most important agenda for the government, the president of International Chamber of Commerce-Bangladesh (ICC-B) has suggested.

The suggestion came at the 13th ICC-B Annual Council 2007 held in Dhaka yesterday, according to a press statement of the organisation.

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### Stocks maintain bearish trend

Dhaka stocks maintained a bearish trend last week with all the indices gaining amid irrational price hike in mutual funds, insurance and leasing company shares.

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## International

### WTO wants more transparency in China trade policies

China should enhance the transparency of its domestic regulations and standards, according to World Trade Organisation member states after a review Friday of Beijing's trade policies.

At the same time, China should also improve protection and respect for intellectual property rights.

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## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)

# GMG seeks Tk50cr loan to meet working capital needs

SOHEL PARVEZ

GMG Airlines, the country's biggest private carrier, has signed a memorandum of understanding (MoU) with a financial institution to receive as much as Tk 50 crore to meet its working capital requirement.

"We are seeking the working capital to bridge the gap between the inflow and outflow of cash. We are hopeful to get the loan by the end of June this year," Abdus Sattar, chairman of GMG Airlines, said yesterday.

The GMG signed the MoU on May 22 with IIDFC (Industrial and Infrastructure Development Finance Company Limited) to get the money, he said.

Under the MoU, the IIDFC is expected to arrange the working capital for the airline through syndication with other banks and financial institutions, according to a senior official of the IIDFC.

"Since our business is expanding we need more working capital to fuel our growth," Sattar said.

Sattar also said the carrier is seeking working capital after it started operations on Dhaka-Dubai route in early February this year with its Boeing 747-300.

The GMG chairman said the carrier has yet to find the route profitable due mainly to poor



An aircraft of GMG Airlines waits on the runway at Zia International Airport. The private carrier has signed a memorandum of understanding with a financial institution to receive Tk 50 crore loan to meet its working capital requirement.

number of passengers on the return flights from Dubai to Dhaka. "We are going in full capacity but receiving poor number of passengers in the return flights," he said.

The carrier, operating daily flights on the Dhaka-Dubai-Dhaka route, has received some 169 passengers on an average on its return flights to Dhaka, Sattar said.

"Unless we receive some 300-350 passengers in a return flight, it is difficult for us to reach a break-even level on the route," he said.

The private carrier, accord-

ing to its chairman, has to spend between Tk 1.5 crore-Tk 2 crore on meeting its daily expenses.

Meeting of regular expenses has also become quite difficult for the airline due mainly to delay in the encashment of the proceeds from the ticket selling under a system called 'Billing and Settlement Plan (BSP)'.

The BSP is a system designed to facilitate the settlement operations for airlines and agents under IATA (International Air Transport Association).

"We have to wait some 30-

45 days for encashment of the money from sold tickets," he said.

The 10-year old carrier, with seven aircraft in its fleet, is flying to various international destinations such as Kolkata, Delhi, Katmandu, Bangkok and Kuala Lumpur and Dubai now.

The airline, which wanted to make a turnover of Tk 1350 crore in 2008, records the average monthly turnover at Tk 50-60 crore now. Its average monthly turnover was about Tk 25 crore in 2007.

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# Nations move to hike oil price

AFP, Jakarta

Indonesia hiked the cost of fuel by around 30 percent on Saturday in response to soaring global oil prices and a ballooning subsidy bill, while India's petroleum ministry on Friday said a domestic fuel price hike was 'inevitable'.

Reports said on Friday that Malaysia will cut fuel subsidies soon, and Russian motorists held protests across the country on Saturday against petrol prices that are rising despite Russia's status as the world's second biggest oil producer.

In Indonesia long queues formed at petrol stations ahead of the announcement late Friday that prices would rise by an average 28.7 percent from midnight due to record oil costs.

"Considering the rising global fuel price and the heavy burden of subsidies on the budget, we have decided to raise the fuel price. It is effective at 00:00 May 24," energy minister Purnomo Yusgiantoro said.

Report from New Delhi adds: India's petroleum ministry on Friday said a domestic fuel price hike was "inevitable" to bail out state oil firms that are reeling from surging global prices.

A "price hike is inevitable," Petroleum Secretary M.S. Srinivasan said.

The Press Trust of India reported that the petroleum ministry was seeking a 10-rupee-a-litre increase in petrol prices and a five-rupee-a-litre hike in diesel prices.

Based on current pump prices in New Delhi, this would represent a 22 percent increase for petrol and 16 percent on diesel.

Reports from Kuala Lumpur say Friday: Malaysia's rich will



Protesters display a placard on the ground depicting Indonesian President Susilo Bambang Yudhoyono during a protest against the increase of fuel prices in Jakarta yesterday.

have to pay more for heavily subsidised items including fuel.

"We need to have a good system for those who deserve the subsidy, such as the lower and middle-income groups," the second finance minister said.

The scheme is expected to be introduced in a few months.

A report from Moscow adds: Thirty motorists were detained Saturday at one protest against high petrol prices in Saint

Petersburg, while more protests were held in dozens of Russian cities.

"Those people in their government cars don't know the cost of petrol!" one of the speakers said at the Moscow rally.

"The price of petrol on the domestic market is too high for an oil exporting country," said Vyacheslav Lysakov, the head of the Russian motorists association that is organising the campaign.

# Sonargaon renovation nears end Botched facelift cost Tk60 crore in lost revenue

SAYEDA AKTER

The botched renovation of the Pan Pacific Sonargaon hotel, has cost more than Tk 60 crore in lost revenue according to the hotel's management, who are however optimistic that the hotel will return to full service by August.

Officials of Sonargaon, the country's oldest five star hotel, and Hotels International Limited (HIL), the parent company of the hotel, said the renovation that began in 2005, is now almost complete and already they are seeing signs of an improvement in earnings.

According to HIL, a government owned company under the Ministry of Civil Aviation & Tourism, in 2005 the Sonargaon earned revenue of Tk 80 crore, which declined to Tk 60 crore in 2006 and Tk 40 crore in 2007.

The occupancy rate of the hotel dropped by 60 percent last year, as 100 rooms, the swimming pool and health club were not in service due to the incomplete renovation work.

Sonargaon hotel started its renovation work in 2005, with the financial scam-ridden Orion Group's sister concern Accom Engineering Ltd, awarded the contract with a price tag of Tk 180 crore, inflating the real cost by at least Tk 100 crore due to political influence on the process.

Accom was responsible for the renovation works including 100 rooms, the swimming pool, tennis club, kitchen, poolside restaurant, pool deck and the health club.

But after the caretaker government took over in January



The renovation of the Pan Pacific Sonargaon hotel is almost complete. The hotel officials are optimistic that the hotel will return to full service by August.

2007, the Orion group chairman Obaidul Karim left the country and was later sentenced to life imprisonment for embezzlement. Renovation work on the hotel was abandoned with only 10 percent completed.

Shawkat Hasan, secretary of HIL, said the contract with Orion was cancelled in June 2007. "Now we have employed several small groups for different purposes to finish the renovation quickly," he said.

"The major renovation work including the third floor of the hotel, swimming pool, pool deck, kitchen and tennis club have already been completed," Shawkat said, adding that rest of the work will take two more

months to be finished. Since October, the Sonargaon has started regaining its business as the third floor was opened for guests, said MA Awal, director of sales at the Sonargaon.

"We have to fight with the difficulties of delayed renovation and also to compete with new hotels opened in recent years, but still the Sonargaon is a premier and bigger hotel in terms of its accommodation and services," he said.

Sonargaon's main competitors are Radisson Water Garden Hotel, Westin, and Regency, which can attract more people, especially garment businessmen from abroad, because those are

close to the international airport in Dhaka.

According to Awal, Sonargaon now looks forward to attracting foreign tour companies, international event managers and big business delegations.

He said, the hotel gained an average occupancy rate of 80 percent during the last peak season and sets a target of revenue earning of Tk 700 million for the current year.

"We have achieved more than 30 percent of our target in the last four months and after the re-launch we hope to be able to reach the target by introducing new services and improving older services," he said. sayeda@thedailystar.net

## MANAGERIAL WORKS

### State-owned bank boards asked not to interfere

STAR BUSINESS REPORT

Finance Division has asked the boards of four state-owned banks (SoBs) not to interfere in their managerial activities.

The direction came as a state-owned commercial bank recently breached the central bank's circular regarding recruitment and promotion of commercial banks' staffs. As per the circular, boards of commercial banks would not interfere in recruitment and promotion process.

Sources said a state-owned commercial bank recently formed a selection board with its chairman as head for recruitment of senior officers in the bank.

Only the managing director and his subordinate officials can be members of the selection board, the circular said.

# \$755m raised for food crisis: WFP

AFP, Rome

Saudi Arabia donated 500 million dollars (317 million euros) to a UN World Food Programme appeal to battle the global food price crisis, helping it reach a 755 million dollars goal, the WFP said Friday.

The agency said in a statement that "high food prices represent the biggest challenge that WFP has faced in its 45-year history with about 130 million being pushed into hunger."

# Cement factories plan to up production

SAJJADUR RAHMAN

The leading cement companies in Bangladesh plan to increase their production capacity, industry sources said.

This year, the market players predict that the demand will increase by 6 percent to 9 tonnes due to improved political and economical situation compared to that of 2007.

There are 65 cement factories in the country and their total production capacity is roughly 20 million tonnes. Out of these factories, 31 are in regular operation and produced some 8.5 million tonnes of cement last year against a demand of less than 8 million tonnes.

"Some of them have already increased their capacity," said Abdul Quayum Miah, executive director of MTC Cement Industries Ltd, producer of 'Tiger' cement.

According to industry people, M I Cement (Crown), Holcim, Akij Cement, Seven Circles, Shah Cement, Unique (Fresh) Cement, Royal Cement and Lafarge will increase their production capacity this year.

"Our capacity has almost doubled to 2,800 tonnes per day earlier this year," Golam Mohammad, general manager of M I Cement Factory that markets 'Crown' brand, said.

The expansion will also continue in 2009, he added.

Holcim, a multi-national cement manufacturer, has planned to raise the capacity at its Kanchpur plant.

"We will increase our Kanchpur plant's capacity by 324 tonnes. Of which, 50 percent will be made in 2008 and the rest in 2009," said a

Holcim official.

Akij, a new comer in the country's cement industry, will also raise its capacity massively from the starting 300 tonnes to nearly 2,000 tonnes a day this year.

"The company has embarked on a project to upgrade its existing capacity by installing new vertical roller pressure this year," an Akij official said.

With the increasing demand for Portland cement and constant pressure for reduced energy consumption, producers are exploring a wide variety of cost-saving manufacturing options. One option is vertical roller mill technology for grinding. Traditionally, plants used ball mills to grind clinker and gypsum into cement.

Seven Circles, a known brand in Bangladesh, is setting up a new plant to boost its capacity by 510 tonnes. Construction is going on in full swing and the officials said raising productivity by at least 50 percent will begin in 2008 and the remaining in 2009.

Shah Cement, the current market leader, has also decided to increase its capacity by 130 tonnes per hour in 2008. The company now produces some 6,000 tonnes per day.

Unique (Fresh) Cement will set up a second plant to raise its capacity by 540 tonnes by 2009. Officials said the proposed 30 percent rise in the capacity will be made this year and the rest in 2009.

Lafarge, a big cement manufacturer, is expected to achieve its actual capacity this year. At present Lafarge manufactures about 3,000 tonnes a day, which is half its capacity.