

# Market measure rattles merchant bankers

STAR BUSINESS REPORT

The implementation of a net asset value calculation for share credit within the stipulated timeframe will upset the market, merchant bankers said yesterday.

"If the authorities clarify the situation under which the measure should be adopted, it will be easier for us to find a way out," said Akter Hossain Sannamat, vice-president of Bangladesh Merchant Bankers' Association (BMBA).

The BMBA members who sat yesterday to discuss the next course of action said the investors who trade on credit will be forced either to sell off their holdings, or will be compelled to pump in more cash as collateral, to adjust the loans in line with the NAV-based method of calculation.

They, however, requested the investors not to worry, as they are expecting to reach a resolution on the issue next week when they sit with the Securities and Exchange Commission to thrash out the crisis.

"If it's for controlling the liquidity inflow, there is no need for resorting to any complex process; it can be done just by reducing the margin loan ratio," Sannamat said.

If it's to ease investor jitters, it will not ease the situation unless the supply sideswells, he added.

Sannamat reiterated that most shares with their prices rising are out of loan purview.

The SEC on August 24 instructed the merchant bankers and stockbrokers to follow the NAV calculation for new margin buys of stocks and for portfolio maintenance with effect from October 1.

As per the NAV-based margin, a merchant bank or a stockbroker can provide loans on the basis of value of a stock, determined by adding the market value to the NAV and dividing the sum by two.

Echoing Sannamat, BMBA President Arif Khan said they would need more time to implement the SEC's instruction, as necessary software will

have to be developed to determine stocks or portfolio value for loan disbursement and maintenance.

Khan urged the regulator to accommodate the existing investors who have already taken loans outside the purview of new method. "It should not leave any adverse impact on the market, if the criterion is followed in case of fresh loan disbursements only."

Dhaka stocks, however, fell yesterday, as the merchant bankers and the regulator failed to reach a consensus on Sunday on finding ways of implementing the NAV-based calculation method for share credit.

The benchmark index of Dhaka Stock Exchange -- DSE General Index -- declined around 50 points, or 0.75 percent, to 6,620.

Losers outnumbered advancers 164 to 74 with four securities remaining unchanged on the premier bourse, which traded more than 7.88 crore shares and mutual fund units on a value of Tk 1,517 crore.



## Eskayef gets Australian certification

STAR BUSINESS REPORT

The Therapeutic Goods Administration (TGA) of Australia accredited Eskayef Bangladesh Ltd, a leading local pharmaceutical, for its new world-class facility at Tongi.

Eskayef is the only company in Bangladesh that achieved both the UK MHRA and TGA, Australia.

"It is one of the toughest registration processes for pharmaceuticals in the world, which allows products to be marketed and distributed in Australia. It also opens up an opportunity for us to enter the New Zealand market," said AM Faruque,

managing director of the company.

"This is not only another milestone for the company but also an opportunity to export our products to developed countries. Now we will be able to contribute more to our country's economy by earning foreign currencies in the coming days," he said.

Eskayef signed a technology transfer agreement with Novo Nordisk last year. It is set to manufacture insulin soon.

"Being the successor of Smith Kline and French, USA, we have been maintaining the standard operating procedures of a multinational company from inception. And the TGA accreditation

proved that we are producing high-quality pharmaceutical products of European standards," added Faruque.

Eskayef has started groundwork to win the US FDA certification, he said.

Eskayef, which has been growing at 30 percent a year, is one of the top four fastest growing companies in Bangladesh.

The annual turnover of the company stood at Tk 400 crore in 2009, and the company exports products to around 20 countries.

"We aim to become a global player and hold our country's flag up high in the coming days," said Faruque.



Md Syduzzaman, area manager for south-west of Singer Bangladesh, hands over a 24" LCD TV to a winner of the company's Eid Discount Utshab sales campaign, in Jessore recently.

## CNG stations seek uninterrupted sales for three days before Eid

STAR BUSINESS REPORT

The owners of compressed natural gas (CNG) filling stations have sought that the government lift its six-hour suspension on fuel sales for at least three days before Eid, as millions of homebound people will rush for the fuel.

"We talked today (yesterday) the issue with the president of FBCCI [Federation of Bangladesh Chambers of Commerce and Industry]. The apex trade body will send a letter to the energy ministry in this regard tomorrow (today)," said Zakir Hossain Nayan, secretary general of Bangladesh CNG Filling Stations and Conversion Workshops Owners Association, yesterday.

The partial closure of CNG filling stations has been in place since August 16 as per the government's August 12 instruction.

As many as 565 such filling stations coun-

trywide were asked to shut those from 3 in the afternoon to 9 at night to free up gas for household consumers and power stations during Ramadan.

Nayan said the government should now allow them to operate round-the-clock at least for a few days before the Muslims' largest religious festival.

"Most city-dwellers go to their homes or villages during Eid. So the rush to the CNG will be huge," he told The Daily Star. "If the government does not withdraw the ban, the traffic situation will worsen further."

The association leader also pointed to the daily revenue loss at 30 percent, or Tk 1.5 crore because of the partial shutdown.

The 565 filling stations, mostly located in Dhaka and Chittagong, supply gas to over 200,000 CNG-run systems.

There are also 150 CNG conversion workshops across the country.

## Plan for rice import without purchase committee meeting

UNB, Dhaka

Bypassing a purchase committee meeting, the Cabinet Division yesterday moved to approve a bid from the food ministry to import 30,000 tonnes of non-basmati rice to tackle an "emergency" situation.

"There is no enough time to hold a purchase committee meeting," said a senior official of the Cabinet Division to the news agency.

Sources said the food ministry, over the last two months or so, has been importing non-basmati boiled rice by circumventing the tender process. On plea of time consumption, it pursued a shortcut by seeking bids through quotations from selected bidders.

This time, the Food Directorate received bids for importing of 30,000 tonnes of rice on August 18, and opened the proposal on August 19.

The Tender Evaluation Committee completed its evaluation by August 22.

The responsive bidder submitted its bid giving validity till September 3, only 12 days to go for the approval to be granted.

But the Food Directorate and Food Ministry failed to place the proposal at the Cabinet Purchase Committee's last meeting on August 26.

Instead, the food ministry sent the proposal to the Cabinet Division requesting it to hold an emergency meeting by September 3.

But the Cabinet Division found it difficult to hold a meeting of the Purchase Committee, citing the chief of the committee, the finance minister's busy schedule.

Finally, with the concurrence of the Finance Minister, the Cabinet Division moved to approve the bid proposal "by circulation", seeking written opinions from the members of the cabinet body.

## Singapore moves to cool property market

AFP, Singapore

Singapore on Monday announced fresh anti-speculation measures to cool its private property market as the city-state's double-digit economic growth keeps upward pressure on demand.

Owners who sell houses and apartments less than three years after buying them will have to pay a duty of three percent of the resale value -- a measure previously applicable to transactions within one year of the purchase.

For buyers with at least one outstanding loan, the minimum cash down payment was raised from five to 10 percent of valuation, while the maximum amount a bank can lend was capped at 70 percent, down from 80 percent.

The balance of the purchase price can be taken from pension savings.

The measures, which take immediate effect, are designed to discourage "flipping" -- buying properties on easy credit with low cash down payments, and then reselling them quickly for profit.

They were announced as a traditional lull in the property market in August was about to come to an end.

"The government's objective is to ensure a stable and sustainable property market where prices move in line with economic fundamentals," said a joint statement from the central bank and ministries of finance and national development.

"The property market is currently very buoyant," it said, adding that the new measures were designed to "temper sentiment and encourage greater financial prudence among property purchasers."

Properties in land-scarce Singapore are now among the most expensive in Asia, boosted in large part by the building of two massive casino complexes that opened this year.

A typical three-bedroom suburban apartment of around 100 square metres (1,076 square feet) that will be ready for occupancy in only two or three years now costs at least a million US dollars.

Latest available government data showed property prices rose 5.3 percent quarter-on-quarter in the April-June period, albeit slower than the 5.6 percent jump in the March quarter.

Even during the recession last year, private property prices rose 1.8 percent despite government measures to dampen the market.

Analysts expect the property market to stay strong in light of the economy's projected expansion of 13-15 percent for 2010, which would make Singapore the world's fastest growing major economy this year.



Arif Khan, deputy managing director of IDLC Finance Ltd, opens the eighth branch of IDLC Securities Ltd in Narayanganj recently. Md Saifuddin, managing director of IDLC Securities, is also seen.

## Genzyme breaks silence to rebuff Sanofi

REUTERS, Paris/Boston

US biotech Genzyme broke its five-week silence to reject an \$18.5 billion takeover proposal by French drugmaker Sanofi-Aventis on Monday, dismissing it as opportunistic and too low.

Sanofi Chief Executive Chris Viehbacher confirmed his \$69 per share non-binding cash offer for Genzyme on Sunday, hinting he could make a hostile takeover bid following several unsuccessful attempts to hold talks with Genzyme management.

Genzyme hit back on Monday, saying that Sanofi's proposal showed no improvement

in price since Viehbacher first wrote to management in July and failed to form the basis for talks.

"The Genzyme board is not prepared to engage in merger negotiations with Sanofi based upon an opportunistic proposal with an unrealistic starting price that dramatically undervalues the company," Genzyme CEO Henri Termeer said in a letter to Viehbacher published on Monday.

Sources previously told Reuters that Genzyme wants an offer of at least \$75 per share before Sanofi could review its books. Some shareholders want as much as \$80 a share to clinch a deal.

## YouTube in talks over pay-as-you-go film

REUTERS, London

Google's YouTube video-sharing website is in talks with Hollywood movie studios over a global pay-as-you-go video service that could be launched by the end of the year, the Financial Times reported on Monday.

Citing people with knowledge of the situation, the newspaper said the new service is likely to first launch in the United States, followed by other countries over time.

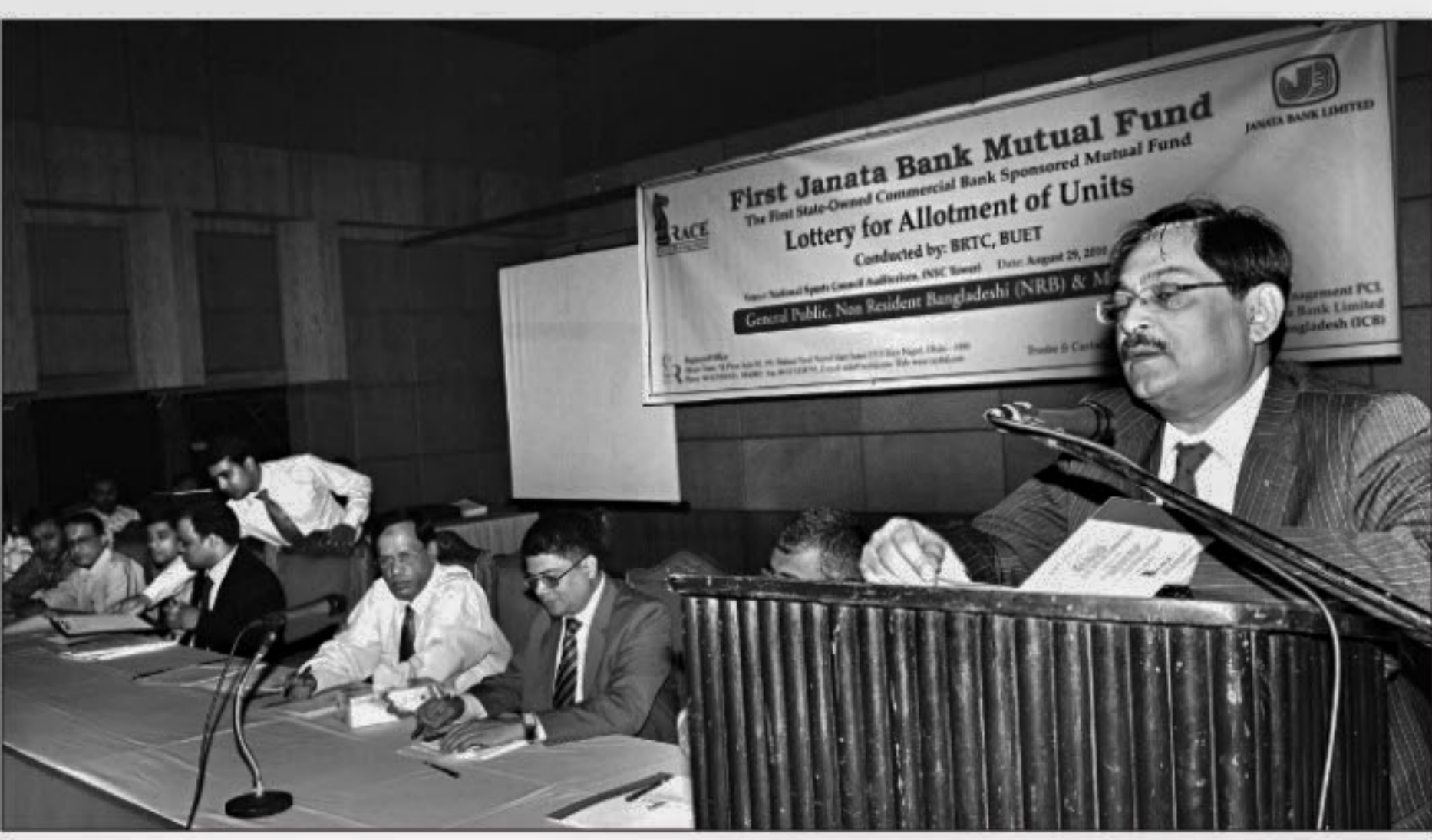
Google and YouTube "talked about how many people they could steer to this... it's a huge

number," the newspaper quoted an executive with knowledge of the plans as saying.

Viewers would stream films on the site and pay about \$5 for newer titles, the FT article said.

The films would become available at the same time as their release on DVD and on Apple's iTunes store and Amazon.com, it added.

The paper said negotiations have been ongoing for months, but have taken on a new urgency in recent weeks as Apple is expected this week to unveil developments to its TV service.



SM Aminur Rahman, managing director and chief executive officer of Janata Bank, speaks at the IPO (initial public offering) lottery of First Janata Bank Mutual Fund in Dhaka on Sunday.



Md Humayun Kabir, managing director of Sonali Bank, hands a foundation course completion certificate to one of the newly appointed senior officers of the bank at Sonali Bank Staff College in Dhaka recently.

## Rupali Ins chief re-elected



STAR BUSINESS DESK

Rupali Insurance Company Ltd has re-elected Mostafa Golam Quddus as chairman, the insurer said in a statement yesterday.

The election took place at the company's 136th board meeting in Dhaka recently.

Quddus is a former president of Bangladesh Garments Manufacturers and Exporters Association.

## Bangladesh Lamps Limited

Sadar Road, Mohakhali Dhaka - 1206

### Price Sensitive Information

This is for information of all concerned that, the Board of Directors of the Company at its meeting held on 30<sup>th</sup> August 2010 at 2.00 p.m., decided to set up a production line for manufacturing Fluorescent Tube Lights at its existing factory, located at Mohakhali, Dhaka. This new facility is likely to go into commercial production by 1<sup>st</sup> Quarter of 2011.

By order of the Board

Abdullah Ismail  
Company Secretary

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