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IDLC 50 ▼ 1.08%
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Currencies

	Buy Tk	Sell Tk
USD	69.73	68.73
EUR	87.08	82.94
GBP	106.67	102.35
JPY	0.81	0.76

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼ \$1,236.50 (per ounce)

Oil ▼ \$76.76 (per barrel) (Midday Trade)

SOURCE: AFP

News in Brief

BB's new guideline for bank expansion

BSS, Dhaka

Bangladesh Bank (BB) on Monday issued a new guideline for the expansion of branches, booths and head-quarters of banks.

In a circular, the central bank said all banks should keep business of their head-quarters inside a single structure.

In special cases, banks can house some wings in other buildings, not far from the headquarters, and should not be located in more than two separate sites, while IT backup, data centres, training institutions and warehouses can be located outside head offices.

Banks should open at least one branch outside Dhaka for getting approval of two branches in the capital city, added the circular.

At present, there is no such limit, though the central bank encourages opening of rural branches.

UK to impose limit on immigration

STAR BUSINESS REPORT

The number of workers entering UK from outside Europe will be controlled by a new limit, British Home Secretary Theresa May announced in London on Monday.

Net migration will be scaled back to the levels of the 1990s -- to tens of thousands, rather than hundreds of thousands. Introducing a limit on migrants from outside Europe going there to work is just one of the ways the UK government intends to achieve this.

Details on how the final limit will be delivered will be agreed upon following a 12-week consultation with businesses, according to a press release by the British High Commission in Dhaka yesterday.

In the meantime, an interim limit will be introduced to ensure that there is no rush of applications and the number of work visas issued stays below the level in 2009.

BO account maintenance fee goes up

STAR BUSINESS REPORT

The stockmarket regulator has imposed an additional Tk 200 in annual maintenance fee on each beneficiary owner (BO) account.

The decision effective from July takes the total annual maintenance fee to Tk 500.

The Securities and Exchange Commission (SEC) took the decision at a meeting yesterday in a bid to increase government revenue from stockmarket. SEC Chairman Ziaul Haque Khondker presided over the meeting.

The maintenance fee will go to the state coffers, and the government will receive around Tk 50 crore a year from around 25 lakh BO accounts now active in capital market.

The SEC first introduced a Tk 300 annual maintenance fee in 2007 to stop the opening of fake or shady BO accounts by using other person's information.

According to rules, of the annual fee of Tk 300, a depository participant gets Tk 100, the CDBL (Central Depository of Bangladesh Limited) Tk 150 and the SEC Tk 50.

Previously, the BO account holders had to pay a custody fee annually to the CDBL, if there were shares in the accounts. The custody fee was calculated on the basis of existing shares in a BO account and an account holder had to pay 0.05 percent of the current market value of the shares.

But it was seen in many occasions that a group of investors participate in the IPOs with many BO accounts, which ultimately cuts the real investors' competitiveness.

A prospective investor pays up to Tk 1,000 to open a BO account.

ACTIVE FINE CHEMICALS IPO APPROVED

At yesterday's meeting, the SEC also gave a go-ahead to Active Fine Chemicals Ltd, a chemical reagent and active pharmaceutical ingredi-

ents (API) maker, to raise Tk 16 crore from stockmarket.

Active Fine Chemicals will float 1.6 crore ordinary shares of Tk 10 each to raise the funds, which the company said will strengthen its foothold in a sector that is now heavily dependent on imports.

It will also use a portion of the money to pay off bank loans that it took against its project established in 2004 on 10 acres of land in Munshiganj. The company will pay off Tk 6.55 crore bank loans, while the rest of the amount will be added to the working capital structure for business expansion and for IPO (initial public offering) expenditure.

The company's existing paid-up capital is Tk 24 crore, of which Tk 4 crore was raised through private placement.

As of December 2009, the company's earnings per share (EPS) were Tk 0.51 on net turnover of Tk 2.25 crore. The EPS has been projected to reach Tk 2.30 by the year-end.

As of December 2009, the company's net asset value (NAV) per share was Tk 11.57. Janata Bank is the issue manager of Active Fine Chemicals IPO.

At present, 20 pharmaceuticals and chemicals companies are listed on the stockmarket.

BY THE NUMBERS

Extra maintenance fee
Tk 200

Effective from
July 2010

Previous fee
Tk 300

Govt to get a year
Tk 50 crore

Number of BO accounts
25 lakh

GREEN DELTA MUTUAL FUND GETS NOD

The stockmarket regulator also approved a Tk 150 crore closed-end mutual fund, sponsored by Green Delta Insurance.

The sponsors will subscribe Tk 15 crore of the 10-yearly fund styled "Green Delta Mutual Fund". Of the rest amount, Tk 60 crore has been kept for pre-IPO or private placement, while Tk 75 crore will be raised from public through IPO.

Face value of each unit of the fund is Tk 10. LR Global Bangladesh, an asset management company, is the manager of the fund.

Marico unveils new hair care product



From left to right, Soumendra Sankar Das, head of marketing for Marico Bangladesh, Farzana Shakil, a beauty expert, Saba, brand ambassador for Marico's Hair and Care, KS Balaji, head of manufacturing and supply chain for Marico Bangladesh, pose for photographs at the launch of Hair and Care at Dhaka Sheraton Hotel on Monday.

STAR BUSINESS REPORT

Marico Bangladesh Ltd (MBL) has unveiled a new hair care product for the Bangladeshi beauty conscious women recently in Dhaka.

MBL, a subsidiary of the Indian leading skin and hair care conglomerate, started operation in Bangladesh in 2002, acquiring Aromatic and Camelia branded shop.

Soumendra Sankar Das, the company's head of marketing, unveiled the product at a ceremony at the Winter Garden of Dhaka Sheraton Hotel on Monday.

The newly unwrapped product 'Hair and Care' is the lone hair oil that allows the consumers to manage both nutrition and style with 50 percent less non-stick than the conventional hair oil. As a result, hair always remains bouncy, free flowing and naturally stylish.

"Initially we will import the product from India for Bangladesh market and we are expecting to produce the product locally within six months," said Das.

The product is mainly designed to cater to the needs of the school, college and university going girls besides work-

ing women.

"The main feature of the product is that it will not only beautify the hair of the beauty-conscious women but it will also change their lifestyle, as its unique formulation will give hair a 50 percent less stickiness than any other conventional hair oil," points out Farzana Shakil, one of the country's leading beauty experts.

Das said his company will take up a '360 degree campaign' to make customers aware of the product.

'360 degree campaign' means usage of all modes of communication channels, such as print and electronic media, billboards, banners and social networking groups, and 'point of sales' display in a bid to activate the customer needs.

"Consumer centric attitude will be the core of the branding strategy," said the marketing boss.

According to the MBL website, it holds a leading position in the fast moving consumer goods market in Bangladesh. Products of the company, including coconut oil, hair care and skin care products, reach more than 4.5 lakh outlets in Bangladesh.

Govt cuts tax on stockbrokers

STAR BUSINESS REPORT

The government yesterday withdrew or modified the proposals for imposing tax on interest income from pensioner savings certificates, and increasing tax at source on export earnings and stockbrokers' commissions.

On the commissions of the stockbrokers, the proposed 0.10 percent advance income tax has been reduced to 0.05 percent.

Finance Minister AMA Muhith in his concluding speech on the proposed budget announced these changes.

Earlier a proposal had been made to impose a 10 percent tax on all the profits of the pensioners' savings certificate. Besides, the new family savings certificate reintroduced last week will also remain tax-free.

However, two other existing savings instruments where 10 percent tax was proposed in the next fiscal year's budget would remain in force.

On export earnings, including those from garments industry, advance income tax has been made 0.50 percent. In the budget proposal it was increased to 1 percent from the existing 0.25 percent.

At businessmen level, the advance trade VAT has been made 2 percent, which was proposed at 3 percent from 1.5 percent.

Besides, the proposal to impose increased tariff on sugar has been put on hold till the end of Ramadan.

Rupali Bank up for overhaul

SAJJADUR RAHMAN

The government has taken a fresh move to reform the ailing state-owned Rupali Bank.

The finance ministry considers bringing some changes to the structure of the bank to operate it as a corporate like other state banks, ministry officials said.

In addition, the budget division of the finance ministry has asked Rupali Bank to explain in detail how it plans to be a corporate and handle Tk 678 crore in outstanding government loans.

"Corporatisation will empower the bank's management and improve efficiency," a ministry official told The Daily Star yesterday.

"We are examining the Rupali Bank issue and assessing how Sonali, Janata and Agrani banks have been corporatised and dealt with their default loans," he said.

Globally, corporatisation is an effective way of improving the performance of the state enterprises and a policy alternative for countries seeking to restructure such enterprises without massive privatisation.

In 2005, the government initiated a move to privatise the bank by selling its entire 93.26 percent share hold. In 2006, foreign and local bidders took part in a bidding, and a Saudi prince, Bandar Bin Mohammad Abdul Rahman Al Saud, won it at \$448 million.

Later, the Fakhruddin Ahmed-led caretaker government scrapped the proposed sale as the Saudi prince declined to take over it.

Finance Minister AMA Muhith last month

approved a three-year plan to strengthen the financial health of Rupali Bank by earmarking Tk 1,052 crore. The minister also asked the banking division to take the budget division's opinion before releasing any funds, officials said.

The bank earlier submitted a three-year plan, asking the government to provide Tk 1,052 crore. Of the amount, Tk 375 crore will be used to issue rights shares and the rest Tk 677.93 crore in bonds to repay the outstanding loans, according to the plan.

Although Rupali in its three-year strengthening plan suggested issuing bonds, the finance ministry last month decided not to issue the bonds before 2011-12.

Rupali is the only state-owned bank listed on the Dhaka and Chittagong stock exchanges. Some 6.74 percent shares of the bank are in the private sector.

"We've also asked Rupali to send us its audited accounts over the last five years to assess the bank's financial condition," said the ministry official.

Of the bank's Tk 678 crore defaulted loans, Bangladesh Jute Mills Corporation owed Tk 450 crore and Bangladesh Textile Mills Corporation the rest, according to Rupali Bank officials.

In April 2008, the government issued bonds to repay the loans of three state-owned banks -- Sonali, Janata and Agrani. This year, the government allocated money to issue rights shares for Janata Bank.

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S Korea regains status as world's top shipbuilder

AFP, Seoul

South Korea overtook China to regain its status as the world's top shipbuilder in the first four months of this year thanks to a rise in demand from European shipping lines, the government said Tuesday.



Footwear maker eyes expansion

SAYEDA AKTER

Fortuna Bangladesh is set to expand operations in the footwear industry by increasing its production capacity and establishing the country's first shoe mould manufacturing factory by September.

Previously known as Fortuna Group, the company initially invested Tk 56 crore in setting up the new factories and importing high-tech machinery.

"We set up our factory in Kunia, Gazipur, in February to expand our state-of-the-art shoe manufacturing facility to produce 6,000 pairs of shoes a day from the current capacity of 2,500 pairs," said Fayaz Taher, CEO (manufacturing and retail division) of Fortuna Bangladesh.

The new factory that is likely to start operations by September will produce footwear mainly for the international market, although it also has plans to tap the local market.

"We expect to earn foreign currency worth Tk 200 crore a year once we start exporting footwear," he said.

"At present, the shoe industry is in the early stages that is similar to the early days of the readymade garments industry. I believe this will be the next garment industry for Bangladesh," he said.

"This is what made us think about entering the sector."

"In addition, many buyers from China are now coming to Bangladesh as their cost of labor is increasing. Many European buyers are also looking to take advantage of the duty-free export facility to the EU as an additional 16.5 percent tax is levied on footwear exports from China," added Taher.

Nowadays, many countries, like China and India, are failing to produce high quality but low-cost leather items because of the WTO antidumping rules. So, orders from Germany, Italy, France, Japan and Canada are increasingly shifting to the local manufacturers.

Earlier, China, India and Vietnam were the largest leather shoe exporters.

Taher said the Fortuna shoe factory is run under foreign supervision, while the company hired Chinese professionals to look after the technical and production side. An American fashion designer to oversee the creativity and designing side was also hired, he added.

"We believe this is the best way to transfer technical and creative knowledge. With our own source of finished leather, vertical integration was always the vision from the time we started the tannery in 1991."

Under the expansion plans, the company is also establishing the country's first shoe mould factory by teaming up with a Chinese company.

"We will manufacture plastic mould that is now being sourced from China and India. Once we are done, it will help ensure a perfect shape of our shoes," the Fortuna boss said.

At present, most local footwear companies are using wooden moulds that cannot assure an accurate shape.

In addition, the company is in a joint venture with a Spanish company to make outsoles. It will have a collection of over 100 different outsole styles, he said.

Fortuna also plans to open its one-stop shop for foreign shoe buyers. It also opened four retail outlets to serve the domestic market.

Fortuna also makes bags, wallets and other leather accessories for the domestic and international market.

The demand for fashionable and high end leather shoes has declined in international markets because of the global financial meltdown. But it has also given an opportunity for Bangladesh to produce shoes that are ordinary but essential.

The country started exporting leather footwear in 1994 on a small scale to neighboring countries, including India and Nepal.

The footwear business grew in recent years. The total market size of the Bangladesh leather footwear market stands at Tk 1,700 crore, of which, about 45 percent is exported. The country exports around six million pairs of leather footwear a year.

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