

DHAKA MONDAY DECEMBER 14, 2009



Stocks
DGEN ▲ 0.01% 4,438.50
CSCX ▲ 0.58% 8,362.45

Currencies	
Buy Tk	Sell Tk
USD 69.17	69.20
EUR 101.13	101.18
GBP 112.39	112.48
JPY 0.78	0.78

SOURCE: BANGLADESH BANK

Commodities	
Gold ▼	\$1,124.00 (per ounce)
Oil ▼	\$69.79 (per barrel)

SOURCE: AFP (As of Friday)

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Metro Spinning plans for 'slab yarn' production

STAR BUSINESS REPORT

Metro Spinning, a concern of Maksons Group, plans to import 20 slab yarn machines from India in two phases to produce specialised yarn, as part of the company's effort to diversify products.

The equipment that makes specialised yarn for both knit and woven fabrics will be installed at a cost of \$2.30 lakh (Tk 1.58 crore).

Metro Spinning made the plan last week, according to a web posting on the Dhaka Stock Exchange website.

The company that listed on the market in 2002 said it would be able to make an approximate 20 percent increase in turnover, thanks to new machinery that also increases profitability.

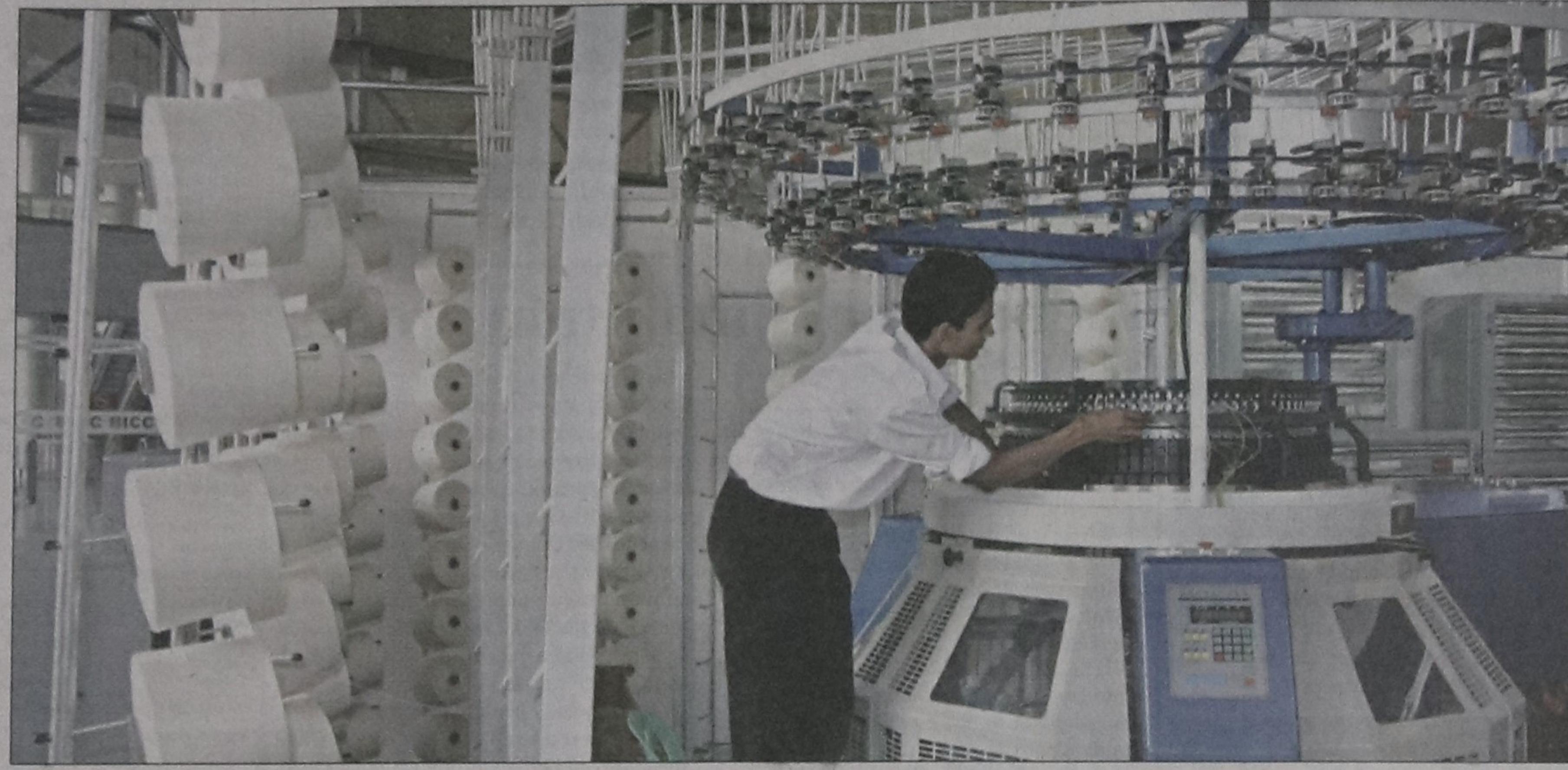
For the year to June 30, the company made net profit of Tk 2.60 crore with earnings per share of Tk 3.77.

The company also decided either to acquire a ready 100 percent export-oriented composite textile unit or to set up a new one with bank loan, which is subject to approval from shareholders at the 14th AGM set for December 28.

This will also help increase turnover and profitability of Metro Spinning, which produces around 45 lakh kilograms of yarn a year, according to the web posting.

The company also decided to use a Tk 31.05 crore fund raised through rights shares for loan payout, instead of setting up a new export-oriented composite textile unit.

Metro Spinning has two units, one for the local market and the other for export markets, where carded and combed knit cotton yarn of various counts are produced.



A man checks knitting equipment at a recent fair in Dhaka. Knitwear makers find it hard to deliver export orders at the previous rates after local yarn prices increased 30 percent in the last two months.

AMRAN HOSSAIN

World cotton prices jolt knitwear

BKMEA blames local yarn makers, seeks control over market

STAR BUSINESS REPORT

A global surge in cotton prices has hiked local yarn prices, threatening the recovery of the recession-hit knitwear sector.

Local yarn prices increased 30 percent in the last two months, making it harder for knitwear makers to ship export orders at the previously fixed rates.

The domestic prices of 30-count yarn surged to around \$3.50 from around \$2.75 per kg two months ago, they said.

"Yarn price has witnessed a rising trend over two months, but it went out of bounds just 15 days ago," said MA Baset, second vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

Yarn makers said cotton prices rose because there was a global price hike and low production supply. Forecasts

that yarn prices will further escalate on domestic and global markets have made things worse.

Abdul Hai Sarker, president of Bangladesh Textile Mills Association (BTMA), also said the domestic yarn price increased because of a global cotton price hike. "It will rise further in future for the same reason."

Global cotton prices have increased by 9 percent recently. Prices have advanced by 20 percent in the last two months on the Indian market, according to Indian newspaper The Economic Times.

Cotton prices surged as world cotton production is likely to dip by 5 percent to 22.2 million tonnes in the 2009-10 season from 23.4 million tonnes last season, it said.

High demand for cotton in China, the strongest textiles player, is partly

responsible for the cotton price surge.

But BKMEA President Fazlul Hoque blamed local yarn makers for taking the price hike out of balance. "They are increasing yarn prices much faster than the global rate."

The global price hike could have an impact on local yarn prices two months later, but local yarn prices increased immediately after the global jump, he said.

About 360 yarn makers meet 90 percent of local demand, while the remaining 10 percent is imported, mainly from India, said industry insiders.

The BKMEA leaders urged the government to regulate domestic yarn prices so that the export sector is not hampered.

"We are now buying yarn against export orders that we received two

months ago, based on the market price that prevailed at the time. So if prices increase exorbitantly, how we can deliver the orders?" asked Nusrat Bari Asha, director of Bentex Industries Ltd.

On the excessive price hike, the BTMA president said knitters could import yarn if they found local yarn too pricey.

"Last year, when we faced difficulties and waited for domestic buyers with large inventories, local knit manufacturers imported yarn from India at competitive prices. If they could do it then, why not now?"

Knit goods exports dipped 9.67 percent in the first quarter of fiscal 2009-10 compared to the same period last year, according to Export Promotion Bureau statistics.

80 register for London road show

STAR BUSINESS REPORT

A total of 55 foreign power companies and financiers, industry-related contractors, LNG terminal manufacturers, and 25 non-resident Bangladeshis registered online until yesterday for participating in a London road show.

The December 15-16 road show has been planned to attract around \$5 billion investment for nine power projects with a total production capacity of more than 3,200 megawatt and a liquefied natural gas terminal for gas import.

There will be two more road shows on the same investment prospect in Singapore and New York on January 25-26 and 28-29 respectively.

"We will present Bangladesh as an attractive investment destination at the road show," said Towfiq-e-Elahi Chowdhury, energy adviser to the prime minister, at a press conference at Zia International Airport yesterday before leaving for UK.

Chowdhury is heading an 11-member delegation that comprises state minister for power and energy, Board of Investment chief, secretaries of power and law ministries, chairmen of Bangladesh Energy Regulatory Commission, Power Development Board (PDB), Petrobangla and Bangladesh Petroleum Corporation, a deputy governor of Bangladesh Bank and a PDB official.

"We are going to demonstrate the facilities we can offer to the potential investors in London," said Dr SA Samad, chairman of Board of Investment.

The government is trying to create an investment-friendly environment by taking steps to reform tax and duty structure, and develop infrastructure, he said.

Syed Yusuf Hossain, chairman of Bangladesh Energy Regulatory Commission, and Hossain Monsur, chairman of Petrobangla, also spoke at the conference.

Magnum makes steely entry



STAR BUSINESS REPORT

Competition is set to intensify among 'greater-strength' rod makers as Magnum Steel Industries Ltd has entered the scene to tap growing demand for 500-grade steel in real estate and construction.

The product known as Magnum Supreme 500 has greater strength with ductility to make buildings safer, said Zahir H Chowdhury, managing director of Magnum Steel, at a press meet at Dhaka Reporters' Unity yesterday.

The company said yield strength of its 500-grade steel rod will be 72,500 pounds per square inch.

"It will be economical to use the 500-grade steel as the quantity needed for construction will be less," Zahir said.

Magnum Steel Chairman H Rashid Nizam and other senior officials were also present.

Located in Gazaria on the Dhaka-Chittagong Highway, Magnum Steel

started making higher-grade rods as demand continues to rise due to growth in public works and real estate, which consumes about 22 lakh tonnes of steel a year.

Of the total quantity, demand for 500-grade rods will be as much as 4 lakh tonnes with BSRM being the pioneer in offering the product to builders.

"Our factory has a capacity to produce 100,000 tonnes of rod a year. We want to utilise more than half of the production capacity in the first year," Zahir said.

"We expect the use of quality rods will continue to rise in line with a rise in real estate and construction works."

According to the Magnum MD, 40- and 60-grade steel rods dominate the market, but their yield strength is much lower than 500-grade steel.

"It (500 grade) is the most powerful steel in the market now. Prices are a bit higher but builders should not compromise on quality," he said, referring to reports on the possibility of earthquakes in Bangladesh.

He said Magnum steel, which has been produced since November, could be used in high-rises, industrial plants, residential blocks, bridges and culverts.

"We have started marketing our product recently to lure consumers, mainly high-rise constructors," Zahir said.

The company offers a promotional price of Tk 43,500 a tonne to dealers for its brand Magnum Supreme 500-grade steel.

At present, the price of 60-grade steel rod is close to the price of 500-grade steel.

Solar power to light up BB

Rahimafrooz Renewable Energy tasked with the Tk 1cr job

SAJJADUR RAHMAN

After allocating a Tk 200-crore low-cost revolving fund for refinancing banks' green power projects this year, the central bank will now set example for the banks by installing a solar power system at its headquarters.

Rahimafrooz Renewable Energy Ltd (RREL), the largest solar power system provider in the country, has already been selected as the lowest bidder for the project.

"Bangladesh Bank is expected to install the system in one month," said Governor Dr Atiur Rahman.

Rahman hoped the BB move would encourage the commercial banks to go for green power systems in their respective offices soon.

According to RREL officials, the system with a capacity of generating 20-25 kilowatts will cost the BB over Tk 1 crore.

Earlier, RREL had installed a solar power system at the Prime Minister's Office at a cost of around Tk 99 lakh.

Energy sector people have hailed both the initiatives.

They said such moves are indicative of the government's seriousness about increasing power generation through renewable sources at a time when conventional energy sources such as gas and coal are becoming scarcer.

The government has decided in principle to install solar power units in all public and semi-government offices to



promote expansion of renewable energy.

It has also set a vision for generating power from the sun, wind, biomass and biogas with an aim to meet 5 percent of the country's total power demand by 2015, and 10 percent by 2020.

Currently renewable energy contributes less than one percent to overall power generation in the country, with solar home systems being installed mainly in off-grid areas and leading the green energy segment.

More than four lakh homes across the country have now been powered by solar energy with a capacity of generating over 20 megawatts of electricity, according to state-owned Infrastructure Development Company Ltd.

The central bank governor said: "I urge all banks to install solar power system to save conventional power for industrial use."

Niaz Rahim, chairman of RREL, termed the BB initiative a good move for further expansion of solar power system in the country.

He said solar energy would be able to generate 500 megawatts of

power by 2015 in Bangladesh.

Eastern Bank Ltd, a private commercial bank, has already shown interest to install solar power system at its head office.

"We have requested quotation from RREL for installation of the solar panel at our head office," said Ali Reza Iftekhar, managing director of the bank.

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JS body suggests revival of food ration for RMG workers

STAR BUSINESS REPORT

A parliamentary body yesterday asked the authorities to revive food rationing for garment workers and continue it through out the year.

"Food rationing for garment workers started at the initiative of the prime minister. But the programme was suspended later. We have asked the labour ministry and labour directorate to restart the

programme at factories and labour-concentrated areas," M Israfil Alam, chairman of the committee on labour and employment ministry, told reporters after a meeting yesterday.

The committee also formed a five-member sub-committee headed by lawmaker Rowshan Jahan Shathi to strengthen the Department of Factory Inspection so that it may protect workers' interests.

The sub-committee has been given one-

month time initially for identifying shortcomings in the department to recommend remedial measures to the government.

Progress in implementation of different recommendations it had made earlier was also reviewed at the meeting.

"In the last one year, the standing committee sat seven times and made 53 recommendations, of which 26 were implemented. In today's meeting, we reviewed implementation progress of 16 recommen-

dations the committee made in its first two meetings," Alam told reporters.

The rest of the recommendations will be reviewed in the next meeting, he added.

The parliamentary body chief, however, expressed satisfaction over the progress in implementation.

The government's much-expected food rationing programme for readymade garment (RMG) workers stood suspended because of owners' indifference.

