

DHAKA THURSDAY MARCH 5, 2009

think electronics... think DIGITAL

TRANSCOM
Your Trusted Electronics Retailer

Consumer Electronics | Appliances | IT & Computer | Electrical Products

Customer Care Center: 8855366-8, 01712 685463

Stocks

DGEN ▲ 0.64%
2,551.44

CSCX ▲ 0.92%
5,038.93

Asian Markets

MUMBAI ▲ 0.23%
8,446.49

TOKYO ▲ 0.85%
7,290.96

SINGAPORE ▲ 1.04%
1,544.34

SHANGHAI ▲ 6.12%
2,198.11

Currencies

Buy Tk Sell Tk
USD 68.40 69.40

EUR 83.88 88.46

GBP 94.12 99.00

JPY 0.69 0.73

SOURCE: BANGLADESH BANK

Commodities

Gold ▲ \$916.00
(per ounce)

Oil ▲ \$43.27
(per barrel)

SOURCE: AFP
(Midday Trade)

More News

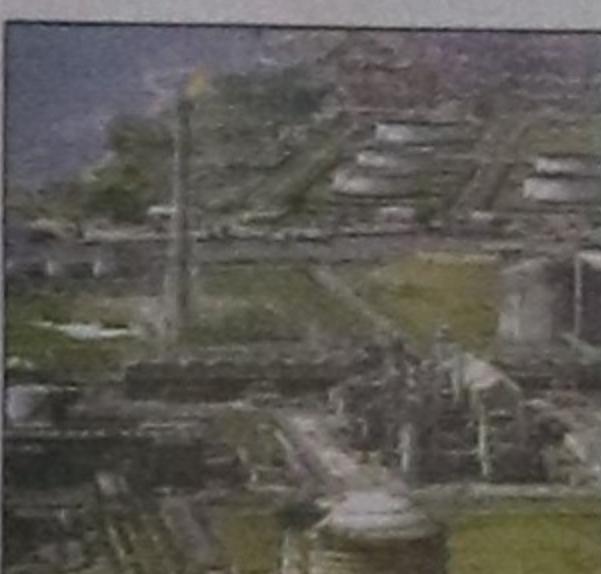
NBR chief hints at changes in duty structure

NBR Chairman Muhammad Abdul Mazid yesterday hinted at logical changes in duty structure in the national budget for the 2009-10 fiscal, taking into view the current worldwide recession.

B-4

International

The world awash in crude oil



A locally-made ship is anchored off a river in Narayanganj. Shipbuilders seek Tk 500 crore in easy loans for the flourishing industry.

REJAUL KARIM BYRON

A high-powered committee has recommended a Tk 200 crore fund for the shipbuilding industry to help it flourish.

The plan will enable shipbuilders to take loans at easy terms and low interest.

The committee, headed by Nazmul Huda, a deputy governor of the central bank, has made the recommendation to the government.

However, the Shipbuilders Association demanded a Tk 500 crore fund for this purpose.

In line with an official circular in January, the 14-member body has been assigned to suggest measures to create an atmosphere conducive to the development of the shipbuilding sector after a perusal of the issues tied to the industry.

If the recommendation is executed, the Tk 200 crore Bangladesh Bank fund will refinance 50 percent of the loans to be paid to the shipbuilders by different commercial banks.

The highest rate of interest for such loans would be 11 percent.

According to the findings of this committee review, the shipbuilding industry as an export-oriented one is usually entitled to a working capital loan at an interest of 7 percent for a two-three month period, but the industry needs a long time -- at least two years -- to repay the loans.

The committee also recommended a relaxation in the existing qualifying terms for raising capital by a shipbuilder through initial public offerings. The present terms say a shipbuilding company will be able to go for such IPO if the company experiences at least a

SAJADUR RAHMAN

At least half a dozen ceramic tiles factories are in the pipeline to enter the market in the next couple of years to grab share from the growing industry.

Already 11 factories are operating in the market that has been growing at about 20 percent rate for the past several years and posts over Tk 1,000 crore annual sales turnover, industry people said.

"Use of tiles is no more a fashion. It's become an essential increasingly being used in urban and semi-urban areas," said AKM Ziaul Islam, an independent consultant on tiles industry.

The factories in preparation are X Ceramics, Padma, Aki, Tamanna, Aftab and Khaled Corporation, of which X Ceramics is set to launch in July this year.

The rest are developing fast their civil construction and importing capital machinery.

"We are ready to start production in July this year," said Mazharul Quader, chairman of X Ceramics that will make exterior tiles for the first time in the country. Demand for exterior tiles is met by import as all the existing factories produce interior tiles.

Some existing firms, including RAK and Mir, are also expanding their production base to grip the business from the growth.

According to market study, existing factories produced nearly 322 million square feet (sft) of tiles in 2007, up from 277 million sft a year ago. Production reached 374 million sft in 2008 and it is estimated to

grow at 17 percent in 2009 and 2010.

Of the total production in 2007, RAK alone made 74 million sft, followed by China-Bangla, Fu-Wang and Mir each slightly over 30 million sft.

Industry people said history of tiles factories in Bangladesh is not very old. The first factory was set up by Bangladesh Chemical Industries Corporation, a state-owned enterprise, in 1982. Private sector established the second one, Modhumoti Tiles, in 1988.

The situation started changing rapidly after 2000 when tiles became too cheap to easily replace mosaics.

RAK Ceramics (Bangladesh) Ltd, a UAE-based company set up in 2003, brought a drastic change in the tiles industry and now owns one-fourth of the domestic market share.

Khan Mohammad Iqbal, managing director of forthcoming Padma Ceramics, said he wants to concentrate on manufacturing quality tiles that needs costly machine.

"Civil construction of my factory is going on. I hope to start production by 2010," he said.

Iqbal Ahmed, MD of Tamanna Tiles, said he is to finish the works for structure by this year.

Ahmed, also a machine supplier for the tiles industry, said the existing companies are increasingly going for expansion to hike production.

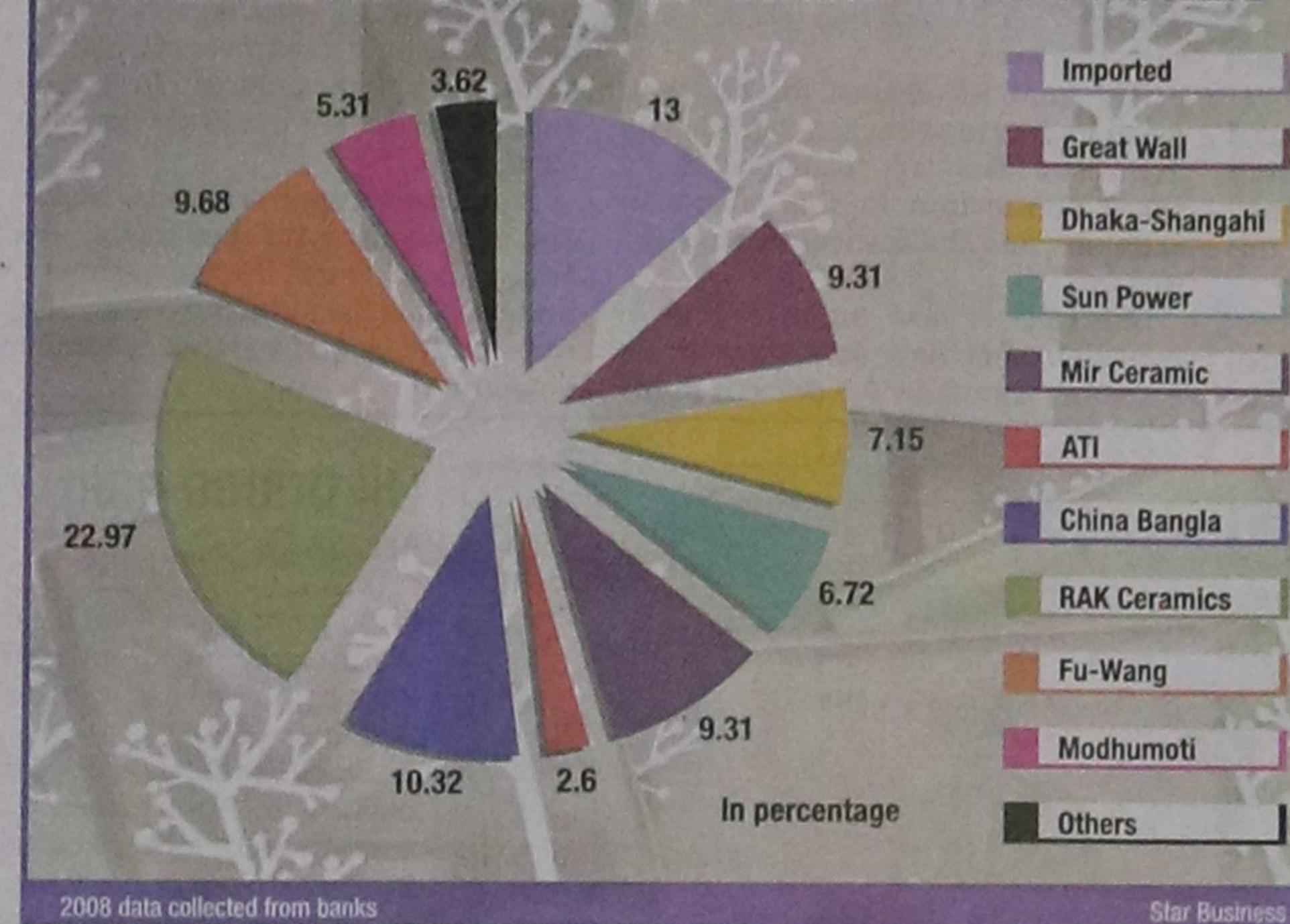
AKM Ziaul Islam said sales of the locally produced tiles did not go down even in the

past two years, the worst time for the country's construction industry.

He attributed the growth to the demand and low production cost. Gas and labour account for 23 percent and 16 percent respectively of the total production cost, and so Bangladesh has an edge on these

Six firms eye tiles market

MARKET SHARES OF TILES COMPANIES



2008 data collected from banks

India cuts key rates

AFP, Mumbai

India's central bank slashed its two key short-term interest rates Wednesday in a bid to boost a weakening economy amid the slowest third-quarter growth in six years.

The Reserve Bank of India reduced its key short-term lending rate for commercial banks, the repo, by 50 basis points to 5 percent, with the aim of encouraging banks to provide credit and maintain liquidity, it said.

It also cut the rate at which it borrows money from banks, the reverse repo, by 50 basis points to 3.5 percent.

India's economy grew at its slowest pace in nearly six years in the third quarter as the Asian giant began to feel the full force of the deepening global downturn.

Last week Indian inflation fell to a 14-month low of 3.36 percent, stoking expectations of a further interest rate cut to spur a weakening economy that has been hit by a global slowdown.

Committee suggests Tk 200cr fund for shipbuilding



STAR
A locally-made ship is anchored off a river in Narayanganj. Shipbuilders seek Tk 500 crore in easy loans for the flourishing industry.

REJAUL KARIM BYRON

A high-powered committee has recommended a Tk 200 crore fund for the shipbuilding industry to help it flourish.

The plan will enable shipbuilders to take loans at easy terms and low interest.

The committee, headed by Nazmul Huda, a deputy governor of the central bank, has made the recommendation to the government.

However, the Shipbuilders Association demanded a Tk 500 crore fund for this purpose.

In line with an official circular in January, the 14-member body has been assigned to suggest measures to create an atmosphere conducive to the development of the shipbuilding sector after a perusal of the issues tied to the industry.

If the recommendation is executed, the Tk 200 crore Bangladesh Bank fund will refinance 50 percent of the loans to be paid to the shipbuilders by different commercial banks.

The highest rate of interest for such loans would be 11 percent.

According to the findings of this committee review, the shipbuilding industry as an export-oriented one is usually entitled to a working capital loan at an interest of 7 percent for a two-three month period, but the industry needs a long time -- at least two years -- to repay the loans.

The committee also recommended a relaxation in the existing qualifying terms for raising capital by a shipbuilder through initial public offerings. The present terms say a shipbuilding company will be able to go for such IPO if the company experiences at least a

DSE plans to take junk shares off market

STAR BUSINESS REPORT

Dhaka Stock Exchange (DSE) plans to take non-performing Z-category companies off the bourse, in a quick shift from its earlier plan to introduce "over the counter" (OTC) market for junk shares.

But some market analysts explained the plan as a tool to let rogue companies off the hook instead of disciplining them on the capital market.

It means some companies will list on the capital market, make some money and leave the scene, the analysts said.

It will not protect "investor interest", one of the analysts said.

After a meeting on the Z shares, DSE President Rakibur Rahman said: "No OTC will be introduced soon."

"From now on, we will strictly enforce listing, de-listing and re-listing rules," he said.

Companies that neither offer dividends nor hold regular annual general meetings or are out of operation fall under Z category.

Of more than 90 companies now listed under Z category, many remain untraced, and some have gone out of operation.

But trade in the Z shares goes on, as many retail investors keep buying into

the companies to cash in on rising prices on the market.

A 10-member committee headed by Rakibur Rahman was formed on February 16 to examine legal aspects and find ways to separate the non-performing companies from the trading floor in the wake of an unusual price hike in Z shares.

The committee yesterday decided not to place Z shares on the list of DSE's top gainers anymore, even if some of them end up as top gainers in trade.

"When the prices of Z shares show an unusual rise, it creates instability on the market. Investors are misguided by price movement," Rahman said.

"There are many companies that are not in operation. They have no offices either, but their shares are traded on the stock exchanges," he said.

The DSE had earlier halted trading of nine Z-category companies: Rahima Food, Mona Food, Bionic Sea Food, Quasem Silk, M Hossain Garments, Dynamit Textile, Saleh Carpet, Bernco and Desh Garments.

"We have sought explanations from the companies. After getting responses, we will decide on whether to let the companies in," he said.

Asked why the DSE plans to de-list companies under Z category, Rahman only said: "We are also thinking of a better alternative."

Commenting on the DSE's decision of de-listing, Salauddin Ahmed Khan, a professor of finance at Dhaka University, said: "It will encourage companies to come to the market, raise money and get out of the market."

Instead of taking the bad performers off the market, the regulator should take over the companies and declare the companies bankrupt, he suggested.

"If necessary, the Companies Act should be amended."

Meanwhile, Dhaka stocks continued to fall for a third day.

The DSE General Index dropped 16.52 points, or 0.64 percent, to 2551.44. The DSE All Share Price Index also shed 16.13 points, or 0.75 percent, to 2129.68.

A total of 2,61,66,118 shares worth Tk 331.07 crore changed hands on the premier bourse. Of the 259 traded securities, 103 advanced, 153 declined and three remained unchanged.

Chittagong stocks also recorded a fall yesterday. The CSE Selective Categories Index slid 46.65 points, or 0.91 percent, to 5038.93. The CSE All Share Price Index decreased 71.75 points, or 0.9 percent, to 7848.5.

A total of 53,03,805 shares worth Tk 44.78 crore changed hands on the port city bourse. Of the 174 traded scrips, 63 advanced, 106 declined and three remained unchanged.

Seize the moment on economic crisis Brown urges US

AFP, Washington

British Prime Minister Gordon Brown urged the United States yesterday to resist protectionist impulses and work with "your friend Europe" and other partners to revive the ailing global economy.

"We should seize the moment -- because never before has been so willing to come together. Never before has been more needed. And never before have the benefits of cooperation been so far-reaching," Brown said.

His comments came in prepared speech for a joint session of the US Congress scheduled for 11:00 am (1600 GMT).

Brown was to be just the fifth British prime minister to address the combined Senate and House of Representatives.

Brown urged US lawmakers -- who recently passed a "Buy American" clause in an 800-billion-dollar spending bill -- to resist protectionist forces that could deepen the worst economic crisis since the Great Depression of the 1930s.

"America knows from its history that its reach goes beyond its geography," he said in excerpts of his remarks. "If these times have shown us anything, it is that the major challenges we all face are global."

"For a century you have carried upon your shoulders the greatest of responsibilities: To work with and for the rest of the world. And let me tell you that now more than ever the rest of the world wants to work with you," he said.

The prime minister underlined that US President Barack Obama, who took office January 20, could now count on "the most pro-American European leadership in living memory."

It is "a leadership that wants to cooperate more closely together, in order to be a stronger partner for you. There is no



Gordon Brown