

26 apparel units under scanner

STAFF CORRESPONDENT, Ctg

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in Chittagong is closely monitoring 26 ready-made garment factories in the port city to avert any unrest over non-payment of salaries and bonuses ahead of Eid-ul-Fitr.

BGMEA urged the owners of these factories to pay employees by Wednesday.

Officials of the BGMEA Chittagong office said they identified the factories in early August where untoward incidents might occur.

Most of these factories have records of delaying the payment of wages or

unrest in the last few years, while a few are facing a financial crisis, they said. The list has been submitted to the law enforcement agencies, he added.

Some of these 26 factories are not members of BGMEA and operate on hired machinery. BGMEA officials said problems usually arise in these factories and they are also monitoring them.

Around 700 RMG factories are now running in Chittagong, while 550 of them are BGMEA members. A monitoring cell comprising 15 leaders and members of BGMEA are regularly visiting these factories in different industrial zones, including Kalurghat, Nasirabad, Pahartali, Sagarika, Chawkbazar.

"Like previous years, we took such an initiative so that no unscrupulous section could create anarchy in the sector by using the grievances of the workers, especially before Eid," BGMEA First Vice President Nasiruddin Chowdhury told The Daily Star yesterday.

"We are closely monitoring these factories and urging the authorities to pay by September 8 because we don't want any unpleasant incident to take place over wages."

He said they are keeping in touch with the law enforcement agencies and the owners of those factories. He claimed that most RMG factories have already started paying wages.



Visiting Vice President of Asian Development Bank Xiaoyun Zhao meets Prime Minister Sheikh Hasina at her office in Dhaka yesterday.



Dasho Bap Kesang, ambassador of Bhutan in Bangladesh, meets AK Azad, president of Federation of Bangladesh Chambers of Commerce and Industry, in Dhaka yesterday. Md Jashim Uddin, first vice president, and Mostofa Azad Chowdhury Babu, vice president of the trade body, were also present.

RMG workers demand pay by Wednesday

STAR BUSINESS REPORT

Leaders of garment workers yesterday demanded payment of salaries and festival allowances by Wednesday.

Garment Sramik O Shilpa Raksha Jatiya Mancha, a platform of 16 garment workers' associations, urged factory owners to clear workers' salaries and bonuses immediately and help them celebrate Eid-ul-Fitr.

They organised a discussion asking the government to take stern action against the factory owners defaulting on such payments before the festival.

Labour leader Anowara Begum, Shahidullah Badal, Lima Ferdousi, Jahanara Begum and Ferdousi Begum spoke at the

discussion.

Members of other associations demanded reopening of shutdown factories, payment of workers' salaries with festival bonuses and withdrawal of cases against the workers.

They also urged the banks to provide sick industries with loans to enable them to pay out arrears.

The labour leaders at a press conference at the National Press Club also demanded release of the garment workers arrested recently.

Jahanara Begum, general secretary of Bangladesh Garment Sramik Federation, read out a written statement.

Robi's new CFO



STAR BUSINESS DESK

Robi has appointed Mahtab uddin Ahmed as chief financial officer, the mobile phone operator said in a statement yesterday.

Ahmed will be responsible for all financial and accounting matters of the company.

An FCMA, he started his career with IDLC and later worked with Unilever Bangladesh as national finance director.

Burger King sale may stoke restaurant deals

REUTERS, Los Angeles

Burger King Holdings Inc's \$3.26 billion buyout by investment firm 3G Capital may be the first in a new flurry of restaurant deals, with private equity firms hungry for high cash flow and low valuations.

Private equity firms are sitting on mountains of cash after raising bumper funds before the credit crisis, and they are still trying to invest that money.

Restaurants are prime targets. Some company valuations are low, most generate a lot of cash, and chains that have a high percentage of their units owned by franchisees have low capital requirements.

"It potentially could be the first of several transactions in the restaurant space," Morningstar analyst R.J. Hottovy said. "Private equity funds are sitting on a lot of undeployed capital at this point. This activity probably means good things for more acquisitions."

Diners have cut back on meals away from home amid high U.S. unemployment and a fumbling economic recovery. That has depressed sales and share prices at some restaurant chains, lowering

potential sale prices and creating an opportunity for a buyer to profit when the economy recovers.

d Hardee's parent, CKE Restaurants Inc, for \$694 million. Golden Gate Capital acquired On the Border Mexican Grill & Cantina from Brinker International Inc for about \$180 million.

In August, Mill Road Capital took Rubio's Restaurants private in a \$91 million deal, and Kelso & Co agreed to buy Logan's Roadhouse. No terms were disclosed.

The recent mergers and acquisitions interest could help California Pizza Kitchen, which has announced its desire to sell, find a suitor.

If the stocks of companies with strong cash flows remain under pressure, "You may see more transactions," said Telsey Advisory Group analyst Tom Forte. He named Chili's Grill & Bar owner Brinker and its rival Ruby Tuesday as "attractive candidates for private equity".

Ruby Tuesday and Brinker each have valuations that are below their peer group.

Stifel Nicolaus analyst Steve West added pizza chain Papa John's International Inc, and fast-food operators

Jack in the Box Inc and Sonic Corp to the list of potential candidates.

Upscale steakhouse chain Morton's Restaurant Group, juice seller Jamba and barbecue joint Famous Dave's of America have been the subject of takeover rumors on Wall Street.

And, with investors' recent hunger for hamburger chains, there also is speculation swirling around Red Robin Gourmet Burgers.

MORE WHOPPERS IN THE WORKS?

With a value of about \$4 billion including debt, the Burger King/3G deal is the industry's biggest since Arby's owner Triarc bought Wendy's for \$2 billion in September 2008. More importantly, the deal set a new bar for valuation at almost nine times cash flow over the last 12 months.

"We think further signs of buyout activity could support group multiples in the near term, as private equity firms seemingly have a strong appetite for deals," R.W. Baird analyst David Tarantino said in a client note.

Tarantino said the Burger King deal highlighted the value of several restaurants he covers, including Buffalo Wild Wings, Panera Bread Co, Cheesecake Factory, P.F. Chang's

China Bistro, Texas Roadhouse and California Pizza Kitchen.

As of August 31, before the Burger King/3G deal was announced, there were \$128 billion of private equity-backed deals worldwide, a 165 percent increase on the same period the previous year, according to Thomson Reuters data.

That represents 8 percent of the total volume mergers and acquisitions, higher than last year's 4 percent, but still far lower than around 20 percent during the M&A boom in 2006 and 2007.

"Burger King is probably as big as we're going to see at this point," Hottovy said. Private equity still does not have an appetite for the mega deals seen in the boom, he said.

Nevertheless, Wendy's/Arby's Group Chairman Nelson Peltz said in June that an unnamed party had expressed interest in a potential deal involving the fast-food company. It is not known if that party was 3G Capital.

"Wendy's/Arby's looks cheap (from a stock perspective), and you have a management team that is obviously willing to explore M&A activity," Hottovy said.



Shudhin Kumar Sarker, chairman of Bhanga Upazila Parishad, inaugurates the Bhanga SME/Agri branch of Islami Bank Bangladesh at Bhanga Bazar in Faridpur yesterday.

Lower home loan ratio for NRBs: Realtor

STAR BUSINESS DESK

The equity ratio for NRB home loan should be dropped down to 10:90 from 100:100, a real estate company said in a recent statement.

Mark Barkat, managing director of Sydney Real Estate Development and Management Corporation, said: "Such ratio is not reasonable to non-resident Bangladeshis [NRB]."

Barkat was speaking at a meeting on NRB home loans with Atiur Rahman, Bangladesh

Bank governor, at the latter's office in Dhaka.

Rahman then asked Md Ahsan Ullah, executive director of BB, to review the matter seriously.

Sydney Real Estate is a NRB home loan agent of Janata Bank in Australia.

The company also has the permission from the Board of Investment in Bangladesh to develop property, organise apartment sales and provide rental management services for the NRBs.

IMF's Lipsky says moderate world recovery underway

REUTERS, Gwangju, South Korea

The world economy is recovering moderately but still faces challenges such as the need for medium-term fiscal consolidation, the IMF's First Managing Director, John Lipsky, said on Sunday.

"They are mainly confident that there is a moderate recovery underway globally," he told reporters, referring to delegates at the G20 meeting of deputy finance and central bank chiefs in South Korea.

"Obviously there are risks and challenges, but things seem to be moving more or less in line with our forecast," he said, listing well-designed exit strategies and medium-term fiscal consolidation as challenges.

He said some good progress has been made in discussing changes to the IMF's executive board, but did not elaborate. G20 members have pledged to reach an agreement on the issue by the time leaders meet in Seoul in November.

The United States, frustrated at Europe's refusal to share more IMF power with emerging economies, took unprecedented action last month to block plans that would have kept Europe's long-running dominance over the 24-member board.

Emerging economies have called for a bigger say in international institutions such as the IMF in line with their increasing contribution to the global economy and the resultant importance in global economic policy coordination.

A senior Indonesian official told Reuters separately that emerging economies want more voting powers as well as a readjustment in the way the global economic policy is made.

"For emerging markets, the important thing is not only the size of the increase of the quota, but the general idea of the relationship between the quota and governance of the IMF -- and that needs to come in one package," Hartadi Sarwono, deputy governor of the Indonesian central bank, said in an interview.



Burger King sign and Brazilian national flag are seen at a restaurant in Sao Paulo. Private equity firms are sitting on mountains of cash after raising bumper funds before the credit crisis, and they are still trying to invest that money.