

COMMODITIES		ASIAN MARKETS				CURRENCIES					
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
1.72%	1.20%	\$1,144.92	\$77.55	27,868.63	16,880.38	3,286.39	2,418.17	76.85	93.84	120.13	0.66
4,938.65	9,329.09	(per ounce)	(per barrel)					BUY TK			
								SELL TK			

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Star BUSINESS

DHAKA MONDAY NOVEMBER 10, 2014, e-mail: business@thedailystar.net

Summit poised to develop part of hi-tech park

REJAUL KARIM BYRON
An Indo-Bangla company is poised to win a contract to develop a part of the long-delayed hi-tech park in Kaliakoir, Gazipur after the ICT division recommended their appointment. The company is a joint venture between Summit Industrial & Mercantile Corporation (Pvt) Ltd (SIMCL) of the local Summit Group and Infinity, an Indian firm. SIMCL-Infinity's appointment is now pending on the go-ahead from the cabinet committee on economic affairs, to whom the ICT division sent the proposal last week. If the cabinet committee gives the nod, an agreement will be signed for 40 years, which can be extended by another 20 years. The company is among the seven firms that submitted proposals to the ICT division in April. Out of seven, four were found responsive. Of them, two managed to submit complete proposals. SIMCL-Infinity was the only candidate that furnished all documents asked by the ICT division. The government has divided the 232-acre

HIGHLIGHTS

- The joint venture will invest **\$207.57m** in two blocks
- The blocks will be developed in **10 years**
- Govt to get **11 percent** of the incomes from the blocks as rents
- The developer will get the blocks as lease for **40 years**, which can be extended for another **20 years**

land into five blocks. Of them, the Bangladesh Hi-Tech Park Authority has set aside the number one block for itself, while putting the rest up for tender. SIMCL-Infinity is set to be awarded the contracts for blocks two and five, spanning over 65 acres and 29 acres of land respectively. The developer has proposed to invest \$114.56 million for block two and \$93.03 million for block five of the industrial park. It will develop the infrastructure in 10 years, according to a source closely linked with the project. SIMCL-Infinity will pay various charges and fees to the Hi-Tech Park Authority from its income: 42.25 percent for block two and 41 percent for block five as rent for built-up spaces, lease money for the land and utility and other charges. The developers for blocks three and four, each spanning over 76 acres of land, are yet to be finalised. In 1999, the government decided to set up the park on 232 acres of land belonging to the Kaliakoir Surface Satellite Station.

Jute prices rise despite poor demand

SOHEL PARVEZ
Raw jute prices shot up in the last two months in spite of sluggish exports. At present, raw jute is trading at Tk 1,600-1,800 a maund (40 kilogram) in producing regions, which is 13 percent higher than last year. This has put pressure on public and private mills, already under pressure for shrinking export receipts. The reason for the escalating prices was heightened speculation that production would fall much below last year's level, according to Prabir Saha, a trader in Faridpur, one of the main jute growing districts. Subsequently, a section of stockists saw an opening for windfall in the off-season, hoarding most of the supply of raw jute that was made available in the past two months, said Mujib Hossain Chowdhury, a supplier of raw jute to the state-run Bangladesh Jute Mills Corporation (BJMC). Even the large farmers bought jute to make money out of stocking, he added. The spiral has increased BJMC's woes, which is already under cash crunch, said its Chairman Humayun Khaleed. The state agency buys nearly 20 percent of the raw jute produced in a year to keep its 24 mills running. So far, it could manage only 13 percent of its procurement target of 26 lakh quintals (100kg equals one quintal) for the fiscal year. At this time last year, it bought more than 40 percent of its target.



KEY POINTS

- Raw jute is traded at **Tk 1,600-1,800** a maund
- The price is **13 percent** higher year-on-year
- Public and private mills are under pressure
- Raw jute production fell to **74.36 lakh bales** in fiscal 2013-14 from **76.10 lakh bales** a year ago
- Raw jute exports almost halved to **9.84 lakh bales** in fiscal 2013-14 from a year ago
- The production in the current fiscal year may be over **73.68 lakh bales**

Exports are declining and signs of increased use of jute locally are not visible either, he said, adding that private mills are not buying much for lack of demand abroad and fund dearth. The industry is also sitting on large stockpiles. "Under such circumstances, there should be no reason for price spike. It appears that production has been lower but the fact of the matter is that the prices were increased artificially by stocking." However, preliminary estimates suggest that production this year will be over the target of 73.68 lakh bales (1 bale equals 181 kg), said Mohammed Kefayet Ullah, a

director of the Department of Jute (DoJ). Raw jute production stood at 74.36 lakh bales last fiscal year, according to Bangladesh Bureau of Statistics. Azazur Rahman, owner of Supreme Fashion and Fibre, said he has some outstanding export orders which were placed when the raw jute price was much lower than the prevailing ones. The spiral has now put him in a difficult situation. Raw jute exports slumped more than 100 percent last fiscal year to 9.84 lakh bales, according to the DoJ. In case of processed jute, only yarn exports grew marginally but

shipment of jute sacks and bags dropped as well in the last fiscal year. Between July and September of current fiscal 2014-15, exports were down 3.94 percent in terms of value year-on-year, according to Export Promotion Bureau. In the face of spiral, the jute and textiles ministry has directed DoJ to take action to ensure adequate supply of the natural fibre in the market. It asked DoJ for measures so that none can hold 1,000 maunds of jute more than a month. The ministry also directed DoJ to prevent traders without licences to buy and sell raw jute.

Jatrabari flyover may get tax break

STAR BUSINESS REPORT
The National Board of Revenue yesterday agreed in principle to extend tax break facilities to Orion Infrastructure Ltd for its earnings from Mayor Hanif Flyover, also known as Jatrabari-Gulistan flyover. Tax exemption may be given for a period of 15 years as per Orion Infrastructure's request. Constructed on a build-own-operate-transfer basis at a cost of Tk 2,300 crore, the 11.8 kilometre flyover will be handed over to the government after a 24-year concession period. Also at yesterday's board meeting, the tax authority held discussions on exempting war-maimed freedom fighters from having to pay advance income tax for registration or fitness renewal of their private cars. A group of such freedom fighters had earlier applied to the tax administrator for the break. It was decided at the meeting that the tax authority would gather further information, such as the number of cars used by them, prior to giving a final nod to the plea.

Garment exports to Spain to soar: envoy



Luis Tejada
journalists at his office in Dhaka. Bangladesh, the second largest garment exporter after China, can grab more orders from Spain as "the country can offer very good prices and supply in large quantities". Spanish retail chain Inditex Group, which manages eight brands -- Zara, Pull and Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe -- is a leading buyer of Bangladeshi apparel, he said. In fiscal 2013-14, the country exported apparel worth \$1.5 billion to Spain, up 24 percent year-on-year. The amount is 93 percent of overall exports to the country, according to data from the Bangladesh Garment Manufacturers and Exporters Association. The European Union, the country's largest export destination, accounted for 60.21 percent of overall apparel exports of \$2.49 billion last fiscal year. READ MORE ON B3

Regulator to probe Shahjibazar Power's unusual price hike

STAR BUSINESS REPORT
The Bangladesh Securities and Exchange Commission yesterday formed a committee to investigate the recent unusual price hike of Shahjibazar Power Company. The power company's share price rose 556.71 percent to Tk 239.7 in the last six months. The committee members are: BSEC Directors Rejaul Karim and Shamsur Rahman. They will submit the investigation report to the regulator after 15 working days. BSEC had earlier found anomalies in the company's accounts and it spent Tk 1.72 lakh to appoint a new audit firm, A Qasem and Company Chartered Accountants, to identify the anomalies. The company's shares were barred from trading from August 11 to October 20 as Shahjibazar overstated its net profits and earnings per share for the nine months to March in its financial statement. The company's share prices are still rising and it traded for Tk 239.7 as of yesterday on the Dhaka Stock Exchange. The company showed an excess Tk 11.68 crore as net profit in its financial report for the period, according to BSEC-appointed auditors. READ MORE ON B3

Alliance to launch shariah index for institutional investors

GAZI TOWHID AHMED
Asset manager Alliance Capital plans to introduce a shariah-based index in January for the first time for institutional investors in Bangladesh. The index aims to provide institutional investors with a guideline on investing in shariah-compliant shares. Alliance is constantly developing new and innovative products for investors, like the shariah-index for capital market investment, which was developed by S&P Dow Jones Indices, said Kh Asadul Islam Ripon, managing director of the company. The product is ready for launch and will help investors get shariah-compliant gains and do minimal risk trading. The goal of the new index is to provide returns that match or beat the benchmark index (DSEX) of the Dhaka Stock Exchange, he said. For example, he said, from December 2013 to October this year, the index generated 48.1 percent returns, which stand at 23.7 percent for DSEX, according to research data of S&P. The index will contain around 25 potential listed stocks, which will be selected by S&P Dow Jones through strict inclusion criteria developed by a globally-

HIGHLIGHTS

- The index will be introduced in January
- It will provide institutional investors with a guideline on investing in shariah-compliant shares
- S&P Dow Jones Indices has developed the index
- The index will contain **25 listed stocks**

recognised shariah board, he said. These diversified stocks will show solid growth and returns and are much less risky and volatile than the general market, Ripon added. "Our shariah portfolio services are aimed at complementing traditional Islamic banking services by offering more avenues for investment to both banks as well as their clients." In 2013-2014, asset managers suffered many setbacks, but Alliance Capital upheld its promise to protect investors' capital in any economic condition, he said. READ MORE ON B3

BSEC limits use of IPO funds for loan repayment

STAR BUSINESS REPORT
Companies will be barred from using more than a third of the funds raised in an initial public offering (IPO) to repay loans, the Bangladesh Securities and Exchange Commission has decided. The new rule was imposed as most companies have recently used their IPO proceeds to repay bank loans instead of expanding operations. The regulatory move will encourage capital expenditure in business expansion by the companies that go public, an expert said. There are many companies that want to pay off their loan burdens with IPO proceeds, said Md Moniruzzaman, managing director of IDLC Investments, a merchant bank. "Limiting the use of IPO funds for loan repayment is a good move, in the context of our market." However, there are some companies

that only want to go public and do not need funds for expansion per se, and the new rule might discourage them from getting listed, he added. The stockmarket regulator also imposed new conditions on raising capital and issuing rights shares; newly listed firms will not be allowed to offer rights shares for up to two years from the date of publishing an IPO prospectus, and before utilisation of the IPO proceeds. Other listed firms will also not be allowed to offer rights shares before full utilisation of funds raised through the previous rights issue or repeat a public offer, BSEC said. In addition, re-listed firms will have to complete three financial years from the date of fresh listing on the main market from the OTC (over-the-counter) market to be eligible to use a rights issue to raise capital. READ MORE ON B3

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Denim expo begins tomorrow

STAR BUSINESS REPORT
An international exposition on denim textiles will begin in Dhaka tomorrow to help local apparel makers gain international exposure and develop contacts. About 50 exhibitors from over 14 countries will showcase products at the two-day Denim Expo at Radisson Blu Hotel. The exposition will bring together world leaders of denim trade to create a new supply chain, organisers said yesterday. Bangladesh, the US, Singapore, Thailand, Japan, Italy, China, Taiwan, India and Pakistan are among the countries participating in the exposition. International brands such as Archroma, Juki, Raymond and Vicunha have confirmed participation, organisers said in a statement. READ MORE ON B3