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DHAKA THURSDAY JULY 12, 2012, e-mail:business@thedailystar.net

Shahjalal airport upgrade to begin Aug 1

STAR BUSINESS REPORT

The upgrading of Hazrat Shahjalal International Airport is set to start on August 1 at a cost of Tk 530 crore.

The airport's taxiway and its lighting will be rehabilitated at a cost of 311 million Danish krone (around Tk 445 crore) to be provided by Danish International Development Agency (DANIDA) as grant.

The government will spend around Tk 85 crore in duty and taxes on imports of equipment.

Air Vice Marshal Mahmud Hussain, chairman of the Civil Aviation Authority of Bangladesh (Caab), and the chief executive officer of Munck Asfalt, a Danish firm that got the work order, signed the agreement in presence of Faruk Khan, civil aviation minister, at the Caab headquarters in Dhaka yesterday.

The work will be completed within 21 months, the Caab said in a statement yesterday.

The government approved an airport upgrading project in 2008 at a cost of 311 million Danish krone or Tk 414 crore at that time. The project, however, could not be implemented because of a procedural delay and, consequently, the project's cost increased to 470 million Danish krone.

It became uncertain as DANIDA refused to provide the additional fund sought by the government in the middle of last year.

The stalemate was resolved in April, after the government decided to complete whatever work is covered by the Danish funds. The government then asked Munck Asfalt, the preferred bidder, to reconstruct the taxiway and its lighting.

BB steps up fight against LC frauds

STAR BUSINESS REPORT

The central bank yesterday warned banks against purchases of fake trade bills, a phenomenon that threatens to undermine the banking system.

The warning comes in response to the precarious financial health of some banks, due to purchases of fake bills which have drained crores of taka out of them.

In a notice issued yesterday, Bangladesh Bank has forbidden decisions at branch level on purchases of bills -- in local or foreign currency -- until

further notice.

The branches will have to take written permission from the head office to do such transactions, the regulator said.

The accommodation bills of letters of credit (LC), in any currency, must not be honoured without verification of the items, the central bank said.

Banks usually open LCs and purchase or discount or negotiate bills under LCs in genuine commercial and trade transactions of their borrowers. The problem arises, when trade transactions between two persons are

unreal.

The central bank said it has detected an increasing tendency to cash in LCs without any real trade taking place.

A senior official of a commercial bank said the fraud happens in two ways: firstly, influential businessmen exercise their influence to take out money against the LCs, and secondly, a section of bank officials assist the businessmen to do so.

A top central bank official said it occurs frequently. "We are taking

measures to stop this malpractice," he said.

"We have sought information from the banks. We will take necessary steps after we receive all information."

In May, Bangladesh Bank retrieved Tk 523 crore from four local banks on behalf of Sonali Bank after non-payment for a transaction of Beximco Group.

Two sister concerns of Beximco Group -- Beximco Ltd and Bextex -- transacted goods between themselves via LCs in takas.

Bextex, which was the seller, obtained an LC from Sonali Bank for the transaction, while the buyer Beximco Ltd committed to pay via four banks: Janata Bank, Agrani Bank, Rupali Bank and Exim Bank.

As it turns out, Beximco Ltd did not pay the four banks, and they, in turn, did not pay Sonali Bank.

Also in May, Sonali Bank relieved three of its senior officials of their duties for lending Tk 2,638 crore to a little-known Hallmark Group in a similar case.

Stocks swing to the black in choppy trade

STAR BUSINESS REPORT

Stocks bounced back yesterday, breaking a losing streak of seven days, on the back of a buying pressure from institutional investors.

DGEN, the main gauge of the Dhaka Stock Exchange, dropped around 150 points by midday, only to recover enough to pull the index back in the black by the close of the trading session.

The price-earnings ratio fell below 13 -- meaning it was a good time to buy -- which persuaded institutional

investors to get in the act, market insiders said.

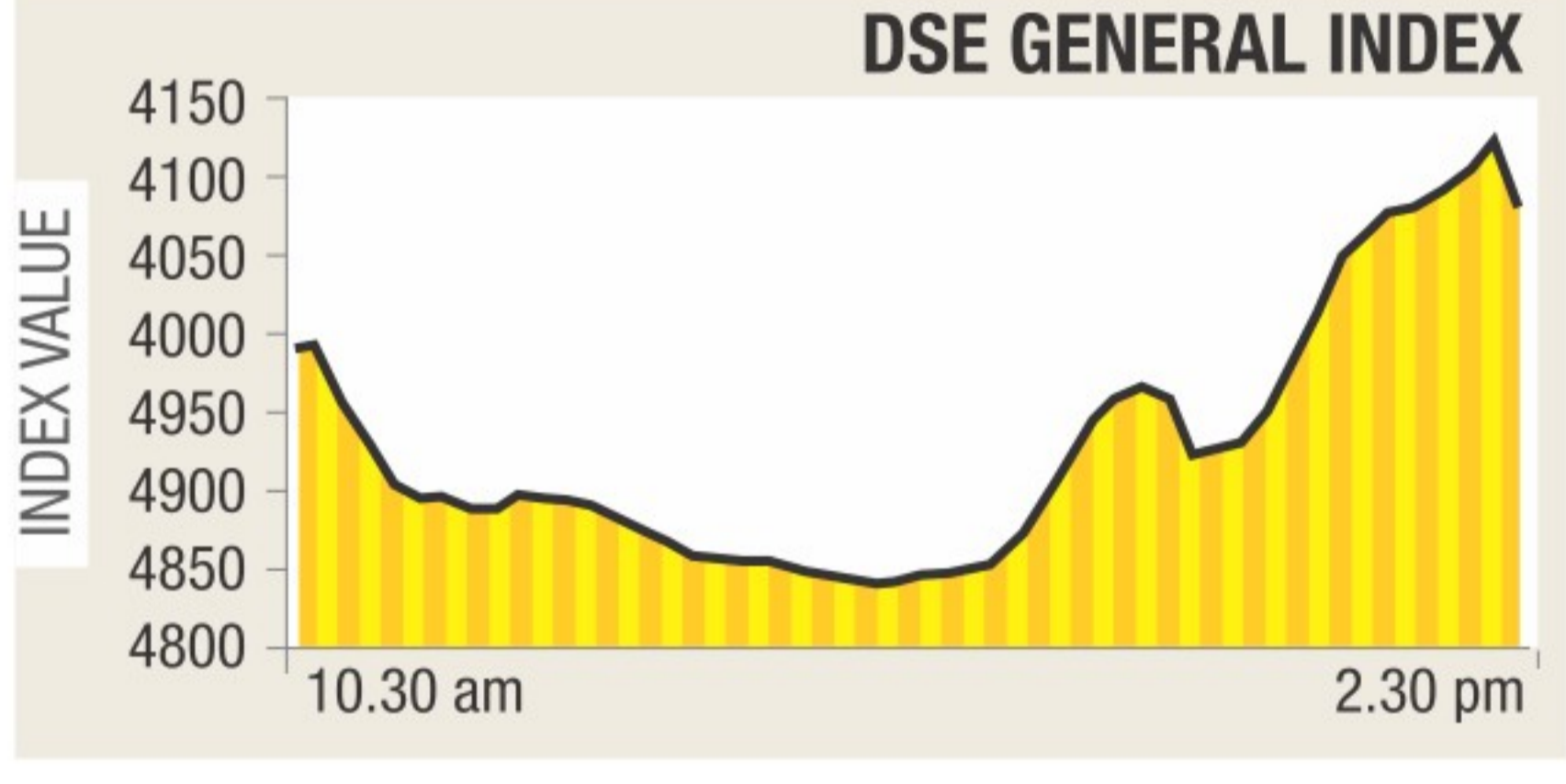
The DGEN eventually finished with 4,077 points, after gaining 88 points from the previous day.

IDLC, City Brokerage, ICB Securities, Salta Capital and NCCB Securities topped the list of net buy, their figures being Tk 8.75 crore, Tk 6.32 crore, Tk 4.12 crore, Tk 3.56 crore and Tk 1.84 crore respectively.

"Opportunist investors, who have reduced their portfolio exposure earlier and waited for favourable conditions, became active as prices



Investors take to the streets to protest a huge fall in early trading on the Dhaka Stock Exchange in Motijheel in the capital yesterday. The benchmark index closed higher later in the day.



looked rewarding for most of the investment grade stocks," IDLC Investments Ltd said.

The merchant bank's Managing Director Md Moniruzzaman said an investment opportunity was created when the market fell below the 4,000-level, which, the investors grabbed with both hands.

Akter Hossain Sannamat, managing director and chief executive officer of Union Capital, said invest-

ors' low confidence led the market to fluctuate dramatically.

The market made a dramatic return, thanks to the institutional investors, said Sannamat.

"They went on a buying spree as most of the good stocks became lucrative for long-term investments."

He asked institutional investors to continue to be active in the market as it will enhance the confidence of small investors.

He also urged the government to take stockmarket-friendly actions to increase the flow of money.

Turnover, volume and trade were up by 8.81 percent, 12.51 percent and 18.31 percent respectively.

A total of 5.1 crore shares were traded, generating a turnover of Tk 201 crore.

On the DSE, 228 shares gained, 28 declined and 10 remained unchanged.

Rahimafrooz enters Japan market with batteries

SUMAN SAHA

Rahimafrooz has entered the Japanese market, the first for a Bangladeshi company, as part of the battery maker's plan to expand its geographic reach.

"We are very happy to enter the competitive market of Japan through maiden export," says Munawar Misbah Moin, managing director of Rahimafrooz Globatt Ltd.

The first consignment, consisting of 1,200 pieces of car battery worth \$50,000, was sent off on Tuesday.

Shiro Sadoshima, Japanese ambassador, Shubhashish Bose, vice Chairman of Export Promotion Bureau, and Andrew Tilke, CEO of HSBC Bangladesh, were present at the ceremony.

The company plans to export 3,000 pieces of battery worth \$1.2 million to Japan this fiscal year, to be retailed via a Japanese agent, Shahriar Zaman, head of marketing and sales at Rahimafrooz Globatt Ltd, said.



Namibia.

"We want to take Bangladeshi brand into global markets," says Zaman, who oversees the international business of the company.

He says Globatt has already been recognised as one of the leading brands in Singapore and Dubai.

Rahimafrooz Globatt Ltd exported 5.08 lakh pieces of car battery worth

around \$22 million in fiscal 2011-12, 69.23 percent more than the previous fiscal year, according to Zaman.

Of the total exports, 30 percent come from Saarc countries including India, 25 percent from Middle Eastern countries, while Far East markets make up 22 percent.

The company that made its first export to Sri Lanka in 2009 hopes to reach export volumes worth \$89 million by fiscal 2014-15, he added.

Rahimafrooz has doubled its annual automotive battery production capacity to 25 lakh units as part of its global expansion plan, Moin said.

Rahimafrooz is the market leader in industrial batteries, solar power and instant power system (IPS).

Rahimafrooz, founded in 1954 by the late AC Abdur Rahim as a trading company in Dhaka, now operates in four broad segments -- storage power, automotive electronics, energy and retail.

The group, with its annual sales of around Tk 1,800 crore, has 13 operating companies, including four joint venture companies and a non-profit social enterprise.

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United Airways to resume Bangkok flights

SAYEDA AKTER

United Airways is set to resume its operation on Dhaka-Bangkok route from August after a year of suspension due to low passenger flow to Bangkok from Dhaka in the aftermath of the devastating floods in Thailand.

"We are now ready to resume flights to Bangkok from Dhaka from August. We hope this will help leisure, medical and business travellers from both countries a lot to enhance communication to a further level," said Mohammad Kamrul Islam, assistant general manager of United Airways.

The first ever publicly listed company in the aviation sector of Bangladesh, United is likely to operate two flights on Sundays and Thursdays from Dhaka to Bangkok every week, he said.

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