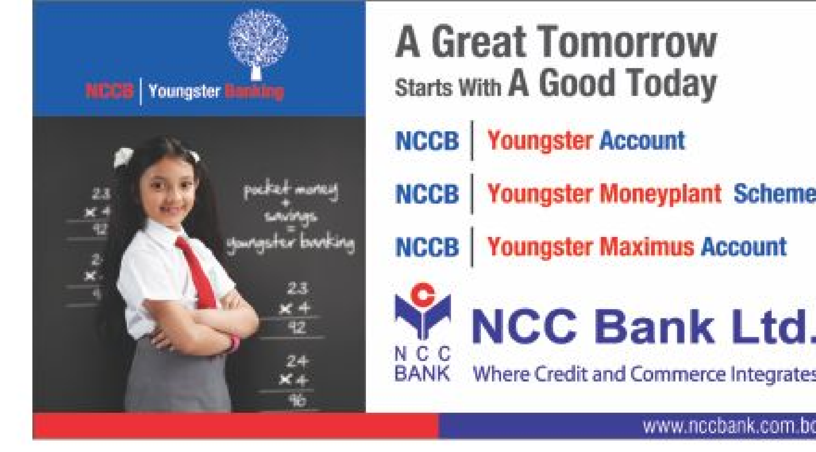
STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES STANDARD CHARTERED BANK				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		USD	EUR	GBP	JPY
▼ 0.20%	▼ 0.09%	▲ $1,723.19 (per ounce)	▲ $86.56 (per barrel)	▲ 0.30%	▲ 0.21%	▼ 0.39%	▲ 1.72%	BUY TK	80.90	102.72	128.67	0.98
4,484.99	8,738.04			18,561.70	8,946.87	3,026.61	2,104.43	SELL TK	81.89	106.73	132.67	1.09



Star BUSINESS

DHAKA FRIDAY NOVEMBER 2, 2012, e-mail:business@thedailystar.net

STAR

Right, GM Quader, commerce minister, hands a formalin detector to Mohammad Imam Hossain, general secretary of Aminbagh Cooperative Market Society Ltd that operates Shantinagar Bazar in Dhaka, as the market was declared free from formalin yesterday. Rashed Khan Menon, chief of the parliamentary standing committee on education ministry, and Kazi Akramuddin Ahamed, chairman of Standard Bank, were also present. Story on page 20

A dangerous amendment

Experts oppose changes to companies law

REFAYET ULLAH MIRDHA

The proposed amendment to the Companies Act 1994 for the purpose of appointing administrators with indemnity power to troubled companies will have dangerous consequences, experts said yesterday.

"Even though the firms were established by private sector entrepreneurs, the amendment will empower the government to take over the companies," said M Zahir, a senior jurist of the Supreme Court.

The proposed change might encourage the government to appoint administrators at the hint of slightest of complaints, he added.

"The power to appoint an administrator on the subjective satisfaction of the government and without going to court ... may be misused," Zahir said.

Barrister Tanjib-ul Alam, an advocate of the Supreme Court, echoed Zahir's views regarding possible abuse of the power.

The government should not have "such unconstitutional, harmful, absolute power"," he said.

"In the consultation meeting [with the commerce ministry on Tuesday], I opposed even the safety clause option in the proposed amendment of the act," he said.

The government should instead finalise the proposed multi-level marketing law with an option to appointment administrators to the rogue companies, he said.

Parveen Mahmud, a former president of the Institute of Chartered Accountants of Bangladesh, termed the proposed amendment a "black law" and that people would be discouraged to undertake investment if it goes through.

"The current move will definitely bring an uncertainty to investment climate," she said, while adding that the government cannot penalise all the companies of the country for just one company -- the Destiny Group.

"The thriving private sector will be the worst sufferers if the amendment is finalised," she said.

The existing law allows the government to appoint administrators through court verdict, so the amendment is unnecessary, Mahmud said.

Rather, the government should concentrate on upgrading the current companies law to global standards, she said.

The commerce ministry initiated the amendment of the Companies Act 1994 following incarceration of the hierarchy of Destiny Group for alleged involvement in fraudulent activities.

READ MORE ON B3

Doors open for sugar refiners to make millions

SOHEL PARVEZ

Raw sugar import is on the rise thanks to a new opportunity to export the product after refining, particularly to countries where Bangladesh enjoys duty-free access.

A government notice issued on October 29 ended a two-year ban on sugar export.

"It [the permission to export sugar] will open doors for us to earn millions. We can export to markets where we already get duty-free access," said Golam Mostafa, the chairman of Deshbandhu Group, one of the country's six refiners.

"Other than the EU, our sugar will get zero-duty entry to India, China, Korea, Australia and Canada. We will also get duty benefits in Muslim countries," Mostafa added.

The government, however, has tagged conditions with the export of sugar, in a bid to keep price level of the commodity stable in the local market.

Refineries exporting processed sugar which were imported in the raw form will have to incorporate a 10 percent value addition to their export prices, according to the gazette notification.

Every consignment has to get prior approval from the commerce ministry, and exporters will have to notify the Bangladesh Sugar Refiners Association (BSRA) of their stock positions, it added.

Bangladesh Tariff Commission will report to the government about the stock level and import situation, based on which the government will give the permission to export.

The government move comes following demands from private refiners who are left with idle processing capacities, said BSRA.

Bangladesh's annual local demand is around 15 lakh tonnes, according to BSRA, but the processing capacities of the refineries stand at 35 lakh tonnes.

Stock build-up at private and public mills due to surging imports is another reason for the green signal to export, said the refiners association.

Sugar imports shot up by 78 percent in fiscal 2011-12, to more than 16 lakh tonnes from 8.96 lakh tonnes a year go.

In the first quarter of current fiscal year, sugar imports, mainly in raw form, more than doubled year-on-year, to 5.36 lakh tonnes, as per Bangladesh Bank data.

Expectation of refined sugar export and duty benefit accounts for the recent surge in imports, said the refiners.

Deshbandhu has already received orders to ship 49,000 tonnes of sugar, with the value of the orders amounting to Tk 313 crore, Mostafa said.

READ MORE ON B3

Pharma to get boost in new export policy

REJAUL KARIM BYRON

Drugmakers will soon be able to send samples worth up to $60,000 annually to prospective buyers overseas, if a new export policy gets through.

The amount, which is twice the current limit, has been suggested in the export policy proposed for 2012-15, to be placed at the cabinet committee on economic affairs on Sunday, to boost pharmaceutical exports.

Under the existing policy, which expired in June, pharmaceutical samples worth up to 5 percent of the value of the letter of credit (LC) can be sent each time.

But as per the draft of the impending policy, the limit has been increased to the smaller denomination of: $10,000 or 10 percent of the value of the LC.

The policy was designed after consulting with the Federation of Bangladesh Chambers of Commerce and Industry and various chambers and associations, sector corporations and banks and insurance companies, said a senior commerce ministry official.

READ MORE ON B3

Remittance hits new high

The monthly remittance inflow hits the all-time high $1.45 billion in October, breaking the record of $1.17 billion in September this year.

"This is the highest in a month in the country's history," Bangladesh Bank General Manager AFM Asaduzzaman said yesterday.

He said the central bank attributed the rise in the remittance inflow to its increased flow before Eid-ul-Azha and Durga Puja. -- UNB

Stocks hurt by confidence deficit

STAR BUSINESS REPORT

Stocks ended flat yesterday as investor confidence was pushed down by dismal data from listed firms for the third quarter through September.

DGEN, key market-tracking index of Dhaka Stock Exchange, closed the day at 4,448.99 points, after declining 8.92 points or 0.19 percent.

The earnings declaration of banks and non-bank financial institutions were low from the projection of investors' analysis that dampened their confidence, market analysts said.

Institutional investors were not fully active in the market and it made small investors cautiously observe the market trend, they said.

"The bourse was still waiting for the full participation after the recent festivals," IDLC Investments said in its daily market research.

In addition, quarter-end earnings of financial sector made investors 'cautious', it said.

After a start-up with a 32 point gain, the market landed flat as investors remain 'sceptical' about the direction of future market movement, the leading merchant bank said.

"Manufacturing companies have shown resilient earnings compared to the financial sector companies. Banks continued to underperform in terms of price change," LankaBangla Securities said.

Turnover declined 17.71 percent to Tk 340 crore compared to the previous day.

A total of 0.90 lakh trades were executed with 8.28 crore shares and mutual fund units changing hands on the Dhaka bourse. Of the 270 issues that traded on the DSE, 131 advanced, 116 declined and 23 remained unchanged.

The textile sector vibrated yesterday as 20 securities out of 26 gained, while the sector's turnover rose 94.32 percent.

All major sectors ended in the red. Non-bank financial institutions losing the most, plunging by 0.71 percent, followed by pharma at 0.49 percent, banks 0.33 percent, telecoms 0.30 percent and power 0.13 percent.

United Airways featured in the most traded stocks chart with 83.86 lakh shares worth Tk 25.08 crore changing hands.

RN Spinning Mills and Jamuna Oil were the next popular stocks of the day.

Dhaka bourse sends recipe to SEC for market stability

SARWAR A CHOWDHURY

Dhaka Stock Exchange (DSE) has submitted a set of proposals to the Securities and Exchange Commission (SEC), aimed at bringing stability to the volatile market.

"We believe the reforms will bring good governance, more transparency and accountability to the issuers' activities, restore investors' confidence and help in the long-term stability of the market," DSE President Rakibur Rahman said.

One of DSE's recommendations is the introduction of a new listing category named P (premium) to go with the existing four categories, for companies that will pay dividends 30 percent and above.

Firms wishing to be placed in this category will have to comply with international accounting and financial reporting standards, and their earnings per share growth cannot be negative for two consecutive years.

The premier bourse has also recommended making it mandatory for sponsors and directors to sell their shares in block market and not in the public market, to safeguard small investors' interests.

"It has been observed that some sponsors and directors of listed firms take advantage of the market's good performance and sell their shares -- in the public market -- at a high price," the DSE said in its proposal.

Small investors, who are oblivious of the sponsors and directors' intents, consequently lose their hard-earned money, added the DSE proposal.

The premier bourse also suggested bringing in changes to the listing regulations, such as an issuer will have to publish the usage of its initial public offering (IPO) proceeds in the annual report for three consecutive years after listing.

"A maximum of 30 percent of the IPO fund can be utilised for loan payment," the DSE proposed.

Furthermore, companies with negative operating cash flow in two of the previous three years will not be listed on the DSE.

No listed company can put any of its land under mortgage without acquiring permission from the SEC and the exchanges, while only government firms will be allowed to make repeated public offers.

The DSE has recommended imposition of some conditions on rights offering by listed companies, too.

The company's sponsors and directors will have to hold a minimum of 30 percent of total paid-up shares, according to the proposal.

A maximum of 20 percent of the rights fund can be used for loan repayment, while the debt-equity ratio has to be 40:60 at most.

For listing with premium value, the company must be in profits for the last five years.

On the amendment of public issue rules, the DSE said the minimum post-issue paid-up capital of the applicant company must be Tk 10 crore.

The minimum IPO size has to be Tk 5 crore and no less than 15 percent of the post-issue paid-up capital.

Sponsors and directors of an applicant company will have to hold shares equivalent to at least 30 percent of the post-IPO paid-up capital.

If a company's IPO price includes premium of up to Tk 15, the IPO quota will be: 50 percent for general public, 10 percent for non-resident Bangladeshis, 10 percent for mutual funds and 30 percent for financial institutions and stock dealers.

For premium value upwards of Tk 15, the quota will be: 25 percent for general public, 10 percent for NRBs 10 percent, 10 percent for mutual funds 55 percent for financial institutions and stock dealers.

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India's Wipro demerges non-IT businesses

AFP, *Mumbai*

Indian outsourcing giant Wipro on Thursday announced that all its non-technology operations would be separated into a new firm, allowing it to focus on its core information technology business.