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(Week-on-week)

Asian Markets

MUMBAI ▼ 0.17%
17,554.30

TOKYO ▲ 0.68%
10,982.10

SINGAPORE ▼ 0.04%
2,908.42

SHANGHAI ▲ 0.27%
3,224.15
(Friday closings)

Commodities

Gold ▼ \$1,136.97
(per ounce)

Oil ▼ \$80.17
(per barrel)
(As of Friday)
SOURCE: AFP

Contact Us

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

IPO lottery of DBH First Mutual Fund held

STAR BUSINESS DESK

Delta Brac Housing Finance Corporation Ltd arranged the initial public offering (IPO) lottery for its first mutual fund that was over-subscribed by more than 13 times, said a statement.

The IPO lottery was held at Bangabandhu International Conference Centre in Dhaka on Thursday.

Reaz Islam, chief executive officer of LR Global Asset Management Co Ltd, presided over the event, while QM Shariful Ala, managing director of DBH, was also present.

DBH, with the final approval from Securities and Exchange Commission (SEC), floated its first mutual fund of Tk 120 crore with an IPO of Tk 40 crore.



The IPO lottery selected investors of the public issue of units of the company's first mutual fund, which collected subscriptions worth over Tk 530 crore.

"Subscription of over Tk 530 crore against our first mutual fund of Tk 40 crore is the largest ever fund collection for a mutual public offering in Bangladesh," said Ala.

DBH, together with asset management company LR Global, is embarking on this task by sponsoring the DBH First Mutual Fund.

"Mutual funds are considered low-risk investment tools and a vehicle of growth for the stock markets," Ala added.

"Professionally managed and quality mutual funds help meet the growing demand of investors," said the LR Global CEO.

"Mutual funds give one of the best ways to encourage small investors to come to the stock market, as mutual funds in our neighbouring countries account for more than 40 percent of total market capitalisation. Mutual funds in Bangladesh contribute only 3 percent," he added.



Weekend shoppers stream to Dhaka International Trade Fair 2010 through its entrance at Sher-e-Bangla Nagar in the capital. The fair has received a huge response from visitors over the last two days as many urban buyers waited for the weekly holidays.

SHAFIQUL ALAM

Bangladesh moves up in trade logistics efficiency

Country ranks 79th in a World Bank survey of 155

STAR BUSINESS REPORT

Bangladesh has emerged as an overperforming country in proving efficiency of trading goods around the world, according to a new World Bank survey.

Bangladesh ranked 79th in the global Logistics Performance Indicators (LPI) study released on Friday. It was in the 87th position in the 2007 survey.

The LPI is an "interactive benchmarking tool" created to help countries identify the challenges and opportunities in their performance in trade logistics, the WB says.

The LPI 2010 allows for comparisons across 155 countries. It is based on a worldwide survey of operators on the ground (global freight forwarders and express carriers), providing feedback on the logistics 'friendliness' of the countries in which they operate and those with which they trade.

The report says Bangladesh has made a significant improvement in customs, infrastructure, and lead-time. In terms of logistic quality and competence, however, Bangladesh was in the 96th position.

"Economic competitiveness is relentlessly driving countries to strengthen performance, and improving trade logistics is a smart way to deliver more efficiencies, lower costs and added economic growth," said World Bank Group President Robert Zoellick.

Nine other most significant overperformers are: China, Democratic Republic of Congo, India, Madagascar, the Philippines, South Africa, Thailand, Uganda, and Vietnam.

Germany is the top performer among the 155 economies followed by Singapore, Sweden and the Netherlands.

According to the LPI, high income economies dominate the top logistics rankings, with most of them occupying important places in global and regional supply chains.

By contrast, the 10 lowest performing countries are almost all from the low and lower income groups.

Although the study shows a substantial "logistics gap" between rich countries and most developing countries, it finds positive trends in some areas essential to logistics perfor-

mance and trade. Some are the modernisation of customs, use of information technology and development of private logistics services.

WHAT SCORES MEAN

The LPI is the weighted average of the country scores on the six key dimensions: (a) efficiency of the clearance process by border control agencies, including customs, (b) quality of trade and transport related infrastructure, (c) ease of arranging competitively priced shipments, (d) competence and quality of logistics services, (e) ability to track and trace consignments, and (f) timeliness of shipments in reaching destinations within the scheduled or expected delivery time.

In the LPI index 2010, Bangladesh scored 2.74 where top country Germany bagged 4.11 points. In the 2007 report, Bangladesh ranked 87th with a score of 2.47.

An overperformer is a country with a higher LPI score than expected -- based solely on its income level. An underperformer is a country with a lower than expected LPI scores.

Bangladesh's shipment lead-time came down to 1.41 days in the latest survey from 4.1 days in 2007.

In terms of international shipment, Bangladesh ranked 61st in the latest survey, which was 96th in 2007. In the customs procedure, Bangladesh ranked 125th in 2007, which is 90th now.

The 2010 report has placed Bangladesh in the 72nd position in terms of infrastructure. The ranking was 82nd in the 2007 report.

The 10 most significant underperformers are Botswana, Croatia, Eritrea, Fiji, Gabon, Greece, Montenegro, Namibia, Russian Federation, and Slovenia.

The existence of these two groups, as well as the general dispersion in performance within income groups, suggests that policy has a strong influence on logistics sector performance.

According to the report, among the top 10 low-income countries, Bangladesh ranked sixth after Vietnam, Senegal, Uganda, Uzbekistan, and Benin. Congo, Madagascar, Kyrgyz Republic and Tanzania are the other four among the low-income group.

AB Bank goes for equity financing

SARWAR A CHOWDHURY

AB Bank has entered equity financing, as it has purchased preference shares of a power generation company and a telecom transmission service provider.

With the purchase of the preference shares, it is the first private sector bank that has gone for equity financing, officials of the bank said.

The bank has recently bought Tk 10 crore worth preference shares in Everest Power Generation Company Ltd and Fiber@Home.

The two companies will have to go for initial public offering (IPO) after three years in line with the agreements signed with the bank.

Equity financing is the act of raising money for company activities by selling common or preferred stock to individual or institutional investors.

"It's the credit for industrialisation, but in a different form," M Fazlur Rahman, additional managing director of AB Bank, told The Daily Star.

He said the objective of such financing is not only financially assisting the companies to run their business, but also bringing them to the capital market after three years of financing.

"Listing of these companies will strengthen the supply side in our stock market," Rahman said. He said the bank would receive eight to nine percent dividend from Everest Power and Fiber@Home during the three-year period.

The bank has also initiated move to go for equity financing with some more companies.

AB BANK IN BRIEF

- Incorporated on December 31, 1981. It started operations on April 12, 1982
- Existing paid-up capital: Tk 256.40 crore. Authorised capital: Tk 300 crore
- Listed on Dhaka Stock Exchange in 1983
- Each AB Bank share was traded between Tk 1,128.75 and Tk 1,105 on Thursday on DSE
- Net profit was Tk 210.27 crore with EPS of Tk 82 in nine months to Sept 2009

"We are in talks with Otobi, Banglalion Communications Ltd, Cashlink Bangladesh Ltd and Infrastructure Development Company Ltd," Rahman said, adding that -- if finalised -- these companies will also have to go for IPO after a certain period.

Earlier state-run Investment Corporation of Bangladesh (ICB) had gone for equity financing. But such financing by the ICB has not been seen for a long time.

However, the ICB is working to resume equity financing in line with a recommendation by the parliamentary standing committee on finance ministry. sarwar@thedailystar.net

BTRC to sharpen watch on telecom transparency

MD HASAN

The telecom regulator has moved to check how mobile and land phone operators go by rules in paying revenue to it.

All operators are supposed to pay the Bangladesh Telecommunication Regulatory Commission at least 5.5 percent of the revenue they earn.

BTRC says it will go for an advertisement this month to choose a firm to audit the financial and other service-oriented activities in the telecom sector, the highest taxpayer.

"The goal of our move is to make transparent what operators earn and what is actually paid by them," said BTRC Chairman Zia Ahmed.

However, besides landline operators, four out of the six mobile operators now publish their financial status in every three months, as these foreign companies are listed on bourses.

Grameenphone, the largest private cell phone operator, is already listed on Bangladesh's two stock exchanges. Grameen's parent company Telenor's shares are on trade in Norway.

Orascom, the owning company of Banglalink, Telekom Malaysia, AKTEL's majority share holder, and SingTel, Citycell's shareholder, are also listed in their own countries.

Bharti Airtel, which recently acquired Warid's 70 percent

stake, is also listed in India.

Industry insiders think mistrust between the commission and the operators has resulted in the new move of the regulator. They also pointed out that BTRC faces a dearth of manpower to examine activities of the operators.

Urging the operators not to take the new step negatively, the BTRC officials cited India among some countries where such auditing practices exist.

India's Department of Telecommunications has ordered special audits of Bharti Airtel Ltd., Reliance Communications Ltd. and three other telecom companies on complaints of misreporting revenue, according to media reports.

The local telecom sector has so far contributed Tk 20,000 crore against its Tk 30,000 crore investment by the end of 2009.

Operators welcomed the regulator's move.

Zakiul Islam, president of the Association of Mobile Telecom Operators Bangladesh, said, "We are ready to cooperate with any audit team. We have detail reports on what we are doing."

Bangladesh's telecom subscription reached 53 million at the end of December 2009. Mobile operators are dominating the market with having 52.43 million customers, while the landline ones are serving 1.6 million customers. hasan@thedailystar.net

New player to fly the skies

SOHEL PARVEZ

One of the country's oldest conglomerates Habib Group plans to venture into aviation business, a growing market in Bangladesh.

The nearly Tk 1,600 crore group has 21 manufacturing and service sector concerns, ranging from apparels, power, steel and paper to fertilisers.

It has already formed an entity -- HG Aviation Ltd -- as part of its plan to form an airline, Regent Airways, insiders said.

The new airline eyes launching domestic flights by March, the first quarter of 2010.

"It is the captive market of nearly 1 crore Bangladeshis that has inspired us to consider airline business," Yasin Ali, managing director of Habib Group's Chittagong based entities, told The Daily Star over phone yesterday.

"We want to capture a portion of these of travellers and operate a commercially viable carrier," he said. "Our goal is to be a premier airline, earning high regards from travellers within the country as well as from across continents."

Habib Group, which records over Tk 2,000 crore in annual turnover, gets into the new area of business at a time when three local carriers -- state-owned Biman and private carriers GMG and United Airways -- are competing with over 15 foreign carriers. The carriers strive to secure a share of the increasing travel market, dominated by migrant workers.

However, various limitations, such as a lack of strong financial backup and insufficient fleet, bar local carriers from taking full advantage of the air travel market of more than 35 lakh people heading to different international destinations a year.

Two other domestic carriers -- Best Air and Royal Bengal of Aviana Airways -- are now grounded.

Presently, foreign airlines carry about 60 percent of travellers to and from Bangladesh, stakeholders said.

Yasin, who is also chairman of the planned Regent Airways, said the carrier wants to compete with foreign carriers by providing better services and competitive fares to attract both Bangladeshi and foreign travellers.

"Our vision is to operate in some selected markets and have enough aircraft to serve travellers," he said.

Officials concerned said HG Aviation will seek permission from the Civil Aviation Authority of Bangladesh (CAAB) by the end of January.

"We expect to begin our domestic flights as soon as we receive approval from the authorities," said Imran Asif, who works as consultant for HG Aviation Ltd.

He said preparations to apply to the CAAB are underway.

"It takes time to collect aircraft. Before we apply for permission, we are taking preparations to ready ourselves first," he said, adding that the company has confirmed from where they will source aircraft.

According to Imran, two Dash-8 aircraft will be leased to operate flights on domestic routes.

"We hope to begin domestic flights within two weeks of receiving permission," he said. "We aspire to begin flights on international routes by mid-year."

Imran said Regent Airways does not aim to compete head on with local carriers, such as Biman.

"We are not interested in engaging in any price war. We rather want to launch competition by providing quality services to travellers," he said.

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