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# star BUSINESS

DHAKA THURSDAY AUGUST 16, 2012, e-mail:business@thedailystar.net

## Fresh funds pour into shoemaking

**SOHEL PARVEZ**

Significant export prospects bring a growing number of local and foreign entrepreneurs into the shoe and leather goods industry.

In the past several years, more than a dozen of local firms have signed up for making footwear and leather goods.

The investors put the money in the sector as international buyers flocked to Bangladesh, a low-cost source, due to rising costs in the world's biggest footwear exporter -- China, industry operators said.

Foreign investors, especially from Taiwan, have also established factories in export processing zones (EPZs) to cash in on Bangladesh's cheap labour and a duty-free export opportunity to Europe and Japan.

Already, exports of shoes and leather goods are on the rise.

"Many are investing in shoe and bag making business amid rising production costs in China. Exports will be huge within 10 years," said Tipu Sultan, managing director of Bengal Leather Complex.

Some 11 Taiwanese groups have established factories in EPZs in the last three to five years, said Sultan, also a former chairman of Bangladesh Finished Leather, Leather Goods & Footwear Exporters Association.

Taiwanese firms control around 60 percent of shoe trading business globally, he said.

Since 2006, the association has awarded memberships to 13 new local firms, mostly shoes and leather goods makers.



AMRAN HOSSAIN  
People work at a factory of Apex Adelchi Footwear Ltd in Gazipur.

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## SEC extends deadline for interest waiver

### Time extension until Sept 30

**STAR BUSINESS REPORT**

The Securities and Exchange Commission yesterday extended the deadline for retail investors who lost money in last year's stock market crash.

The extension comes following requests from institutions, stockbrokers and merchant banks, SEC Executive Director Saifur Rahman said yesterday.

In response to the market crash of January 2011 the government in October announced a stimulus package for stockmarket investors to restore stability to the market, and compensating the retail or small investors was part of the package.

The government formed a seven-member special scheme committee, led by Investment Corporation of Bangladesh's Managing Director Md Fayezuzzaman, in November 2011, to identify small investors who lost money in the crash and the sum they lost.

The committee singled out 9.33 lakh small investors -- beneficiary account holders who deposited up to Tk 10 lakh of their money and incurred losses -- for compensation.

It also recommended 20 percent quota for those small investors in all initial public offerings -- government and private -- to be issued in 2012 and 2013.

Part of the compensation involves a 50 percent waiver of interests accrued in the last calendar year on loans of the affected small investors.

Although the merchant banks and stockbrokers were directed to submit a report to the SEC by August 14 on the progress made regarding the interest waiver, none of the institution did.

## NBFIs see clouds over profits

**SARWAR A CHOWDHURY**

A liquidity shortage in the money market and a highly volatile stockmarket cast a gloom over non-bank financial institutions (NBFIs) in the first half this year.

A third of them posted unimpressive corporate results in the six-month period up to June.

Net profits of 13 listed NBFIs declined, while earnings of six others increased compared to the same period a year ago, according to half-yearly data.

There are 22 listed NBFIs. Of them, 19 maintain calendar year for accounting purposes, while three maintain financial year and they logged lower profit this year.

Although the liquidity shortage eased in the second quarter (April-June), it was not enough for the NBFIs, which mainly depend on borrowing from banks to do business, sector people said.

They also said provisioning requirements for non-performing loans and the losses from the stockmarket investment ate into the profits of the NBFIs.

On the other hand, the NBFIs having diversified busi-

PROFIT RISES		IN CRORE TAKA	
NBFIs	Net profit (Jan-Jun'12)	(Jan-Jun'11)	
GSP Finance	3.52	0.62	
IDLC Finance	38.94	27.70	
Islamic Finance	5.39	3.69	
First Lease	8.26	7.50	
Phoenix Finance	14.42	14.27	
Uttara Finance	42.58	42.46	

PROFIT DECLINES		IN CRORE TAKA	
NBFIs	Net profit (Jan-Jun'12)	(Jan-Jun'11)	
ULC	8.84	11.42	
PLFSL	22.76	34.65	
Prime Finance	10.64	40.10	
Premier Leasing	3.22	4.69	
LankaBangla Finance	23.74	51.14	
BIFC	(10.26)	(4.60)	
IPDC	(2.42)	1.20	
Union Capital	0.67	12.99	
BD Finance	3.32	3.34	
ILFSL	3.68	7.99	
Fidelity Asset	(1.24)	0.44	
Bay Leasing	12.99	14.01	
National Housing	0.26	9.60	

\*Bracketed figures indicate net losses

ness in corporate, retail and small and medium enterprises could managed to maintain the profit growth, they added.

Those having more exposure to non-bank business than stockmarket investment fared well in the first half.

"The overall money market was not in a good shape in the first half this year. The NBFIs had to borrow at higher rates during January-June, fuelling their costs of business," said Akter Hossain Sannamat, managing director of Union Capital.

Union Capital's half-yearly net profit declined by almost 95 percent compared to the same period last year.

The average call money rate was between 19.66 percent and 15.02 percent during January-June, higher than 11.64 percent to 10.93 percent during the same period in 2011, according to Bangladesh Bank data.

A higher call money rate means a liquidity shortage in the money market.

"Most of the NBFIs could not borrow from the banking sector as per their demand and so their income declined," said Sannamat.

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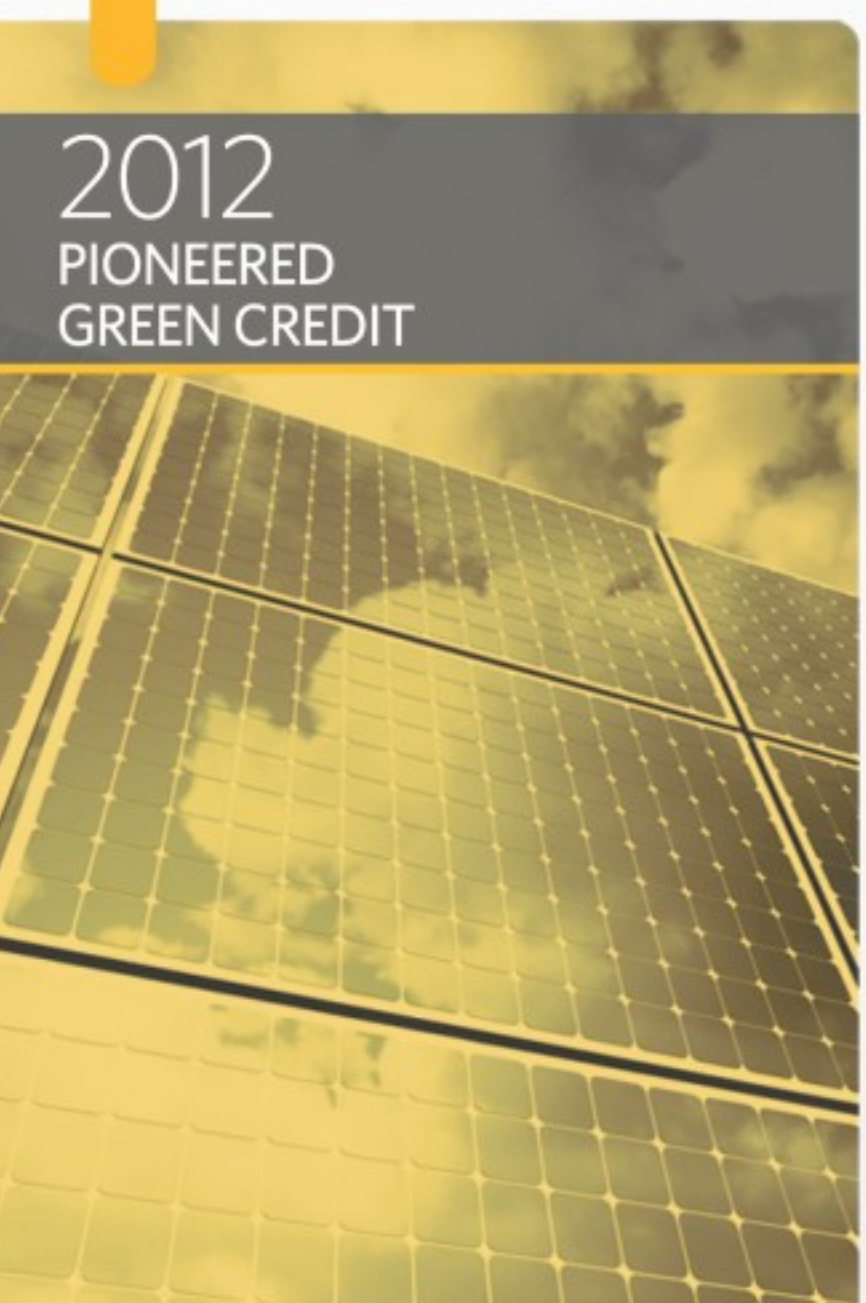
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