

Star Business

DHAKA MONDAY NOVEMBER 23, 2009

Stocks
DGEN ▲ 1.40% 4,203.08
CSCX ▲ 1.71% 7,704.20

Currencies	
Buy Tk	Sell Tk
USD 68.50	69.50
EUR 99.76	105.52
GBP 110.98	116.91
JPY 0.75	0.81

SOURCE: BANGLADESH BANK

Commodities	
Gold	\$1,140.00 (per ounce)
Oil	\$76.71 (per barrel)

SOURCE: AFP

News in Brief



New president for Saarc chamber

STAR BUSINESS DESK

Annisul Huq, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), has been elected as the president of the Saarc Chamber of Commerce and Industry for 2010-2011.

FBCCI's board of directors at an emergency meeting yesterday approved the election, the chamber said in a statement.

Abul Kashem Ahmed, first vice president of FBCCI, has also been elected as the vice president of the Saarc Chamber.

Annisul Huq, a member of the executive committee of Bangladesh Garment Manufacturers and Exporters Association for last 12 years, was the president of the exporters association for two terms.

He is the chief executive of Mohammadi Group and a director of International Chamber of Commerce Bangladesh.

Abul Kashem Ahmed is the president of Tangail Chamber of Commerce and Industry and the Council of Chamber Presidents.

Al-Arafah Islami Bank revises mutual fund

STAR BUSINESS REPORT

Al-Arafah Islami Bank has revised its plan of launching a Tk 100 crore Islamic mutual fund.

Under the revised plan, the bank as sponsor will subscribe 10 percent of the AIBL 1st Islamic Mutual Fund, according to a web posting on the Dhaka Stock Exchange yesterday provided by the bank.

As per the previous plan, which was announced in April this year, the bank intended to subscribe 25 percent of the fund as sponsor.

The bank also said now 50 percent of the fund will be raised through initial public offering (IPO) and the rest 40 percent through pre-IPO placement.

The Tk 100 crore fund will be divided into 10 crore shares of Tk 10 each.

The fund launching is however subject to approval from the Securities and Exchange Commission.



Workers dry treated hide in the open in Dhaka. Leather exports dropped by 24.55 percent in the July-September quarter of the current fiscal year.

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RMG owners to pay salary before Eid, says minister

STAR BUSINESS REPORT

Garment owners have assured that they will pay workers full salary for October and half of November to avert any untoward incident before the Eid.

Labour and Employment Minister Engineer Khandaker Mosharraf Hossain said this at his secretariat office. "The owners will also pay their workers bonuses, if possible," the minister said.

The minister said there is no problem with garment workers' salary and bonus before the Eid-ul-Azha as the owners have already assured the workers of payment.

"If they fail to make the payments in time, legal action will be taken," news agency UNB quoted the minister as saying. The nation is set to observe the Eid-ul-Azha on November 28.

Talking to The Daily Star, Abdus Salam Mursheed, president of Bangladesh Garment Manufacturers and Exporters Association said BGMEA has already identified 860 small and medium garment factories that may face problems with payment as they received fewer orders from international buyers due to global recession.

Still, they will pay out worker salary before the Eid by borrowing loans from banks, Mursheed said. "BGMEA has asked them to ensure payment to workers before the Eid at any cost."

"It is our target to pay the salary, bonus and overtime for the workers before the Eid festival," Mursheed said.

Earlier, a crisis-management committee constituted with representatives of BGMEA, BKMEA (Bangladesh Knitwear Manufacturers and Exporters Association) and workers and officials of the home and labour ministries had negotiated the issue of payment.

Leather awaits Eid bonanza

KAWSAR KHAN

The export-oriented leather sector expects to bounce back from slow business targeting the upcoming Eid-ul-Azha.

Sector people hope supply of hide will be higher this Eid compared to last two years when a state of emergency had been in force.

"This year most of the political leaders will sacrifice animals, while in last two years many leaders were behind the bar and were not in a mood for public relations activities," said Rezaul Karim Ansari, chairman of Bangladesh Finished Leather, Leather Goods and Footwear Exporters' Association.

The number of sacrificial animals was also low in 2007 because of cyclone Sidr that had devastated many people financially and left a big number of animals dead.

The sector people also said prices of raw and finished leather are still very low

both in domestic and international markets.

However it will be possible to collect higher amount of rawhide this year, and process those for export to the competitive world market where prices have declined significantly in recent times due to global recession.

The tanners of the country process over 220 million square feet of leather every year, of which 100 million sft come during Eid-ul-Azha, according to the sector people.

"The positive thing is that export demand has been on the rise for the last two months, helping the tannery owners sell their piled up leather," said Tipu Sultan, former president of the association.

Leather export plummeted 24.55 percent in the July-September quarter of the current fiscal year, earning \$45.46 million, while export of footwear during the quarter was worth \$56.22 million with

a 2.95 percent fall.

The main destinations of local leather are Europe and Far Eastern countries. Recession reduced leather demand in Europe although its demand is picking up in the Far Eastern countries after a slow-down.

"China and Hong Kong bought a huge amount of leather in last two months, helping us sell off our piled up leather," said Mozaffar Rahman, executive member of Bangladesh Tanners' Association.

Prices of finished leather declined 30-40 percent in the last one year in the global market, causing a huge loss to the local tannery owners.

As an impact, rawhide price has gone down in local market also. The average buying price of per sft rawhide was fixed at Tk 35-Tk 40 last year, while it was over Tk 70 in 2007.

"Prices of rawhide will remain at the level of its previous year's price but col-

lection will be high, and the tanners will be able to collect it at a moderate rate," said Tipu Sultan.

If it is possible to buy hide at lower price, it will also be possible to export at reduced rate, he added.

"Leather export didn't decline much in the last one year in terms of quantity, but dipped in price, and a competitive supply rate will expedite the sector," said Shahin Ahmed, president of the tanners' association.

He also said disbursement of bank loan will play a vital role in rawhide collection, and urged bankers to relax loan disbursement rules, as many business men could not repay loans last year due to gloomy export.

Banks disburse around Tk 300 crore in the sector ahead of Eid-ul-Azha, he added.

He also said the sector people will sit today to fix this year's rawhide price.

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Chain restaurants go big

Transcom Foods, Opx Sinha Textile and MGH on expansion drive

SOHEL PARVEZ

Big firms are pouring investment in chain restaurant business, driven by a growing trend of eating-out among urban people.

Consumer demand for safe and hygienic food has also encouraged some local conglomerates to enter such business, operators said.

Three local giants have been on the scene for quite some time: Transcom Group, Opx Sinha Textile and MGH Group. CP Bangladesh, a fully foreign-owned agri- and food business company, prepares to grab a portion of the market.

Steady economic growth and demand for hygienic and quality foods have encouraged big businesses to pump in funds either to start franchises of global brands or build their own.

"We have seen a huge opportunity in the food industry. Here demand for safe food is high compared to supply," said Khanthima Mongsa, general manager (food division) of CP Bangladesh, one of the leading poultry and feed industry operators in the country.

She said the first product, fried chicken, would hit the market under the brand name of 'Five Star'.

CP's move to sign up for the segment comes as some local and global chain restaurants are on an expansion drive.

Insiders said the market has been growing by around 10 percent for the last couple of years. Its size is Tk 200 crore now.

"The nation is moving forward with a vibrant economy that enables more and more people to become financially empowered and taste quality and hygienic foods," said Akku Chowdhury, executive director of Transcom Foods Ltd.

Transcom Foods, the franchisee



A customer exits from a KFC outlet in Dhaka. A change in lifestyle and consumer demand for safe and hygienic food motivated some local companies to invest in chain restaurant business.

of one of the popular chain restaurants in the world, operates five KFC outlets in Dhaka and Chittagong. The company plans to open four more, including one in Cox's Bazar, next year.

The company, which is also the franchisee of a global chain restaurant, Pizza Hut, has four outlets in Dhaka and Chittagong and plans to open two more next year.

"If you want to offer a global brand with better quality and hygienic and better products, you will have to have large investment which is not possible for small businesses," Chowdhury said.

He said many people find eating-out to be an entertainment as well as a means of entertaining guests.

"It's also because of a change in lifestyle as the time to prepare foods

at home is shrinking for many."

Nizamul Karim Chowdhury, executive director of local chain restaurant, BFC, a concern of Opx Sinha Textile Group, said youths and executives from local and multinational firms are the main customers of branded fastfoods.

"The food habit is changing. Many people don't eat rice for lunch anymore," said Nizamul of BFC, which will open its eighth outlet in Dhaka.

Mohit-ul-Bari, head of operation of MGH Restaurants Pvt Ltd, said the company signed up for food business considering the opportunity created by a rise in people's purchasing capacity.

"A lot of opportunities are there in food business," said the official of MGH Restaurants, a franchisee of

South African restaurant chain Nando's and coffee shop Barista.

However, Transcom Foods' Akku Chowdhury said the scale of operation is important to ensure good returns.

"It requires long-term investment and returns come much later," Chowdhury said.

Meanwhile, US-based global restaurant chain Pizza Inn opened its first outlet in Uttara, Dhaka on Saturday.

"A trend of having alien foods is growing among customers," said Nazmul Anwar Jewel, director (operations) of Mohammed Foods and Allied Pvt Ltd, the franchisee of the restaurant chain in Bangladesh.

The company plans for several outlets in major cities by next year.

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Benchmark index sprints to new high Investors form human chain

STAR BUSINESS REPORT

Dhaka Stock Exchange kept up the momentum of last week, as banking shares led the rally yesterday.

The DSE General Index, the benchmark index of Dhaka Stock Exchange, went up 58.33 points, or 1.4 percent to 4,203.08, crossing 4,200 points for the first time.

Meanwhile, a group of retail investors formed a human chain in front of the DSE building in Motijheel, urging the stock market regulator not to appeal against a High Court verdict on the mutual fund case.

The demonstrators grouped together under the banner of Share Market Retail Investors Forum.

They said the mutual fund case has been resolved by the High Court. If the Securities and Exchange Commission now challenges the verdict, the issue will remain on hold for years and fund operators will not be able to declare dividends, they added.

The High Court on November 8 handed down a verdict allowing closed-end mutual funds to issue bonus or right shares.

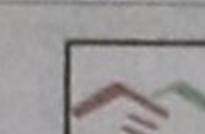
After the verdict, the SEC said it would appeal to the Appellate Division next.

The investors urged SEC to withdraw a ban on margin loan facilities to mutual funds.

On the DSE, the banking sector advanced heavily. The sector gained 3.48 percent, as a number of banks increased more than 5 percent each, said BRAC-EPL, an investment firm, in an analysis.

The investors are taking positions on the banking stocks on speculation of good returns, as the year 2009 heading towards an end in next month and the banks are scheduled to announce their corporate results including dividends, market experts said.

Chittagong stocks also posted rise yesterday. The CSE Selective Categories Index gained 129.53 points, or 1.71 percent to 7,704.2. The CSE All Share Price Index went up 210.38 points, or 1.74 percent to 12,259.75.



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