

Capital through rights shares falls in gloomy market

NINE COMPANIES RAISE ABOUT TK 865 CRORE

Companies	Offer ratio	Face value/Tk	Premium/Tk	No of shares	Raised fund/Tk
Rupali Insurance	1r:1	10	10	1.97cr	39.49cr
Saiham Textile	2r:1	10	15	5cr	125cr
RN Spinning	1r:1	10	10	13.91cr	278.28cr
LankaBangla Finance	1r:1	10	---	8.23cr	82.35cr
Trust Bank	1r:5	10	10	5.32cr	106.44cr
Central Insurance	1r:2	10	5	1.12cr	16.85cr
Keya Cosmetics	1r:1	10	10	7.4cr	147.98cr
Tallu Spinning	2r:1	10	---	4.28cr	42.80cr
Islamic Finance	1r:3	10	---	2.54cr	25.42cr

SARWAR A CHOWDHURY

Nine listed companies raised about Tk 865 crore, including premiums, through rights shares this year, which is 63 percent lower than last year.

The companies issued 49.79 crore rights shares to raise the amount, according to data from the Dhaka Stock Exchange.

The fall in capital raised through rights shares was mainly due to a downward trend in the secondary market that continued since the price debacle in January 2011.

In addition, a good number of companies raised funds from shareholders through rights offers in the previous two

years when the market was either bullish or better than this year.

In 2010, 24 companies raised Tk 1,760 crore through 88 crore rights shares. Twenty-one firms raised Tk 2,341 crore in 2011.

A rights issue is an issue of additional shares by a listed company to raise capital from existing shareholders.

With the rights, the existing shareholders have the privilege to buy a specified number of new shares from the firm at a particular price within a specified time. A rights issue is in contrast to an initial public offering (IPO), where shares are offered to the general public through a stock exchange.

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Dhaka trade fair: shop online

SUMAN SAHA

Imagine being able to explore a massive trade fair from the comforts of one's home, without the crowd, long tailbacks and the tussles with the vendors.

This is no longer a wishful thinking -- rather a reality in Bangladesh.

A local e-commerce company is presenting the 18th Dhaka International Trade Fair (DITF) on a web portal.

Amar Desh Amar Gram, an e-commerce concept of Future Solution for Business (FSB) Ltd, has developed an online marketplace for all the products to be showcased at DITF with the blessings of Export Promotion Bureau.

Prime Minister Sheikh Hasina is expected to inaugurate the trade fair website, difteshop.com, on January 1. The project will cost Tk 2 crore.

"It is a unique concept as we are working to create the product profiles of all the participants at DITF 2013 for online trading," Sadequa Hassan Sejuti, the managing director of FSB, told The Daily Star yesterday.

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Sadequa Hassan Sejuti

Shipbuilders offer new prospects for furniture makers

Local companies can supply furniture to export-oriented ships

SUMAN SAHA

The rising shipbuilding industry has created a niche market for the local furniture makers, who can increase their exports by supplying furniture to the export-oriented shipbuilders.

But despite having the capacity, the furniture makers are failing to grab the market due to a lack of policy support and a delay in getting standardisation certificates from the classification society.

A small export-oriented ocean-going vessel requires furniture worth at least \$1 lakh, which is now being imported.

"A ship is like a small hotel. It requires a lot of furniture such as bed, dining table, kitchen cabinet, sofa and wooden panel," said Saiful Islam, chairman of Western Marine Shipyard.

So, the local furniture makers can grab this opportunity as they have the capacity to meet the buyers' requirements, he said.

Bangladesh now competes in the international market in the segment of vessels having capacity from 1,000-10,000 deadweight tonnage. This segment includes tugs, crane boats, mooring boats, offshore craft barges, double-skin tankers and feeder tankers.

At present, Ananda, Western Marine, Highspeed Shipbuilding, Dhaka Dockyard and Engineering Works, Khan

Brothers Shipbuilding and Karnaphuli Shipyard are the leading shipbuilders that make ocean-going ships for international buyers.

These companies have received export orders for making world-class seagoing vessels, both small and medium, worth \$478 million with a deadline to deliver those by 2013, according to Export Promotion Bureau data.

Bangladesh also has the potential to earn \$2 billion by exporting ships and vessels in the next five years, Abdullah Bari, president of the Association of Export Oriented Shipbuilding Industries of Bangladesh, said at a seminar in September.

In the shipbuilding industry, about 60 percent of the contract value is spent on procurement as most of the raw materials are imported.

"Any organisation intending to supply materials to the export-oriented shipbuilding industry has to get standardisation certificates from an international ship classification society," said Md Shamsul Alam, managing director of Marine House Ltd, a vessel designing company.

A classification society establishes and maintains technical standards for the construction and operation of ships and offshore structures.

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Third from right, Latifur Rahman, chairman of Transcom Foods Ltd, cuts a cake to launch year-long celebrations to mark the 10th anniversary of Pizza Hut in Bangladesh, at a ceremony held in Dhaka on Saturday. Akku Chowdhury, managing director, was also present. Story on B3

Forex reserves only for rainy days: Atiur

STAR BUSINESS REPORT

Bangladesh Bank Governor Atiur Rahman has ruled out using the country's healthy foreign exchange reserves for long-term investment, saying those funds are saved for 'rainy days'.

"We need to keep in mind that foreign exchange reserve is a highly liquid asset and cannot be utilised for long-term investment."

"Of course, we have been utilising our reserve in short-term investment. The reserve is gener-

ally mobilised for any emergency -- for rainy days," Rahman told bankers at the Annual Banking Conference in Dhaka on Sunday.

His comments came after calls that the reserves should be used to finance long-term projects in the country.

Rahman said the rising reserves helped the country earn a good rating by Moody's and S&P. "We hope to maintain or improve this positive outlook with improved reserve in the coming days."

The central bank's promotional

role has helped expand the inward remittance, which is poised to cross an all-time high of \$14 billion.

As a consequence, the foreign exchange reserve -- now \$12.7 billion -- is expected to rise further, according to Rahman.

But one must not be complacent with this high reserve, he said. "The reserve is only of four months' import equivalent. There is, therefore, ample scope of expanding the reserve to create adequate cushion to face any external shock."

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