

# Rights issue of BD Thai gets go-ahead

STAR BUSINESS REPORT

The stockmarket regulator yesterday approved Bangladesh Thai Aluminium's application to raise Tk 52.33 crore through rights issue.

Rights shares are issued to a company's existing shareholders that entitle them to buy additional shares directly from the company in proportion to their existing holdings within a fixed time period.

The aluminium panel producer, which was listed on the stock exchange in 1990, will issue 5.23 crore rights shares of Tk 10 each at par to its existing shareholders.

One rights share will be offered for each existing shares.

Citizen Securities and Investments will be the issue manager. The raised fund will be used for production capacity enhancement and loan repayment, Bangladesh Securities and Exchange Commission said in a statement.

Earnings per share of Bangladesh Thai Aluminium, popularly known as BD Thai, were Tk 1.03 as of June last year and the net asset value per share was Tk 47.94.

On the Dhaka Stock Exchange yesterday, each share of the company was traded at between Tk 35.4 and Tk 36.6, before closing at Tk 35.6.

Sponsors hold 30.98 percent stakes in BD Thai, institutions 11.65 percent, foreign investors 1.2 percent and general public 56.17 percent.

## Ali Reza Iftekhar to remain EBL chief till 2019

STAR BUSINESS DESK

The board of directors of Eastern Bank has extended the service contract of its CEO Ali Reza Iftekhar till August 2019.

He became the CEO of the bank in 2007, the bank said in a statement.

In his 30-year-long career, Iftekhar has also worked with Standard Chartered Bangladesh and AB Bank, according to the statement.

He achieved CEO of the Year 2012 award by Asian HR Leadership Award, and Credit Specialist Certificate by Omega in UK.

The bank has achieved the Best Retail Bank in Bangladesh from the Asian Banker, the IFC Global Award for the Best Partner for Working Capital Systemic Solution and the Best Financial Institution 2010 at the DHL-Daily Star Bangladesh Business Award.

He was also the chairman of the Association of Bankers, Bangladesh, the highest body for banking professionals in the country.



Abdul Malek Molla, director of Al-Arafah Islami Bank, opens the bank's 132nd branch at Chudanga yesterday. Md Habibur Rahman, managing director, was also present.

## Lia Restaurant of Fantasy Kingdom offers special iftar

STAR BUSINESS DESK

The Lia Restaurant and Convention Hall inside Fantasy Kingdom, a theme park owned by Concord Entertainment

Company Ltd, comes up with special offers for iftar for its customers.

The hall also has the capacity to arrange iftar parties for big corporate houses, Concord said in a statement yesterday.



SM Abu Mohsin, chairman of NCC Bank, presides over the bank's 31st annual general meeting at Officers' Club in Dhaka on Monday. The bank approved 12.75 percent cash dividends for its shareholders for 2015.

## Rupali Bank official gets jail term for embezzling depositors' money

STAR BUSINESS REPORT

A Chittagong court yesterday sentenced a former bank official to six years in jail for two separate cases filed by the Anti Corruption Commission over misappropriating about Tk 9 lakh of depositors' money.

The convict is Purabi Debi Barua, a senior officer of the women's branch of Rupali Bank at Kazir Dewri. She is now on the run, said Mahmudul Haque Mahmud, public prosecutor.

The court also fined the bank offi-

cial the amount that she embezzled, in default of which she would have to serve an additional six months in jail, said the PP.

In 1996, Barua accepted over Tk 1 lakh in deposits from seven customers on behalf of the bank but never credited the accounts with the sums.

The following year, in the same manner, she pocketed a further Tk 8.54 lakh of 28 depositors, said the PP.

Subsequently, on August 1, 2000, the then ACC deputy assistant director Md Sirajul Haque lodged two separate cases with Kotwali Police Station

accusing the bank official in this connection.

After testifying 15 witnesses for one case and 13 for the other, the court awarded Barua three years of rigorous imprisonment in each case.

On July 19 in 2012, ACC submitted the charge sheets, and on January 17, 2013, the charges were framed, said the PP.

The court directed the district collector to deposit the money in the state exchequer by realising it from the movable or immovable property of the convict.

## Exports to northeast India may fall for transshipment

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Local businesspeople import boulders from India to Sylhet at \$10 a tonne. Boulders are then crushed and re-exported to India's northeastern states at \$25 per tonne.

Exports to Tripura fell as the shipment of stone went down, they said.

Some 2.77 lakh tonnes of goods were exported between the months of January and May, down 7.66 percent from a year earlier, according to Akhaura revenue office statistics.

Earlier, a broad gauge rail line ran from Kolkata to Karimganj in Assam. Now, a broad gauge rail line from Karimganj to Agartola has been set up. As a result, Tripura has been connected with the rest of India.

The demand for stone in Tripura and its nearby areas is met through imports from Karimganj, which pushed down the import from Bangladesh, Babul said.

"Besides, the transit facility granted to India might affect our exports."

Another C&F agent Abbas Uddin Bhuiyan said a new product, iron rod produced by a Bangladeshi steelmaker, has created its markets in the northeastern states.

But the first consignment that India has transhipped from Kolkata to Tripura comprised of iron rods, said Bhuiyan, adding that the transshipment facility may reduce the scope for exports from Bangladesh.

He said 100 to 150 trucks carrying export goods from Bangladesh used to cross the Akhaura border every day. Now, the number has come down to 10-12.

A customs official in Akhaura, however, said trucks laden with Bangladeshi products ply in high numbers during the dry seasons, with the number sometimes rising above 100 per day. But during the rainy season, it averages 20.

Both Babul and Bhuiyan said the transit facility that Bangladesh has recently granted India through Akhaura may

decrease the country's exports to Tripura.

However, Md Anwar Hossain, customs excise and VAT commissioner in Comilla, said the import of stone from India to Sylhet remained suspended for some local reasons. "It is not that the transit will decrease exports. Rather, the transit may push up exports."

Transshipment would not be possible if there is no better infrastructure, and the infrastructure that will be built up for this route will benefit exporters in Bangladesh as well, Hossain said.

There are many goods that are exported through Akhaura and will not be brought under the transshipment facility.

The VAT commissioner thinks India will transport heavy goods and machinery using the transit facility.

Bhuiyan said because of import duties, iron rod imported from Bangladesh costs more compared to those brought through the transit facility, although the latter includes transshipment charges.

If exporters get duty benefit it would help them, he said, urging the government to hold talks with India so that exporters get incentives.

If exporters get some duty benefits the northeastern states will remain an export destination as the quality of Bangladeshi items is good, said a number of businesspeople and officials.

Bangladesh exports fish to Tripura, which gets tax-free access as the state does not produce any fish. Every morning two to three trucks full of pangasius and tilapia fish travel to Tripura, according to Bhuiyan.

At the inauguration of transshipment in Ashuganj port last week, ministers, policymakers and government officials of Bangladesh and diplomats of India said the new arrangement will boost both the economies by promoting trade and movement of people.

## Pound sees biggest daily gain since 2008

BBC NEWS

The pound has jumped the most against the dollar in more than 7 years, as traders reassessed the likelihood of the UK leaving the European Union.

The pound hit \$1.4693, a rise of more than three cents, or 2.34%, the biggest one-day gain since 12 September 2008.

The bounce followed several polls over the weekend that suggested a very tight race, but that the Leave campaign may have lost a little momentum.

The FTSE 100 also rose, with shares trading 3% higher on Monday.

Betfair, a firm that has taken in tens of millions of pounds in referendum-related bets, says the likelihood of a remain vote has risen from 65% on Friday to 72% on Monday.

"The pause in the campaign seems to have lent crucial support to team Remain," said Kathleen Brooks, research director at Gain Capital.

"The markets have always been more comfortable with the UK remaining in the European Union."

The pound had fallen sharply over the course of last week, after polls appeared to indicate the Leave campaign was taking the lead.

But figures from the Commodity Futures Trading Commission, a US markets regulator, suggested a broader change in trading sentiment by Friday.

That data indicated that by the end of last week, currency speculators had begun to back the pound again by reducing their bets against the currency.

That contrasted strongly to the first week of June, during which time traders' bets against the pound had risen to the highest level in three years.

However, analysts say there is likely to be more volatility this week.

"Following the large sterling moves over last two days and limited risk premium priced in at this point, sterling now looks more vulnerable to negative surprise from the polls," ING strategist Petr Krpata said in a research note.

Monday's shift in sentiment has boosted shares in banks and builders, which are seen as more vulnerable to damage if the UK votes to leave the EU.

## Govt-guaranteed fund needed to speed up factory upgrades: H&M

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He also called upon brands and retailers to commercially support the small and medium manufacturers, either by increasing the price of items, raising the purchase volume or by extending the business relationship with the suppliers.

"Bangladesh will stay competitive. We have to target modern and sustainable industry standards. The local commercial banks can also finance the factories with low interest rates to help in remediation," said Hubert.

"Orders are coming to Bangladesh as there are not too many alternatives. China, the largest apparel supplier worldwide, is losing market share. Bangladesh should focus on complex and fast fashion. The sky is the limit in terms of products as the work orders are here," said Hubert.

"Investment needs to be made in remediation so that the factory remains safe. All the prerequisites have been done, now only remediation is needed," he added.

Regarding the delay in release of funds from different agencies, Faruque Hassan, vice-president of Bangladesh Garment Manufacturers and Exporters Association, said more than a hundred meetings have been held in the last three years, but nothing could be done to finance remediation of the small and medium factories.

"I do not know exactly how many factories received money from different brands and retailers for remediation work," said Hassan.

The Japan International Cooperation Agency (JICA) provided a fund to the central bank of Bangladesh at an interest rate of 0.01 percent, but the scheduled commercial banks have been demanding more than 10 percent to disburse it to borrowers. So far, only one company could receive loan from the JICA fund.

Many other manufacturers could not receive the loan because of complexities in documents required, while Rajdhani Unnayan Kartripakkha (RAJUK) also delays

releasing documents.

The government will soon form the Remediation Coordination Cell (RCC) to settle different issues, like availability of low-cost funds and simplification of the terms and conditions of the funds, said Syed Ahmed, inspector general of DIFE.

"We have to make the conditions to remediation financing simple so that the factory owners can take it. The government will not compromise on workplace safety."

"There must be a special arrangement for easy remediation financing at an interest rate of 4 to 5 percent. But all the garment owners do not need the financing from this fund," said Ahmed.

The total cost of remediation in the Bangladesh garment sector, prior to any remediation efforts, was estimated at around \$929 million, according to the report.

The report also said that if no remediation efforts had occurred, the cost of remediation for factories under Accord would amount to \$403 million, \$362 million for national initiatives and \$162 million for Alliance. Of the \$929 million, work of \$294 million has been done so far.

According to the study, the cost of remediation can range from \$20,000 to \$900,000 per factory.

The total remediation cost for 80 percent of factories ranges between \$100,000 and \$250,000. It is estimated that 75 percent of factories in Bangladesh will not need large structural retrofitting work, and therefore will fall within this range.

The study also includes a review of Bangladesh's banking sector and the credit facility recently developed by international organisations such as IFC, JICA, and USAID, which make available some \$187 million specifically for garment sector remediation.

Bernardo Contri, senior consultant at Emerging Markets Consulting, presented the paper.

## Budget to put pressure on low-income people: TIB

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The revenue burden should be determined on income and assets, not just on easy availability of tax realisation, he added.

The proposed package VAT would put pressure on retailers who will ultimately pass on the increased cost to general customers, the TIB said.

It also said income tax should be the major source of revenue for the government. "The revenue authority is increasingly becoming reliant on VAT after failing to generate the desired level of income tax."

The TIB also protested the continuation of the "unconstitutional, immoral and discriminatory" provision that offers opportunities to legalise undisclosed money. It hopes the government would discontinue the scope.



Mohammed Rabiul Hossain, managing director of Uttara Bank, and Mohd Rokonuzzaman, deputy general manager, attend the fourth branch managers' conference of the bank, at Sylhet.

## VW faces shareholder wrath at annual meeting

APP, Frankfurt

Embattled German auto giant Volkswagen will face the wrath of its shareholders at its annual meeting on Wednesday as it struggles to steer itself out of an unprecedented engine-rigging scandal.

Nine months after the "Dieselgate" affair, when it emerged VW had installed emissions-cheating software into 11 million diesel engines worldwide, the former paragon of German industry is still nowhere near drawing a line under its deepest ever crisis.

The costs of the affair are still incalculable and it is not yet known whether VW's own internal investigation will pinpoint the major culprits behind the scam.