

PHILIPS 47" Full HD LCD TV

ASP: Tk. 250,000/-
Discounted Price: Tk. 175,000/-

Worth Tk. 47,000/-

+ Free Philips Home Theater (1000 W)

TRANSCOM
DIGITAL

Your Trusted Electronics Retailer

Stocks	
DGEN	0.02% 4,429.18
CSCX	0.18% 8,351.24

Asian Markets	
MUMBAI	0.75% 17,360.61
TOKYO	1.53% 10,536.92
SINGAPORE	0.14% 2,837.70
SHANGHAI	2.59% 3,153.41

Currencies	
Buy Tk	Sell Tk
USD	68.60 69.60
EUR	97.07 101.30
GBP	108.31 112.71
JPY	0.73 0.78

SOURCE: STANDARD CHARTERED BANK

Commodities	
Gold	\$1,105.30 (per ounce)
Oil	\$77.08 (per barrel) (Midday Trade)

SOURCE: AFP

Contact Us

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

Biman posts Q1 profits

STAR BUSINESS REPORT

Biman has posted a gross profit of Tk 34.45 crore in the first quarter of fiscal 2009-10, supported mainly by better-than-expected passenger counts and cost control.

Earnings from cargo operations, flight catering and the poultry firm also contributed to profits, according to a statement yesterday.

"We have a more than 75 percent cabin factor. With a lot more to do, there is no room for complacency," said Muhammad Zakiul Islam, managing director and chief executive of Biman Bangladesh Airlines.

State-owned Biman disclosed profit figures after it recorded a gross profit of Tk 24 crore in fiscal 2008-09.

After three-years of consistent losses, the eight-fleet carrier returned to black in fiscal 2007-08 by posting Tk 5.91 crore in net profit.

Such profits came at a time when the International Air Transport Association maintained a forecast of \$11 billion net loss for 2009. It also feared that the net loss for the global airline industry will be \$5.6 billion next year.

Islam however said Biman, which operates flights on 16 routes, remained unaffected by the global downturn as it enjoyed some advantages over premium carriers.

"Our overhead costs are lower than other premium carriers. We also offer competitive prices to attract travellers," he said.

"We are relatively free from the big rise and fall encountered by various premium carriers."



A boat decorated with jute fibre is on display at an exhibition of products made from natural fibres that kicked off in Dhaka yesterday. Bangladesh exported jute goods worth \$85.62 million in the July-September period, beating the target of \$69.55 million. The demand for environment-friendly jute goods is increasing globally.

SHAFIQU ALAM

RAK Ceramics takes on first IPO under book building

SARWAR A CHOWDHURY

RAK Ceramics, a Bangladesh-UAE joint venture, is going to be the first to offer primary shares using the book building method, a modern pricing mechanism for initial public offering (IPO).

The Securities and Exchange Commission, the market regulator, gave the green light to RAK at a meeting on Wednesday, officials said.

The tiles and sanitary-ware maker will float three crore ordinary shares worth Tk 10 each in face value under the book-building method.

An indicative price for each RAK share has already been built at Tk 40 through bidding by seven institutions from four sectors.

Now in the price discovery phase, bidders cannot quote 20 percent more or less than the indicative price, meaning they will have to offer between Tk 32 and Tk 48 for each share. Fixing the indicative price is required to obtain regulatory approval.

BY THE NUMBERS

Shares to be floated	3 crore
Face value	Tk 10
Indicative price per share	Tk 40
NAV per share as of June 30	Tk 18
EPS as of June 30	Tk 1.99
Paid-up capital	Tk 195 crore

Prime Bank, Southeast Bank and IFIC Bank joined the indicative price bidding from the banking sector. Prime Finance and LankaBangla Finance participated in it as non-bank financial institutions, Mercantile Insurance as an

insurance sector company and Royal Green Securities as a brokerage house.

"We will start work for price discovery after receiving written approval from SEC. We hope to complete the work by January," Arif Khan, chief executive officer and managing director (current charge) of IDLC Finance, told The Daily Star.

IDLC Finance is the lead issue manager of the RAK Ceramic IPO, while BRAC-EPL is the co-issue manager.

The institutions will not be allowed to sell shares in the first 15 trading days under the lock-in system.

RAK's paid-up capital is Tk 195 crore. As of June 30, the company's net asset value was Tk 18 a share and earnings per share were Tk 1.99.

Foreign entrepreneurs own 90 percent of the company, while local entrepreneurs own the remainder, but local ownership

will become 20 percent after the IPO.

RAK started business in Bangladesh in 2001. Presently, the company holds around 80 percent market share in the sanitary-ware market and around 35 percent in the ceramics market.

PRICE DISCOVERY

The book building mechanism, a widely practised price fixing mechanism for IPO, was introduced in March, aiming to encourage private-sector entrepreneurs to list their large and profitable companies on bourses at fair prices.

In line with the book building mechanism, institutions bid for shares through which the price is discovered. A weighted average price is fixed based on the highest and lowest price and shares are allotted for institutions at the weighted average price. The lowest price is considered a cut-off price for public offers or general investors.

sarwar@thedailystar.net

Jute looks to win back shine

REFAYET ULLAH MIRDHA

The higher demand for biodegradable jute goods points to a comeback of the golden days of the golden fibre in Bangladesh as people across the globe now opt for an eco-friendly lifestyle, with natural fibres gradually replacing synthetics.

The latest Export Promotion Bureau (EPB) data suggests this at a time when the world is observing 2009 as the International Year of Natural Fibres.

Bangladesh exported jute goods worth \$85.62 million in the July-September period beating the target set at \$69.55 million for the three months, according to EPB.

However raw jute missed the target at \$38.27 million, fetching \$36.01 million.

President Md Zillur Rahman yesterday inaugurated a four-day exhibition of products made from natural fibres, mainly jute and silk, at Osmani Memorial Hall in Dhaka to express solidarity to the rest of the world.

Entrepreneurs, especially small and medium enterprises, are showcasing products at over 15 stalls on the hall premises.

Khandakar Tariqul Emran, managing director of Artistic International, an export-oriented jute goods maker, said the demand for such products increased a lot both in the local and international markets.

"I started business one and a half years ago with Tk 1.5 lakh, and now my company's working capital is Tk 10 lakh," Emran said.

He said the government support for the small entrepreneurs can boost the sector, as orders from international buyers indicate a big demand for jute goods.

Currently Bangladesh exports over thousand types of jute goods as the local manufacturers could develop diversified products for different uses, he said.

The main export items are different types of bags, showpieces, sandals, wall-mats, handmade carpets, handicrafts, doormats, saris, jute-made fabrics, toys and essential things of kitchen.

"Easy loan facility and easy access to international fairs should be ensured for the development of the jute sector as a lot of small entrepreneurs are coming with investment to grab a global market pie," Emran said.

Another participant at the exhibition, Badrul Alam, proprietor of Shohag Jute Industries and Shohag Jute and Handicrafts, said manufacturers are investing in value-added jute goods sector as it gives quick profits.

At present Alam is exporting his products mainly to US, Canada, Spain, Italy and Germany.

"Now I make 522 types of products in my four units and my current working capital is Tk 20 lakh," he said.

Alam said the sector is growing not only on the back of the higher demand in the international market, but also on the domestic demand.

The demand began to peak up when corporate houses started using jute goods in a large quantity, Alam said, adding that he supplies jute goods to a good few corporate houses in Dhaka.

"The demand will increase further if the government makes the use of jute goods mandatory for every government offices, seminars and conferences," he said.

He said some non-government offices always try to promote the jute sector, but practically they do not use the jute goods. The use of jute goods in the NGOs can also help increase the demand of the products, he added.

"We should have a 'bank of raw materials of jute goods' from where we can purchase any quality of such products anytime," Alam said.

refat@thedailystar.net



The photo shows Otobi's latest furniture collection at Notepad, the company's new showroom for office furniture and accessories, which opened in Gulshan yesterday. (Story on B3)

Soybean oil puts squeeze on wallet

SOHEL PARVEZ

Prices of soybean have peaked as winter limits traders' scope to sell the edible oil by mixing it with relatively low-priced palm oil, insiders said yesterday.

Also, rising prices of soybean oil on the global market due to strong demand from the top buyer China are to blame for the price spike on the local market.

The first signs of the price hike appeared one week before the Eid-ul-Azha.

The overall prices of loose soybean oil rose to Tk 80-84 per litre last week from Tk 75-78 in the same period a month ago.

Palm oil prices also increased in the same period, according to retail price data by state-owned Trading Corporation of Bangladesh.

Loose soybean oil traded high

despite year-end sales pressure from wholesalers in Moulavibazar, one of the hubs in Dhaka, to cash in the product.

Consumers are spending more on packed soybean as well. Now a five-litre bottle trades between Tk 460-Tk 440, depending on the brands, up from Tk 395-405 about a month earlier.

Now a consumer will have to spend an additional Tk 45 to buy a five-litre bottle of Teer brand soybean oil. Its price was about Tk 405 before Eid, said a retailer.

"The customers' burden would have been reduced much, if processors had distributed oil directly to us instead of depending on middlemen such as dealers," said Abu Taher, who runs a grocery, Mukta Enterprise, at New Market in Dhaka.

Taher, who sells packed soybean oil, said prices started rising at the

end of November.

Prices of soybean, which meets about 35 percent of annual requirement of edible oil, usually shoot up in winter as mixing of palm oil with other oils is all but impossible in the colder part of the year, some traders say. Palm oil freezes in winter.

The size of the edible oil market is about 14 lakh tonnes a year.

Crude degummed soybean oil is usually imported from countries such as Argentina and Brazil where prices are on the rise.

"We imported crude soybean at \$820-840 a tonne just after Eid. On December 13, we had to count \$891.20 (C&F) for each tonne of imported crude soybean oil," said Biswajit Saha, general manager of City Group of Industries, which markets Teer brand soybean oil.

"What we are selling now was

imported in the second week of December."

In its December issue of Commodity Markets Review, the World Bank showed that prices of soybean oil rose since September.

According to the WB report, the average prices of soybean oil rose to \$939 a tonne in November from \$846 in September.

Citing costs of duty, refining, bank interests, packaging and distribution, Biswajit claims that the price now charged by the company at factory level stands below its overall production cost.

Md Abul Hasem, general secretary of loose edible oil wholesaler body, Bangladesh Paikary Vojjo Tel Baboshayee Samity, said the wholesale prices of loose soybean oil declined this week from a week ago.

sohel@thedailystar.net

www.platinumsuites.com.bd

Zizzi ristorante

Fine Dining Eurasian Cuisines

Platinum Suites

58, ROAD-11 | BLOCK-F | BANANI | DHAKA
TEL : 880 2 8831409 FAX : 880 2 8816073