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## Drug makers double sales in three years

SAJJADUR RAHMAN

Top medicine makers recorded robust growth last year at an average 25 percent, riding on people's growing health awareness and purchasing power, according to the market players.

Also, increased rural penetration of the manufacturers and a significant development in healthcare sector have contributed to the growth.

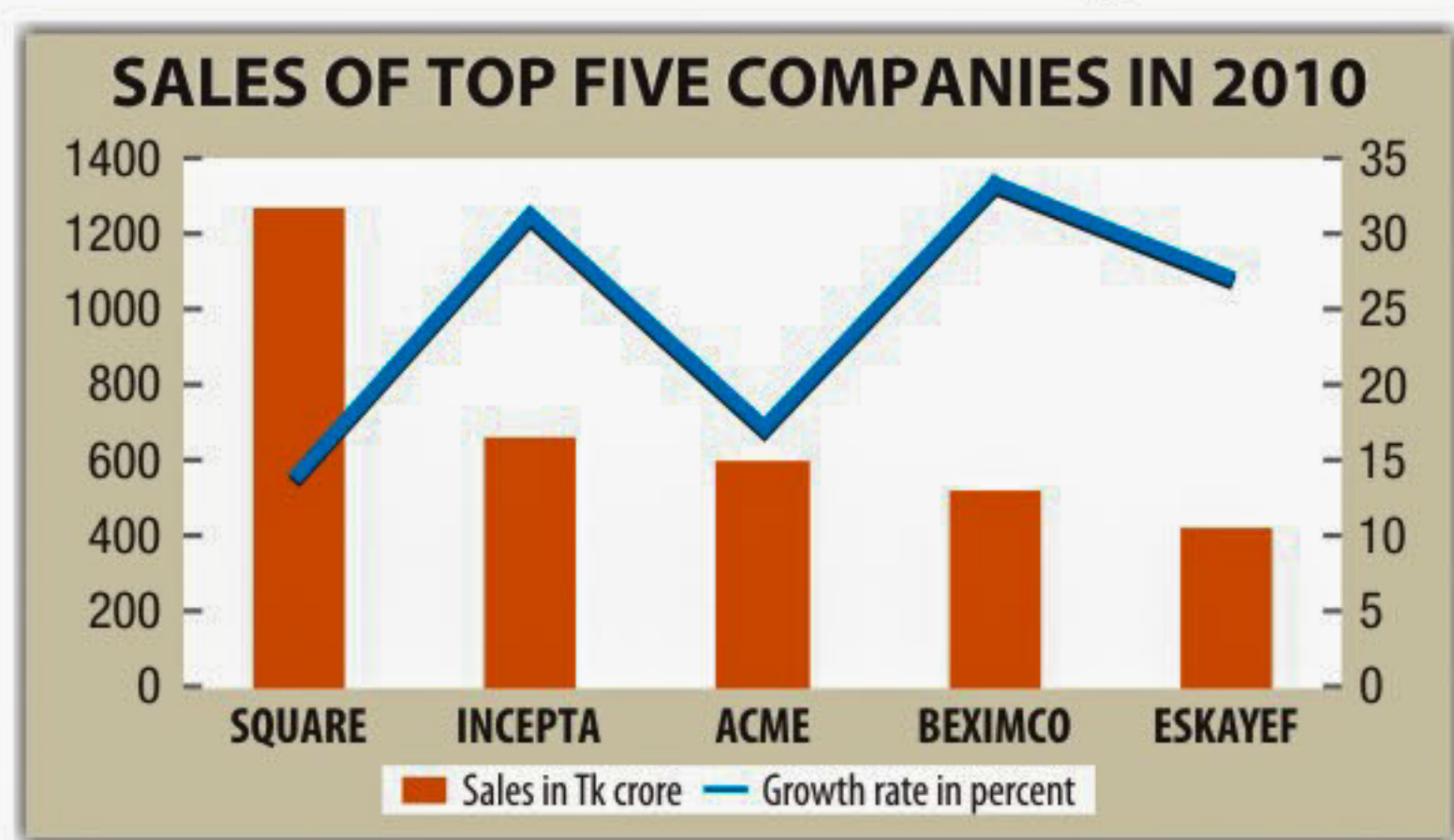
Bangladesh medicine sales reached Tk 3,700 crore three years ago, which nearly doubled to Tk 7,000 crore in 2010. The industry players forecast the growth trend would take the sales volume to Tk 10,000 crore in 2011.

Square, Beximco, Eskayef, Incepta and Acme are the top five manufacturers by sales and growth rate.

Beximco grew faster than other companies at a staggering 33 percent in 2010 with Tk 523 crore sales.

Incepta's sales and growth rate were Tk 665 crore and 31 percent respectively, followed by Acme's Tk 600 crore and 17 percent.

Eskayef logged Tk 426 crore in sales and the growth rate was 27 percent, the third highest pace in the year, said a company official.



"Increasing health consciousness and buying capacity have helped the industry grow consistently," said Mizanur Rahman Sinha, managing director of Acme Pharmaceuticals, one of the fastest growing manufacturers.

Sinha predicts the industry's total sales at Tk 10,000 crore in the current year.

Managing Director of Incepta Pharmaceuticals Abdul Mukhtadir echoed the same reason for the market growth, but he is not surprised to see the success.

Mukhtadir said 5 percent GDP growth helps the pharma industry grow at 15 percent, and 6 percent and 7 percent growth makes it 20 percent and 25 percent respec-

tively. Sales of Square Pharmaceuticals, the market leader, were Tk 1,270 crore in 2010, up from Tk 1,116 crore a year ago. Sales grew 14 percent year-on-year.

AM Faruque, managing director and chief executive officer of Apex Pharma, finds Bangladesh market to be a potential one. He thinks affordability and availability of medicines will help the market boom in the next few years.

Faruque said Apex Pharma, which is not a big player now, will emerge as one of the top five companies in five years. The present turnover of the company is Tk 60 crore only.

"Apex is coming in a big way," said Faruque.

Bill McKean, a UK pharmacist who has recently joined Apex Pharma as its chief technical officer, sees a huge prospect and high-quality players in the local market.

According to him, a large population and relaxation of trade related intellectual property rights (TRIPS) for least developed countries are contributing to the market growth.

Business Monitor International in its latest report (Q1 2011) said Bangladesh has moved up one place to occupy the 14th position in 17 regional markets surveyed in BMIs Pharmaceutical & Healthcare Business Environment Ratings for the Asia region.

Still, Bangladesh has a long way to go, the report said.

This adjustment now sees Bangladesh placed below Vietnam and above Sri Lanka. Bangladesh's pharmaceutical rating is 40.2 out of 100, a figure that has changed marginally from the previous quarter but remains lower than the regional average of 53.1. Globally, Bangladesh occupies 67th position in BMIs 83 market-strong pharmaceutical universe.

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## Summit Shipping set for IPO roadshow

SARWAR A CHOWDHURY

Summit Shipping Ltd plans to go public in an attempt to raise funds for business expansion and repayment of bank loans. If approved by the regulator, it will be the first shipping firm from the private sector entering the country's stockmarket. Presently, state-run Bangladesh Shipping Corporation is the only player of its genre there.

Two off-dock service providers from the private sector, however, are listed on the stockmarket: Summit Alliance Port Ltd and Ocean Container Ltd.

Summit Shipping, an associate of Summit Group, will float three crore ordinary shares of Tk 10 each using the book building method, a modern pricing mechanism for initial public offering (IPO).

The company, one of the leading market participants in the fuel carrier industry, will hold a roadshow on Thursday for institutional investors for indicative price setting of its shares.

A roadshow is required by the book building regulations and the eligible institutional investors will not be allowed to participate in the bidding unless they participate and quote prices at the roadshow for setting the indicative price.

The company with an existing paid-up capital of Tk 50 crore has proposed an indicative price for each share at Tk 80, including Tk 70 in premium.

With the IPO proceeds, Summit Shipping will repay entire loans which it took from banks and financial institutions so far aggregating around Tk 25 crore, the company said.

"This will improve Summit Shipping's profitability by around Tk 3 crore, making it debt-free," it said.

A portion of the IPO proceeds -- Tk 180 crore -- will be utilised to meet costs of acquisition (including duties, taxes and other pre-operation costs) of two vessels.

Summit Shipping has signed a memorandum of understanding with KAIYO Corporation, Japan, for acquisition of two oceangoing Double Hull Tankers at \$1.2 crore each.

"This will increase the company's hauling capacity by 40,000 tonnes and improve its profitability by approximately Tk 20 crore," it said.

Summit Shipping operates a fleet of six coastal oil-tankers having carrying capacity ranging from 1,200 tonnes to 2,500 tonnes.

Summit Shipping will use another part of the IPO proceeds of Tk 20 crore against cost of construction of a tank terminal in Narayanganj. "This will improve its profitability by around Tk 4.5 crore," it said.

The rest of the IPO proceeds will be used for meeting the costs of IPO, 3 percent income tax payments on share premium against the IPO and Summit Shipping's day-to-day operations as working capital.

Summit Shipping, whose earnings per share (diluted and re-stated) were Tk 2.14 as of September 2010, was set up by Summit Group to transport heavy fuel oil by tanker to the power plant site of Khulna Power Co Ltd from its intermediary store in Chittagong.

Banco Finance and Investment Ltd is the issue manager for the IPO.

## Food imports look pricey

SOHEL PARVEZ

Imported foods are likely to go pricier through the first quarter of the current year, mainly due to tight global supply as unfavourable climates continue to hurt crops in parts of the world.

Rice now retails at a record high of Tk 35-Tk 50 per kg due to hoarding by farmers and traders. But the prices may ease if the upcoming boro season sees a good harvest when the hoarders will feel a pressure to release stocks on hold, analysts say.

Food and Agriculture Organisation warned of another food price hike in 2011 due to the climate change-induced unpredictable weather conditions. FAO's Food Price Index hit a record high last month, crossing the peak of 2008 when high prices of foods sparked riots in many countries.

"It seems that the market situation won't ease through the next three months at least. The prices of wheat, sugar and cooking oil are likely to remain upmarket globally," said Rajeeb Samdani, managing director of Golden Harvest Commodities Ltd,

a local company that settles commodity transaction deals for its clients.

Since mid-last year, the prices of import-based essentials -- flour, cooking oil and sugar -- have been spiralling upward on the domestic market.

Flour has been selling at 43 percent higher prices at Tk 33-Tk 36 each kg for about a year now. Widely consumed unpackaged palm oil surged 50 percent to Tk 90-Tk 93 now compared with the previous year, according to the Trading Corporation of Bangladesh.

"Import-based commodities such as wheat, sugar, edible oil and pulse will follow international prices because of our high dependence on imports," said Mahabub Hossain, executive director of Brac.

FAO predicts the total paddy output will increase by 3.8 percent to 52.3 million tonnes in 2011, allowing the country to trim down its import requirement for the current year.

The farmers and agriculture officials said the harvests of aus, aman and boro were good in the last season. But the prices grew since Sep-

tember 2009 on speculation of crop losses due to floods and fogs in some areas.

The latest rally has resulted from factors such as a spike in government procurement prices in July last year and the tendency among the farmers and traders to hoard in the then aman season.

A rise in wages and land rents as well as the farmers' increased earning through the preceding year also contributed to the recent price hike of paddies and rice.

Fahmida Khatun, head of research of the Centre for Policy Dialogue, said the analysis of the current production, agricultural input distribution and the government's social safety net programmes implies mixed things about the future price of coarse rice in Bangladesh.

"The seed sellers' comment that the seed sales increased sharply in the current season indicates that the boro yields will be sizeable. Therefore, we may be a bit more comfortable with our sufficient rice production."

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## Mitsubishi to target India, Brazil

AFP, Tokyo

Mitsubishi Motors will streamline production in Japan, the United States and Europe while increasing output in emerging markets including Brazil and India.

By redistributing resources, the automaker aims to lift global production to 1.5 million units, up 50 percent from the year to March 2010.

In the United States, Japan's automaker will stop production of three models designed only for the North



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**PHP**

**Announcement of Acquisition of A.M.K. Steels Limited (Renamed As "PHP Ispat Limited")**

**By PHP Cold Rolling Mills Ltd. & PHP Continuous Galvanizing Mills Ltd.**

**Corporate Advisor Asian Tiger Capital Partners**

**This announcement appears as a matter of record only**  
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