

FBCCI taps Rajapaksa for economic deal

STAR BUSINESS REPORT

The country's apex trade body yesterday requested the visiting Sri Lankan President, Mahinda Rajapaksa, to help establish a joint economic council on trade and investment to formulate a comprehensive economic agreement between Bangladesh and Sri Lanka.

The proposal came at a luncheon meeting hosted by the trade body, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), in honour of Rajapaksa at the city's Sonargaon Hotel, where

ministers, government high-ups, businessmen and diplomats of both the countries were present.

FBCCI President AK Azad said the joint council may also take bilateral trade facilitation programmes and implement those for mutual interests with periodic reviews of progress. In the gathering, Rajapaksa did not give any speech.

Azad said a joint cooperation agreement was signed in 1985 between the FBCCI and the Federation of Chambers of Commerce and Industry of Sri Lanka and both the chambers have

already exchanged a few delegations within the purview of the cooperation agreement.

He made pleas to the Sri Lankan businessmen to invest in infrastructure, agro-based industries and power and energy sectors of Bangladesh.

"We can also explore feasibility of having joint ventures particularly in setting up coconut oil mills, textile, leather and footwear, pisciculture, engineering and food processing industries," Azad said.

According to FBCCI data, Bangladesh exported goods worth \$13.82 million to Sri Lanka

during the first six months (July-December) of the current fiscal year and imported goods worth \$12.87 million.

In fiscal 2009-10, the exports were worth \$23.74 million against the total imports of \$22.60 million.

From 1971 to 2010, a total of 31 Sri Lankan companies were registered with Bangladesh's Board of Investment and the total investment was recorded at \$75 million under joint venture and full foreign ownership.

At the meeting, Lankan Foreign Minister Professor GL Peiris said terrorism and violence were

the common problems of both Bangladesh and Sri Lanka previously, but now those are not prevailing.

"Now, both the countries are rediscovering their own identities," Peiris said. He said both the countries need to enhance people-to-people contacts for accelerating the socio-economic development.

Finance Minister AMA Muhith said terrorism is a national enemy. "We should work together to fight terrorism," he said. Trade between the countries is balanced and growing, the minister added.



STAR
M Ehsanul Haque, second from left, managing director of Prime Bank, attends the bank's 16th anniversary celebration programme at Hotel Purbani International in Dhaka yesterday.

Lufthansa launches Dhaka-Frankfurt cargo flight

STAR BUSINESS REPORT

Lufthansa Cargo, the cargo airline subsidiary of Lufthansa, national flag carrier of Germany, starts the first ever direct cargo service to any European country with the launch of Dhaka-Frankfurt cargo flight today.

Initially, the carrier will operate a two-way flight a week, on Wednesday, which will facilitate the local apparel exports mainly, hopes the regional representatives of the German-based carrier.

"We are going to launch the first ever direct cargo service to Europe from Bangladesh. We hope this helps the Bangladeshi exporters reach the European market within a night," said Matthias Brazel, general manager for Middle East, Bangladesh and Sri Lanka of Lufthansa Cargo.

"We have seen that export from Bangladesh is growing fast after China and India, and the market is growing further. So we thought, if we can launch the cargo service from Dhaka, it will be a win-win situation for local exporters and for us as well."

He was speaking at a press conference organised by the Lufthansa at the Best Western La Vinci in Dhaka yesterday.

He said Lufthansa will come from Frankfurt via Mumbai to Dhaka and will depart directly from Dhaka to reach Frankfurt.

Brazel, however, declined to disclose about the freight fare for per kilogramme of products. "It will depend on products, volumes and business type as well."

So far, Bangladeshi entrepreneurs have been exporting products through Middle Eastern carriers that take three to four days, which is a major drawback for the exporters, said industry insiders.

Bangladesh mainly exports 1.5 lakh tonnes of readymade garments, pharmaceutical, leather and agro items to European and North American countries.

Syed Sadaquat Hossain, country manager of Lufthansa in Bangladesh, urged the government to increase the cargo volumes and capacities.

"The space and other technical facilities at the Shahjalal International Airport are inadequate to facilitate local exporters. Local exporters' capacity has increased manifold in the last decade," Hossain added.

"Often the cargo village at the airport fails to shelter valuable export items, protecting them from heat and rain only. In addition, there is acute shortage of scanner machine as well," he said.

Carsten Hernig, regional director of Lufthansa for South Asia and Middle East, was also present at

GP amends books to issue bonds

STAR BUSINESS REPORT

Grameenphone shareholders yesterday approved an amendment to the company's articles of association, allowing it to issue bonds or take bank loans of up to Tk 1,100 crore. The amendment is subject to approval from the regulator.

The approval to the amendment came at the 14th annual general meeting of the mobile operator at Bangabandhu International Conference Centre in Dhaka.

Sigve Brekke, chairman of Grameenphone, and Tore Johnsen, chief executive officer, were present with other board members, senior officials and shareholders of the company. Hossain Sadat, company secretary, conducted the meeting with a question-answer session.

The shareholders approved final cash dividends at 85 percent of paid-up capital for the year to December 31, 2010, as recommended by the



GP
Sigve Brekke, chairman of Grameenphone, speaks at the 14th annual general meeting of the mobile operator at Bangabandhu International Conference Centre in Dhaka yesterday. Tore Johnsen, chief executive officer, was also present.

board of directors.

Some of the shareholders said the network system and internet services of GP are getting poor or bad, but they appreciated the company's corporate social responsibility interventions.

Johnsen said the management team of the company always tries to perform better. "This is the biggest company in the country. The network problems are occurring for the swapping or upgrading of the

system. But the service quality, both voice and data, will be better than what it had been in the past."

While replying to the shareholders' queries, Brekke said: "GP's revenue will increase in the

following days. The company has seen a gradual increase in revenue but due to higher subscriber acquisition cost, the EBITDA margin was lower compared to 2009, which was mainly driven by high SIM tax."

MI Cement rejoinder Stocks plunge on big sell-offs

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But actually we have raised Tk 334.80 crore. However, the fact is that we proposed to raise the fund not only for setting up the fourth unit of 3,000 MT/day capacity. We had clearly stipulated in our proposal in the prospectus (pages 111 and 112) that the company will diversify the investment in backward-linkage projects and improve the cement plant by adding more establishments and equipment for its smooth operation and helping reduce the production costs, which are Tk 218.61 crore.

2. As for the question over other operating income we explain that it came mainly from transport vehicles. These vehicles could not be used extensively as they got old. Moreover, there was traffic limitation to ply these vehicles in Dhaka city. Hence, while previously each vehicle could make two trips in Dhaka city a day, it was reduced to one trip due to the imposition of a traffic embargo: no access to the city before 9pm. That's why the income under this head declined.

3. Regarding the non-operational income, it came mainly from sales of scrap. As these items were less in July-Dec of 2009, so the income got decreased from Tk 18.13 lakh to Tk 8.61 lakh (the reported figure is not correct). It is to note that in 2008 huge scrap emanated from the fabrication of non-

standard parts of the third unit during installation, which was not the case in the following period.

4. An increase in extra benefit and expenses for employees is a normal phenomenon, which has been properly disclosed, in the financial statement (see page 73 of the prospectus).

5. Sales for the period of July-Dec 2009 increased by 33.42 percent, compared to the previous corresponding period. It was due to utilisation of spare capacity, which was disclosed on page 75 of the prospectus. So denying of the spare capacity stated to be associated in the probe committee report is incorrect and misleading.

6. An earnings per share (EPS) has been stated to be Tk 1.27 as of 2009. It is a misleading and incorrect figure. Actually, the income period shown in the prospectus July-Dec 2009 was for six months and EPS was Tk 1.60, which, if annualised, comes to Tk 3.20.

Our reply

The Daily Star's report was based on findings by the stockmarket probe committee led by Khondkar Ibrahim Khaled. The Daily Star spoke to the chief finance officer of MI Cement, Muktar Hossain Talukder, for comment and, accordingly, quoted him in its report.

STAR BUSINESS REPORT

Stocks suffered a dramatic decline yesterday fuelling speculations that the people accused in the stockmarket probe report deliberately went for sell-offs to push down the market and create pressure on the government not to take action against them.

The benchmark general index of Dhaka Stock Exchange slipped 68.23 points, or 1.07 percent, to 6,249 points. The DSE lost 175 points in the last four days of trading.

The selective categories index of Chittagong Stock Exchange lost 76.02 points, or 0.66 percent, to close at 11,342 points.

Earlier, the stockmarket probe committee had named several people who are liable for the stockmarket debacle.

"It is an unusual behaviour of the stockmarket," said Salahuddin Ahmed Khan, a teacher of finance at Dhaka University.

Khan, also a former chief executive officer of DSE, said the "crash suspects" wanted the market to fall as the High Court asked the government to make the report public within a reasonable time.

The surveillance department of the Securities and Exchange Commission (SEC) should investigate to find out who went for the massive sell-offs, he added.

Most investors anticipated that the market will gain but the selling pressure pushed down the stocks, insiders said.

"Suspected peoples went for sell-offs

to create pressure on the government for not taking action against them," said Akter H Sannamat, a market analyst. It is not a rational behaviour of the market, he added.

Of the total 253 issues traded on the DSE floor, 217 declined, 30 advanced and six remained unchanged. Turnover on the DSE stood at Tk 791 crore, up by Tk 76.73 crore from the previous day.

The banking sector lost 0.37 percent, reaching 27.5 percent of the total market capitalisation. The non-bank financial institutions (NBFI) lost 1.39 percent as all of their 21 issues closed in the red.

The fuel and power sector lost 0.47 percent, reaching 11.6 percent of the total market capitalisation, while the textile sector lost 1.84 percent. Grameenphone, a major player in the telecommunication sector, lost 1.01 percent.

Beximco topped the turnover leaders with 95.59 lakh shares worth Tk 27.72 crore traded on the day.

The other turnover leaders were Bextex, Titas Gas, DESCO, Malek Spinning Mills, Aftab Automobiles, BSRM Steels, Lankabangla Finance, Aims First Mutual Fund, and Olympic Industries.

Janata Insurance was the biggest gainer of the day, posting 5.21 percent rise in its share prices, while Fidelity Assets and Securities Company was the worst loser, slumping by 12.96 percent.



MTB
Samson H Chowdhury, chairman of MTB Group, and Syed Manzur Elahi, founding chairman of Mutual Trust Bank (MTB), attend the launch of MTB Capital Ltd, a fully owned subsidiary of the bank, at a programme in Dhaka yesterday.



SOLARTECH
Industries Minister Dilip Barua speaks at a seminar in Dhaka on Monday organised by Japan Solartech (Bangladesh) Ltd. Solartech is a solar power company that started its Bangladesh operations recently.