

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.12%	0.26%	\$1,214.38	\$47.20	26,908.82	16,885.33	3,298.36	3,373.94	77.70	90.24	115.76	0.65
4,963.66	9,191.33	(per ounce)	(per barrel)					BUY TK			
								SELL TK			



# Star BUSINESS

DHAKA THURSDAY JANUARY 8, 2015, e-mail: business@thedailystar.net

## Rice bran oil raises hopes for cuts in imports

**SOHEL PARVEZ**

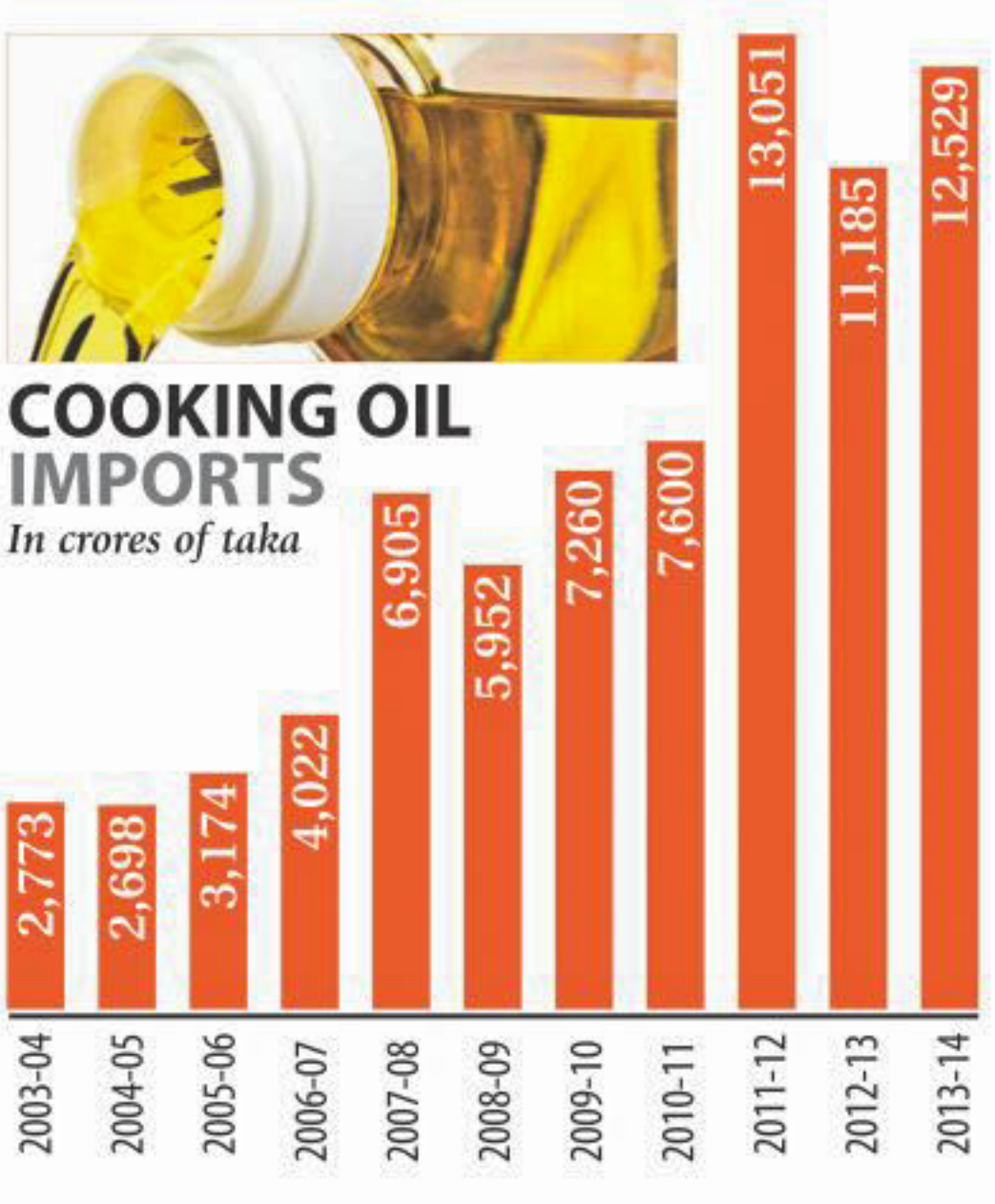
Demand for the antioxidant-rich rice bran oil is rising exponentially on the back of increased health consciousness among urban people, said industry operators.

The oil is extracted from the hard outer brown layer of rice after husking.

After an intense awareness campaign, particularly among housewives, demand for rice bran oil increased from 15-20 tonnes a day in 2012 to 70-100 tonnes now, according to industry insiders.

Consumers started switching to rice bran oil from soybean oil, according to Moinur Rahman, marketing manager of ACI Consumer Brands, which markets the ACI Nutrilife brand of rice bran oil. But it was not all plain sailing. Introduced in Bangladesh in 2011, the cooking oil had to get past plenty of misconceptions.

"We had faced a lot of difficulties during the initial days -- people were completely oblivious to the existence of rice bran oil and its health benefits. Many even perceived it to be engine oil," said Mazharul Islam, prime channel man-



ager of Emerald Oil Industries Ltd (EOIL).

One reason for rice bran oil's rising popularity is a reduction in its prices.

The price of each litre of rice bran oil was Tk 40 higher than soybean oil during the initial days. But the gap has now come down to Tk 20 each litre, said Rahman.

Rice bran oil's growing demand has also created expectations of bringing down the country's import dependency for cooking oil.

At present, the country spends over Tk 10,000 crore a year to import 14-15 lakh tonnes of edible oil against the domestic demand of 18 lakh tonnes, according to Bangladesh Bank and industry estimates.

"The rice bran oil holds very good market potential. We have the raw materials and there are many rice mills that can supply it," the ACI official said.

The country produces more than 5 crore tonnes of paddy a year, which yields 40 lakh tonnes of rice bran, according to estimates by agricultural scientists.

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## Cotton use to grow 4pc on higher demand

**REFAYET ULLAH MIRDHA**

Bangladesh's cotton consumption will rise 4.08 percent in fiscal 2015-16, riding on higher demand from local spinners and foreign investors in the textile sub-sector, the London-based Economist Intelligence Unit (EIU) forecasts.

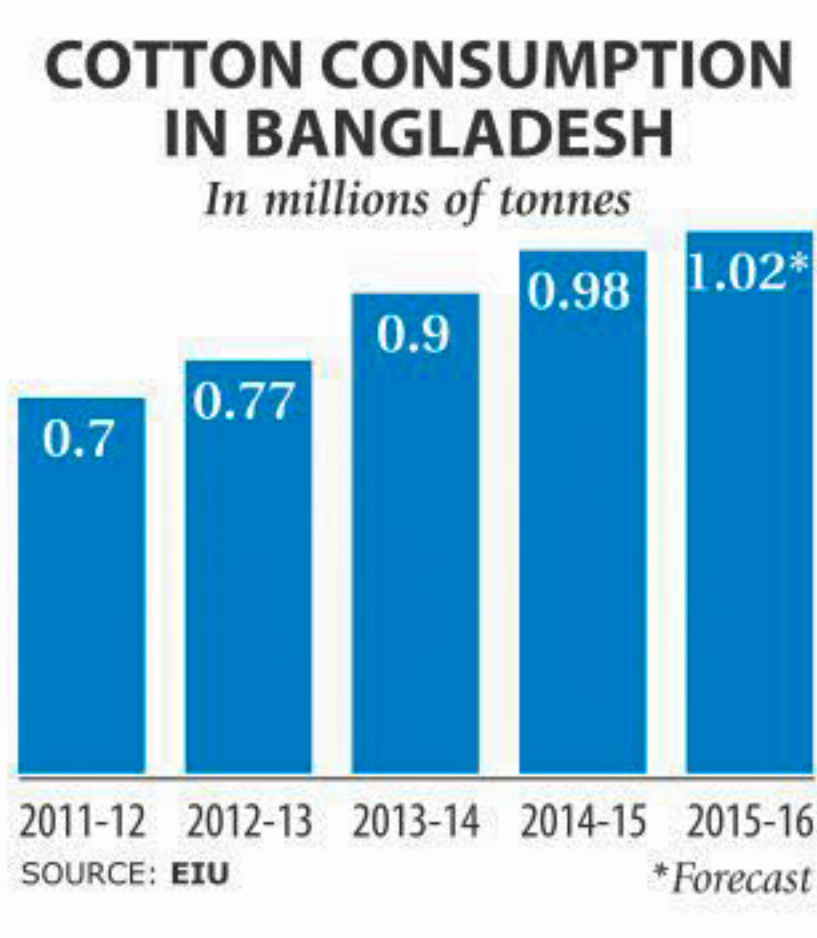
Consumption will increase to 1.02 million tonnes despite poor safety standards, mainly due to a shift in investment in the textile sector from India and China, the EIU said. This is the first time that cotton consumption will cross the one million tonne mark.

The EIU is the research and analysis division of the Economist Group that owns the Economist newspaper.

"Cotton consumption in Bangladesh will increase if the investment proposals in the textiles sector from abroad are really implemented here," said Jahangir Alamin, the immediate past president of Bangladesh Textile Mills Association.

The local spinners have been running their mills under capacity due to an inadequate supply of gas and power, he added.

"The EIU's prediction on cotton



according to the EIU report published on January 1.

The country currently imports more than 0.98 million tonnes of cotton a year from the US, India, Pakistan, Australia, Uzbekistan and others countries; poor safety standards continue to be a downside risk to the forecast, according to industry insiders.

The total investment in the primary textiles sector is around four billion euros. Local spinners can supply 90 percent of yarn for the knitwear sub-sector and nearly 40 percent of fabric for the woven sub-sector.

The death of over 1,100 workers in the collapse of a factory in Dhaka in 2013 put the garment industry, which accounts for about 80 percent of Bangladesh's exports, under scrutiny.

Safety challenges in the sector present the risk of Western buyers turning to other markets in the region in search of better standards and greater regulatory stability, said EIU.

On the international front, the EIU said global cotton consumption is to expand by 3.3 percent in 2014-15, following a small decline of 0.5 percent in 2013-14.

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## Forex reserves hit new high

**STAR BUSINESS REPORT**

Foreign currency reserves reached a new high yesterday, hitting \$22.46 billion on the back of resurgence in exports in the past couple of months.

Last month, exports raked in \$2.84 billion, up 4.41 percent year-on-year, according to an official from the commerce ministry, whose sub-division Export Promotion Bureau logs in export data. Exports raked in \$2.42 billion in November last year.

December's figure takes the total export earnings in the first half of fiscal 2014-15 to \$14.91 billion, a slight improvement of 1.56 percent over the previous year, the official added.

Meanwhile, the surging reserves will take a hit today: some \$900 million will be paid to Asian Clearing Union as import liabilities, as per a Bangladesh Bank official.

There was a rush of imports last month, particularly for Padma bridge construction, he said.

"Even then, the reserves were at satisfactory level. The forex market is very liquid now. There is no supply side problem," the official said, quashing fears of a greenback shortage. On December 30, reserves hit \$22.30 billion, a record until now.

If the trend continues, seeing the steady inflow of remittance, BB might soon have to resume its purchase of greenbacks in the interbank market, he added.

Inward remittance grew at double-digit rates in the first half of fiscal year to \$7.47 billion. Some \$1.26 billion was sent in last month by migrant workers, according to BB's latest data.

## Robi postpones IPO plan

**SARWAR A CHOWDHURY**

Mobile operator Robi Axiata said it might not go for an initial public offering before July next year, as business circumstances are not favourable.

Robi has backtracked on the IPO for uncertainty over acquiring spectrum this year, an unsettled issue of SIM replacement tax and insufficient incentive for listing, according to a recent letter sent to Bangladesh Securities and Exchange Commission. "It appears that the conditions are not conducive to public offering at this point in time," Robi said in the letter, signed by its Chief Financial Officer Yap Wai Yip.

Of the six mobile phone operators in Bangladesh, only Grameenphone is listed on the stockmarket.

Robi said it is doubtful that the factors and fundamental parameters will remain favourable for it to acquire further spectrum in 2015, as Bangladesh Telecommunication Regulatory Commission is in the process to call an auction for selling spectrum this year.

Robi, majority owned by Malaysia-based Axiata Group, rolled out its 3G services last year.

"Further uncertainties are intertwined due to the fact that SIM replacement claim by the National Board of Revenue is yet to be settled, which may affect the business as a whole and consequently our own business plans," it said.

"Even if business circumstances become favourable,



our shareholders are of the view that there is insufficient incentive to proceed for IPO, in light of the existing corporate income tax regime," it said, in response to a regulatory letter that was sent to the operator in August last year.

Referring to the 45 percent corporate tax, Robi said the mobile phone operators are currently facing the highest rate of corporate tax in Bangladesh, which is a deterrent to business.

The same tax rate is also applicable to the tobacco industry, which produces cigarettes and other tobacco products detrimental to public health and general wellbeing. But the mobile telecom industry is continuously contributing to the development of the nation, the letter added.

"In this respect, we have written to the finance ministry, decision of which would be paramount to our shareholder's decision to offer shares to public," Robi said in the letter.

Arif Khan, a commissioner of the stockmarket regulator, said listing is mandatory for a company that has a paid-up capital of more than Tk 50 crore. "And listing of such companies always brings good results for both the market and investors."

Robi has a subscriber base of 2.5 crore as of September last year, with a 21 percent market share. Revenue in the January-September period of 2014 was Tk 3,601 crore, 5.8 percent lower than that in the same period of the previous year.

## Matarbari power project appoints consultant

**STAR BUSINESS REPORT**

The work of Matarbari coal-fired power project began yesterday after the government struck a deal to award design and supervision consultancy services to a joint venture of four foreign companies.

The Coal Power Generation Company Bangladesh Ltd (CPGCBL) signed the agreement involving Tk 622 crore with the joint venture of Japan's Tokyo Electric Power Services Company Ltd (TEPSCO) and Nippon Koei Company Ltd, Germany's Fichtner GmbH & Company KG and Australia's SMEC International.

"It is a giant leap towards developing the country. This will change the whole economy," said Nasrul Hamid, state minister for power, energy and mineral resources, at the deal signing ceremony at the capital's Westin hotel.

He said the 1,200-megawatt power project has been included among the list of projects that the government plans to implement on a fast-track basis, given the country's need for more electricity to drive growth.

Yasuyuki Shimada, general manager of TEPSCO, said: "With the signing of the agreement the real work of the project has started."

The joint venture will help the CPGCBL in design and preparation of specification, preparation of bid document and assist in engineering, procurement and construction selection, construction supervision and monitoring of environmental issues up to defect liability period.

The duration of the project is 108 months, according to papers circulated at the signing ceremony.

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**Stocks depressed by political nerves**

**STAR BUSINESS REPORT**

Stocks ended flat yesterday as investors took a backseat to observe the market carefully.

DSEX, the benchmark general index of Dhaka Stock Exchange, fell 6 points or 0.12 percent, to close at 4,963.66. DSES, the shariah index of bourse, fell 2.94 points or 0.24 percent, to 1,118.56.

Investors were indecisive amid political jitters, said LankaBangla Securities.

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