



Stocks	
DGEN	▲ 2.02% 6,325.78
CSCX	▲ 1.91% 12,131.63

IDLC Index	
IDLC 50	▲ 1.95% 6,522.78

Asian Markets	
MUMBAI	▼ 0.61% 18,020.35
TOKYO	▲ 0.77% 9,503.66
SINGAPORE	▼ 0.22% 2,966.99
SHANGHAI	▲ 0.65% 2,588.68

Currencies		
	Buy Tk	Sell Tk
USD	69.40	69.40
EUR	89.60	89.63
GBP	107.03	107.04
JPY	0.79	0.79

Commodities	
Gold	▼ \$1,193.00 (per ounce)
Oil	▲ \$79.07 (per barrel)

Clarification

Abdul Mukhtar, secretary general of Bangladesh Association of Pharmaceutical Industries, said he was misinterpreted in a report, "Foreign drug-makers rush for slow patents", published in Star Business yesterday.

In a statement, Mukhtar said the report misquoted him as saying "the multinational companies would like to see the local industries barred".

He said he did not make any such comment. He clarified that he responded to a query -- why are multinational companies filing so many patent applications? He had replied: "Most of these applications are coming to Bangladesh through WIPO [World Intellectual Property Organisation]."

"Bangladeshi companies will be able to make copies of patented products until January 1, 2016 and then afterwards the companies will have to abide by the regulations of TRIPS [Trade-Related Aspects of Intellectual Property Rights]."

"No local company will be able to make copy of those drugs patented after that cut-off date," Mukhtar said.

EU banks could seek 25b euros in capital top-up

REUTERS, London

European banks who only just scraped through a health check could look for over 25 billion euros in new capital, while Spain's smaller lenders set out to reassure investors on Monday that they can raise funds.

Of the 91 banks tested, seven failed, including five from Spain, and another 17 barely passed the EU tests which have been widely criticised as not demanding enough.

Banks to enter MICR era



A teller attends to customers at a bank in Dhaka. Bangladesh Bank yesterday directed banks to issue MICR cheques that can be verified online.

STAR BUSINESS REPORT

Clients of banks will get their cheques cleared within one working day as automated clearing houses will be introduced across the country on November 1 and machine-readable cheques will be in place by the time.

The traditional cheques take at least three days to be cleared.

The central bank yesterday directed the banks to issue the machine-readable magnetic ink character recognition (MICR) cheques, which can be verified online. Bangladesh Bank (BB) has also asked the banks to give their branches necessary guidelines.

The BB said no clearing house in the country will accept non-MICR cheques after November 1.

The BB in a circular also said MICR cheques will have to be issued from all branches of the banks in the district towns by August 19.

The banks will have to phase out such cheques by October 31.

The central bank on May 31 this year stopped clearing all non-MICR cheques at about 1100 branches under Dhaka Clear-

ing House.

After a trial run on August 4, the automated clearing house will formally start functioning in Dhaka.

The BB in a letter on Sunday said the activities of the manual clearing house for cheque processing will be kept suspended on August 4 as a preparatory measure to introduce Bangladesh Automated Cheque Processing System (BACPS).

The central bank sent the letter containing five-point guidelines to all the commercial banks. The BB circular said the manual clearing of cheques will remain suspended for one day to check the integrity and fitness of BACPS and all settlements of the instruments sent by the banks will be made through the automated system.

If any cheque remains uncleared on the day, it will be sent to the paying bank.

BB officials said automated cheque processing system is going to be introduced in all the banks in Dhaka after September. As part of it, necessary preparatory works are going on, they said.

LankaBangla Securities to get indicative price next week

STAR BUSINESS REPORT

The indicative price of LankaBangla Securities shares will be set within the next one week through bidding by institutional investors, as part of the stockbroker's plan to go for IPO using book building method, officials said yesterday.

At least 15 institutional investors from minimum three sectors, including five merchant banks, will take part in the bidding to determine the indicative price of each LankaBangla Securities share.

Determining the indicative price is a prerequisite for going to discover the share price of a company that intends to go public using the book building method, a modern pricing mechanism for initial public offering (IPO).

Setting the indicative price is also required to obtain regulatory approval at the first stage.

"After getting an indicative price, we will submit the IPO prospectus to the regulator for its consent to go for price discovery," said Mohammed Nasir Uddin Chowdhury, chief executive officer of LankaBangla Securities.

He was speaking at the roadshow on LankaBangla Securities, arranged for the institutional investors at the Dhaka Sheraton hotel yesterday.

A roadshow is required by the book building regulations before price discovery where a company's fundamentals are displayed to the institutional investors.

AAA Consultants and Financial Advisers, the issue manager of the LankaBangla Securities IPO, presented the fundamentals of the brokerage firm at the roadshow.

If approved by the Securities and Exchange Commission, LankaBangla Securities will be first listed stockbroker in the Bangladesh market.

The brokerage firm's existing paid-up capital is Tk 55 crore and will float three crore ordinary shares of Tk 10 each. After the IPO, its paid-up capital will reach Tk 85 crore.

Of the three crore ordinary shares, 20 percent or 60 lakh shares will be reserved for the institutional investors, who individually can apply for maximum 10 percent of the 60 lakh shares.

With the IPO proceeds, the company will go for business expansion and diversification such as increasing margin loan facilities, branch expansion, software upgrade and acquiring fixed assets.

A subsidiary of LankaBangla Finance Ltd, the firm will also go for strategic investment in other companies, participate in bond market and effectively activate dealership activities.

The half-yearly earnings per share (EPS) of LankaBangla Securities, the top performer on the two bourses in terms of turnover in the last four years, is Tk 16.20 to June this year.

LankaBangla Securities started operations in the capital market in 1998. Now it has eight branches across the country, and two more branches are in the pipeline.

The stockbroker, which was rated AA2 by Credit Rating Agency of Bangladesh, is a 90.9 percent owned subsidiary of LankaBangla Finance Ltd, a leading listed non-bank financial institution. LankaBangla Finance is engaged in leasing, credit cards, merchant banking, corporate finance and financial consultancy.

Luxury cars in fast lane

Garment owners and top realtors fuel sales

SAJJADUR RAHMAN

Sales of German premium auto manufacturers Audi, BMW and Mercedes-Benz are on a roll, riding on the demands from garment exporters and realtors, sellers of the brands said.

Executive Motors, the distributor of the world's leading luxury car maker, BMW, said its sales were up 100 percent in the first half of 2010 from the same period a year ago.

Sales of another luxury car Audi that has been marketing for the past one and a half months also got significant response from the local buyers. Thirteen Audi cars were sold during the period, out of 20 the importer brought in.

Mercedes-Benz, which is being marketed by Rangs Motors, saw nearly a 50 percent rise in sales in the first half of this year. Some 30 units of the brand were sold in the six months period ending in June 2010.

"Garment exporters and realtors were the main buyers of Audis," said Habibullah Don, the Bangladesh importer of Audis.

Mokhlesur Rahman who distributes BMW agreed that these buyers were driving the luxury car market in the country.

"The buyers were the exporters and real estate businessmen," said Rahman, who has sold 32 BMW cars in the first six months of 2010. He pegged



Sales of luxury cars have increased recently, driven mainly by garment exporters and realtors.

sales at only 30 cars during all of 2009.

Although the garment exporters were the main buyers of these premium cars, they are claiming profits are too low to hike workers' minimum wage from mere Tk 1,662.

A garment exporter can pay 9,627 workers' monthly wages at Tk 1,662 per month with the value of a Tk 1.60 crore car. The exporter can pay 5,333 workers' monthly wages at Tk 3,000 per worker per month with the car's price.

'Luxury car' suggests a vehicle with greater performance, construction precision, comfort, design ingenuity, technological innovation and features that convey brand image or prestige. But the term varies from

country to country. What is a luxury car to Bangladeshis may be ordinary to Americans and Europeans.

According to the market players, luxury car sales dropped in the three years before 2009, due both to the political strife and higher duties in the budget of 2009-10.

An Audi car costs Tk 85 lakh to 1.20 crore and a Mercedes-Benz Tk 40 lakh to 1.60 crore, according to the sellers.

Sales of the luxury cars declined in 2007 after an army-backed caretaker government took power in January of 2007. Even some owners of those luxury brands stopped using their cars, fearing that army personnel and taxmen would notice them. But the situa-

tion improved after January 2009 when an elected government assumed power.

The government imposed 100 percent supplementary duty on motor vehicles with a cylinder capacity of 1,651 cc to 2,000cc in the budget of 2009-10, up from 60 percent in the previous year.

A 250 percent duty was imposed on vehicles of 2,001cc to 2,750cc in 2009-10, up from 100 percent a year earlier, a rate retained in the budget of 2010-11. More than 2,751cc cars carry the higher duty of 350 percent.

"We try to import cars within 2,000cc so that duties remain within 100 percent," said Rahman, the BMW distributor.

sajjad@thedailystar.net



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India microlender eyes IPO

AFP, Mumbai

India's top lender to the poor, SKS Microfinance, said Monday it hopes to raise up to \$350 million in an IPO as it becomes the country's first microfinancier to float.

SKS, which lends small sums to India's neediest who are unable to get credit from mainstream banks, is selling a 22 percent stake in the initial public offering (IPO).

There are currently more than 3,000 micro-finance institutions and self-help groups in India, lending more than \$7 billion to nearly 80 million users, but SKS is the country's biggest.