

Stocks

DGEN ▼ 0.42%
2,620.99

CSCX ▼ 0.36%
5,237.69

Asian Markets

MUMBAI ▼ 3.81%
8,937.20

TOKYO ▼ 2.28%
8,328.41

SINGAPORE ▼ 3.26%
1,692.55

SHANGHAI ▼ 6.31%
1,902.43

Currencies

	Buy Tk	Sell Tk
USD	68.35	69.35
EUR	84.54	89.13
GBP	100.65	105.63
JPY	0.70	0.74

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼
\$736.80
(per ounce)

Oil ▼
\$54.52
(per barrel)

SOURCE: AFP
(Midday London Trade)

More News

RMG under rebate pressure



Bangladesh's ready-made garments (RMG) sector, it seems, is stuck between two walls made of glass. On one hand, exporters operate under intense competition, pushing selling prices to rock bottom. On the other hand, international buyers are playing ace after ace, as they demand rebates or discounts on shipped products.

B-4

CNG show starts Nov 22

A four-day exhibition on compressed natural gas (CNG) is set to begin in Dhaka on November 22, aiming to expand the market for natural gas-based vehicles and accessories, by creating awareness about the technology and safety issues, organisers said yesterday.

B-3

International

Yahoo CEO steps down

Yahoo co-founder Jerry Yang, who earned the ire of many share-holders for rejecting a 47-billion-dollar takeover offer from Microsoft, is stepping down as chief executive of the Internet company.

India sees growth rising to 9pc

India insisted Tuesday its economy would rebound next year from the global financial crisis, saying it expected to return to robust growth of nine percent.

B-4

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Rod price drop fails to cut flat costs

KAWSAR KHAN

Although prices of mild steel (MS) rod, which accounts for 30 percent cost of flat construction, have declined by 20 percent in local market recently, it is not affecting apartment costs.

Developers attributed the situation to the price hike of other construction materials such as cement, crushed stone, bricks and paints as well as increased labour wages.

But they hiked apartment prices several times in the last five months on the ground of rise in rod prices both in local and international markets.

Now per tonne of 40-grade rod is being sold at around Tk 48,000 and 60-grade rod from Tk 59,000 to Tk 60,000 in local market. But the 40-grade rod was selling at around Tk 70,000 a tonne and 60-grade rod at Tk 73,000 in local market five to six months ago.

"Although rod prices have decreased, costs of other construction materials such as cement, crushed stone, bricks and paints are on the rise. Labour wages are



A construction site in Dhaka.

also increasing," said Sharif Hossain Bhuiyan, assistant general manager of Sheltech, a real estate company.

"We have calculated that we will be able to cut apartment prices between Tk 30 and Tk 35 for per square feet of flat due to the rod price fall," he said.

The builders said although rod prices have witnessed a fall, expenses behind labour, brick, cement and other construction

materials have increased sharply by the time, contributing to rise in construction costs.

Some developers are not ready to readjust flat costs now, as they fear rod prices may increase again since the market trend of rod has been volatile for the last few months, sector people said.

"Since construction is a long-lasting process and we have to continue a project for at least two-three years, we need to consider

many things before readjusting apartment costs," said Mahmud Hossain, sales manager of Building for Future Ltd.

While talking about the issue, Tanveerul Haque Probal, president of Real Estate and Housing Association of Bangladesh (REHAB), said it is not possible for REHAB to take any action about reducing flat costs.

However, in 2006 the association announced to increase apartment price by Tk 500 per sq ft due to rise in prices of construction materials especially rod.

Talking about the announcement in 2006, Tanveerul Haque said REHAB announced to increase apartment cost only once in 2006.

He said the recent price hike of construction materials will not affect much the construction price, and urged the customers to settle prices by bargaining with the developers.

Presently depending on locations average price of per sq ft of apartment ranges from Tk 3,000 to Tk 18,000 in Dhaka city, which is two or three times higher than the price three years ago.

kawsar@thedailystar.net

Cement makers eye ME, Africa

Duty structure a hurdle, say industry leaders

JASIM UDDIN KHAN

Local cement makers now weigh the feasibility of several import proposals they recently received from Sri Lanka, Saudi Arabia, Sudan and Kenyan companies.

Although the industry people consider the present duty structure and high shipping charges 'unfriendly' for the industry dependent on imported raw materials, they expect a successful tapping of the new export destinations for Bangladesh made cement on the possible decline in the international shipping costs in the wake of global financial meltdown and falling fuel prices.

Sources said competitive cost and Bangladesh's inclusion as a cement exporting country in the global trade map prompted the private companies overseas to place

queries for importing cement from Bangladesh.

The saturated capacity of the local 35 cement factories also inspired global importers to assess the feasibility of such imports. These factories can produce around 20 million tonnes of cement annually against the demand for 8.5 million tonnes.

The manufacturers have enhanced their capacity relying on a huge demand for the item in India. But most of the cement factories are to sit idle because those are badly affected by Delhi's stringent regulations.

On the recent import proposals, Azizur Rahman Selim, secretary, Bangladesh Cement Manufacturers Association, said, "As Bangladesh has already been listed as a cement exporting country and the price of the exportable cement is much more competitive in the global

market, many international companies have placed their queries for importing the item from our country. The countries that showed interest in Bangladesh cement include Sri Lanka, Sudan and Kenya."

When asked, Herath, minister at the Lankan High Commission in Dhaka, pointed to the fact that Colombo imports cement from many countries including Japan and Indonesia. "If Sri Lanka businessmen find Bangladesh cement competitive in terms of price and quality, they will definitely must import the item," he said.

However, the local makers think that the export of cement to any other country than India is not feasible at the current cost and duty structure.

"A total of 33 cement factories out of the 35 factories make cement by

importing clinker from China and Indonesia at a high rate of shipping cost and duties. The present cost structure is not feasible to tap the export potentials for cement," a senior official of a leading cement factory in Bangladesh pointed out.

He demanded that the government review the present duty structure and make it industry-friendly.

"If the government exempts some duties on exportable cement and grant cash incentives, export cement exports to Sri Lanka and the Middle Eastern (ME) countries will be feasible in future," the official went on.

Shah Cement, Meghna Cement, Aramit, Crown, Premium and Holcim export cement to the north-eastern states of India.

jasim@thedailystar.net

Banglalink posts 19pc revenue rise

STAR BUSINESS REPORT

The country's second largest mobile phone operator Banglalink posted a 19 percent revenue increase in third quarter compared to the previous quarter, thanks to its lower subsidy given to new connections.

According to the company's financial report posted on its own website, Banglalink's revenue increased to \$75,875,000 in the three months to September from \$63,619,000 by the end of June 2008.

"Subsidy reduction in per connection and campaigns to activate old connection mainly backed the revenue increase in the three-month period," said a high official of the operator.

However, in terms of group performance, profit of Orascom Telecom Holding SAE declined by 70 percent in the first nine months to September 2008 compared to the same period a year earlier.

Up to September, Orascom's net income dropped to \$345.3 million, or \$1.80 a share, from \$1.3 billion, or \$5.96 a share, from a year earlier. Third quarter profit was \$69.4 million, the company said without giving a comparison, according to a Bloomberg report.

During July to September, Banglalink also achieved a positive EBITDA (earnings before interest, taxes, depreciation and amortisation). The company's EBITDA deficit was \$11,974,000 by the end of June, which increased to \$2,835,000 by the end of third quarter.

Commenting on the recent performance, CEO of Banglalink Rashid Khan said: "The resolve of Banglalink to create the best value proposition for its customers will continue in the years to come. Our infrastructure and network enhancement plans along with the resulting growth are a testament to this resolve."



● Sri Lankan, Saudi Arabian, Sudanese and Kenyan companies interested to import cement from Bangladesh

● Now six Bangladeshi factories export cement to India

● 35 cement factories can produce 20 million tonnes a year

● Local consumption is 8.5 million tonnes

● Duty and other taxes hinder export potential, manufacturers say

● Stringent Indian regulations set back growth

ACI, Shinepukur get off to a good start

SARWAR A CHOWDHURY

ACI Formulations and Shinepukur Ceramics, two private sector companies, received good responses from retail investors yesterday, on the very first day of their share trading, an evidence of encouragement for listing profitable companies under direct listing regulations.

Each share of ACI Formulations, a subsidiary of ACI, was sold at between Tk 172 and Tk 220 on Dhaka Stock Exchange against a face value of Tk 10, while a share of Shinepukur Ceramics was selling at from Tk 83.20 to Tk 100 against Tk 10 face value.

Under direct listing rules, the price of a security is built up by the prospective investors directly in the secondary market. This means the best value of the floated shares will go to the entrepreneurs.

On the other hand, initial public offering (IPO) system allows a company to float shares in the primary market with a fixed value. But, in most cases when trading of the shares starts in the secondary market, the prices shoot up manifold against the face value and the benefits go to the IPO lottery winners.

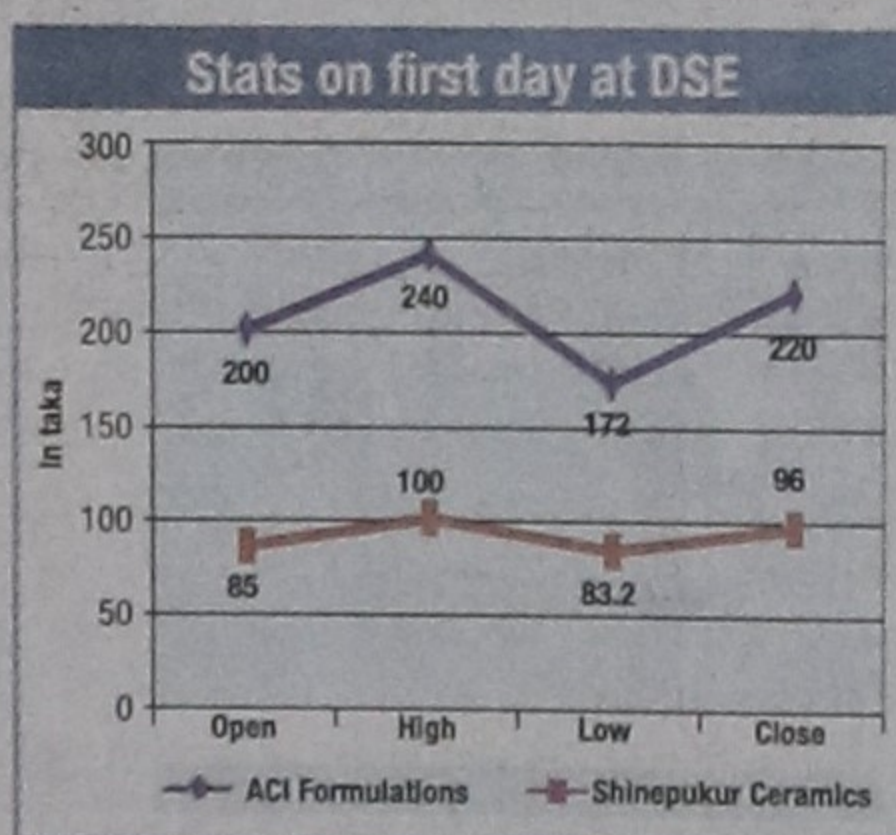
The two private sector companies' direct listing has opened a new gateway for profitable firms to offload shares with optimum prices, market experts said.

Direct listing is an alternative way of bringing profitable companies to the market that do not want to enter the IPO system, said Yawer Sayeed, managing director of AIMS of Bangladesh, an asset management company.

"We welcome the direct listing of ACI Formulations and Shinepukur Ceramics and hope it will encourage other private sector companies to join the market taking the benefits of direct listing," he said.

He however said some changes should be made especially in price discovery method to make the direct listing rules more applicable.

The issue managers of the two companies started selling shares at 10:10am at the



highest market prices. In earlier 10-minute time, prices were built up through quoting from interested parties.

During the two-hour trade to 12 at noon, a total of 59,800 ACI Formulations shares worth Tk 1.35 crore were sold on the DSE, while 71,500 Shinepukur Ceramics shares worth Tk 67.43 lakh were sold.

On Chittagong Stock Exchange, a total of 1,600 ACI Formulations shares worth Tk 3.67 lakh were sold, while 8,200 Shinepukur Ceramics shares worth Tk 7.76 lakh were sold.

Market experts said in the context of the current market scenario, the prices of the two companies' shares were a little bit high, but not abnormal.

Earlier in the morning, DSE Chief Executive Officer Salahuddin Ahmed Khan and ACI Formulations Managing Director M Anis Ud Dowla signed the listing agreement of ACI Formulations, while DSE Chief Operating Officer AFM Shariful Islam and Shinepukur Ceramics Company Secretary Asad Ullah signed the listing deal of Shinepukur Ceramics.

ACI Formulations joined the stock exchanges through offloading 89,87,500 ordinary shares, while Shinepukur Ceramics by offloading 3,50,11,800 ordinary shares.

sarwar@thedailystar.net

Margin loan ratio reset at 1:1.5

STAR BUSINESS REPORT

The stock market regulator yesterday raised the margin loan rate by 50 percent re-fixing the margin loan ratio at 1:1.5, instead of 1:1 ratio, officials said.

The 1:1.5 ratio means an investor or a client will get Tk 1.50 loan against his or her holding securities worth Tk 1.00.

The Securities and Exchange Commission in a meeting also gave consent to three listed firms Eastern Bank, Social Investment Bank and National Polymar to issue right shares.

Eastern Bank will issue 69,34,500 right shares of Tk 100 each at par amounting Tk 69.34 crore at a ratio of 1:2, meaning one right share for every two existing shares.

Social Investment Bank will issue 1,25,08,587 right shares of Tk 100 each at par amounting Tk 125.08 crore at a ratio of 1:1, while National Polymar will issue 5,36,000 right shares of Tk 100 each at an issue price of Tk 350 per share including a premium of Tk 250 each amounting to Tk 18.76 crore at a ratio of 2:1.

The SEC also gave consent to United Leasing Company for issuance of 400 Non Convertible Zero Coupon Bonds at an issue price of Tk 25 lakh each totaling Tk 100 crore only through private placement.

The Golden Son was also given a go-ahead for issuance of debenture of Tk 3 crore.

RMG exports shake off credit crunch fallout

REFAYET ULLAH MIRDHA

The export promotion boss yesterday ruled out any fallout from the global credit crunch on Bangladesh's garment exports after two main items, woven and knitwear, registered 44.66 percent growth in the first quarter of the current fiscal year.

In September alone, both woven and knitwear registered a 45.26 percent rise in exports from the same period of the previous fiscal year, according to the data of Export Promotion Bureau (EPB).

Speaking to The Daily Star, EPB Vice-chairman Shahab Ullah said he does not agree with the recent prediction by the International Monetary Fund (IMF) of a fall in exports from Bangladesh to a single digit, if hammered by the global financial recession.

"In fact, some new markets for Bangladeshi export items especially for the woven and knitwear items have been found recently as the country mainly concentrates on the production of basic items," Shahab Ullah said.

He suggested the apparel exporters diversify both products and markets to grab more and more market shares and customers.

Shahab Ullah said the EPB had held an "important" meeting with the people of major export-earning sectors where all agreed that there might not have a negative impact on the exports of local items in the wake of the



STAR

RMG designers are busy at a garment factory in Dhaka.

global financial recession.

In September, Bangladesh earned \$492.08 million from the exports of woven items, up from \$485.90 million in August. The figure was \$353.78 million in September of fiscal 2007-08.

According to the EPB data, Bangladesh earned \$620.94 million from the exports of knitwear in September, which was \$569.64 million in August. It was \$412.46 million in September of the last fiscal year.

In the first quarter (July-September) of the current fiscal year, the woven sub-sector fetched \$1.525 billion, registering 36.67 percent growth. In the case of knitwear, the export was recorded at \$1.831 billion, which means 52.05 percent growth.

The EPB chief said the actual earnings from the overall exports were \$4.381 billion against the three-month target for \$4.014 billion.

The overall exports grew 42.40 percent in the first quarter of the current fiscal year, from the same period of the last fiscal year, according to the EPB data. The total annual export target had been fixed at \$16.298 billion for fiscal 2008-09.

Asked, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Anwar-Ul-Alam Chowdhury Parvez said: "Until now the exports of Bangladeshi apparel items seem safe from the global financial recession."

But the exports in December and January may not be the same as in the previous months, as the orders normally slow in the period, the BGMEA chief said.

But it is expected that the export will again go up in April significantly as many buyers of different global brands are coming to Bangladesh.

refayet@thedailystar.net