

Heavy sell-offs pull stocks into the red

STAR BUSINESS REPORT
Stocks closed the week's last trading day in the red amid mounting selling pressure from investors. DSEX, the benchmark index of Dhaka Stock Exchange, finished the week at 4,472.13 points, after shedding 40.96 points or 0.9 percent.

Short-term trading has appeared to be the primary strategy in recent times, causing a strong selling pressure, IDLC Investments said.

Investors' lack of conviction on long-term positions has the patrons looking into options to exploit short-term fluctuations to stay in the game, according to the merchant bank. The last day of the week observed another depressing trading session, where investor confidence remained shaken, LankaBangla Securities said in its regular market analysis.

"Investor confidence is still shaken which is reflected in the lack of participation. It was a slow day for the market participants with the indices falling quite steadily from the very beginning," the stockbroker said.

The day's turnover dropped 23.6 percent to Tk 274.68 crore with transactions of 5.36 crore shares and mutual fund units.

Losers outnumbered gainers 205 to 67, with 37 securities remaining unchanged on the DSE.

All the major sectors ended in the negative territory yesterday. Telecom took the highest hit of 1.46 percent, followed by non-banking financial institutions declining 1.41 percent, food and allied 1.21 percent, cement 0.73 percent, fuel and power 0.67 percent, pharma 0.65 percent and banks 0.36 percent.

Lafarge Surma Cement dominated the turnover chart with its transactions of 17.56 lakh shares worth Tk 19.73 crore, followed by Grameenphone, MJL Bangladesh, Square Pharma and Khulna Power Company. The seventh ICB Mutual Fund was the day's best performer, advancing by 9.09 percent, while Uttara Bank was the worst loser, slipping 9.6 percent.

Chittagong stocks also declined yesterday with the bourse's benchmark index, CSCX, falling 81.06 points to 8,324.44.

Losers beat gainers as 161 scrips declined and 54 advanced, with 24 securities remaining unchanged on the Chittagong Stock Exchange.

The port city bourse traded 57.38 lakh shares and mutual fund units worth Tk 18.70 crore in turnover.

Wives appointed to Indian boards to comply with new law

BBC NEWS
Some of India's richest businessmen have appointed their wives as company directors to comply with a new law.

The deadline to appoint at least one female director fell at midnight on Tuesday.

However, hundreds of the more than 5,000 companies listed on India's two main stock exchanges have failed to do so.

Mukesh Ambani, India's second-richest man, has appointed his wife Nita to the board of Reliance Industries.

Gautam Singhania named his wife Nawaz as a director of Raymond Group, his textile manufacturing business.

Prime Database, which has compiled figures on the number of companies that had complied with the new law, said some 1,819 companies - about a third - listed on the National Stock Exchange and the Bombay Stock Exchange had still not announced female directors as of Friday last week.

The percentage is believed to have fallen to 17 percent by the time the deadline fell.

The Securities and Exchange Board of India announced the measure 13 months ago in an attempt to boost gender diversity

in boardrooms and had already extended its original deadline from last October.

UK Sinha, its chairman, said last week it was "very shameful" that so few companies already had female directors.

Firms that fail to comply could be penalised by the board.

"Height of ridiculousness" Shriram Subramanian, head of corporate advisory firm InGovern, said the companies that had not complied were being lazy.

"It is the height of ridiculousness. It is impossible not to find the required number of qualified women from a billion people," he said.

"Firms think if a large number of companies do not follow the norm nobody will be fined and the deadline will be pushed ahead."

Last month, International Monetary Fund boss Christine Lagarde said the lack of female workers in India was a "huge missed opportunity" for the country's economic growth.

India has a population of about 1.2 billion, but ranks 120th for female labour participation among the 131 nations surveyed by International Labour Organization in 2013.

Bank Asia re-elects vice chairmen



Mohd Safwan Choudhury **AM Nurul Islam Anu**

STAR BUSINESS DESK

Bank Asia has re-elected Mohd Safwan Choudhury and AM Nurul Islam Anu as vice chairmen, the bank said in a statement.

Choudhury is a former president of Sylhet Chamber of Commerce and the managing director of M Ahmed Tea and Lands Company, Phulbaria Tea Estates, M Ahmed Cold Storage, Premier Dyeing and Calendaring and M Ahmed Food and Spices, according to the statement.

He also serves Bangladesh Tea Association as chairman and Friends in Village Development Bangladesh as president.

Anu is the chairman of the board risk management committee and a financial adviser to Opex group, the bank said.

He previously worked as chairman of Bank Asia's audit committee for three years and also sat on the board of National Bank. He is a former teacher of Dhaka University.



Hassan O Rashid, deputy managing director of Eastern Bank, and Oleg Tonkonojkov, deputy country director of Asian Development Bank's Bangladesh Mission, sign an agreement recently for enhancement of revolving credit facility.

Kuwait income plunges over oil price slump

AFP, Kuwait City
Kuwait's revenues dropped by one fifth in the first 11 months of the fiscal year due to the decline in global oil prices, according to figures released by the finance ministry Thursday.

Revenues of the OPEC member reached 23.2 billion dinars (\$77.3 billion, 71.4 billion euros) until the end of February from 28.9 billion dinars in the same period last year -- a fall of 19.7 percent.

The decline is mainly due to a 27.4 percent dive in oil revenues from 27 billion dinars last year to 21.2 billion dinars.

Oil income still represented 91.4 percent of total public income. Oil lost around 60 percent of its value

since June due to oversupply, with a strong dollar and a weak global economy dampening demand.

Price of Kuwaiti oil averaged well above \$100 a barrel last fiscal year but is currently hovering around \$50.

Kuwait's fiscal year runs from April through March. Revenue figures for March have not yet been published.

Despite the sharp drop in revenues, the Gulf state posted a provisional budget surplus of 9.9 billion dinars and it is expected to end the year with a windfall for the 16th consecutive year. Kuwait calculated the price of oil last fiscal year at \$75 a barrel but reduced the figure to \$45 a barrel in the current 2015/2016 fiscal year, which began Wednesday.

McDonald's to raise wages for 90,000 US employees

BBC NEWS
Fast-food giant McDonald's says it will raise the pay of more than 90,000 US employees to at least \$1 above the legal minimum wage. That is currently \$7.25 (£4.90) an hour, but individual states can set their own rates.

The move will only benefit staff at company-owned outlets - about 10 percent of McDonald's 14,000 US restaurants.

In a statement, the firm said employees covered by the new policy will be paid more than \$10 per hour by 2016.

The rate is still short of the increase sought by campaigners in recent months.

The move follows a similar one by retailing giant Wal-Mart. Franchisees who run around 90 percent of outlets set their own pay and benefits but this could prompt some of these to improve their own terms. One analyst said this could help offset the cost of the wage rise for the parent company.

"They'll try to paint this as altruistic, but they're increasing their corporate income by doing this. It's not as nice as it sounds," said Richard Adams, a former McDonald's franchisee who now acts as a consultant for current ones.

McDonald's franchisees pay the company royalties based on sales. Fast food workers across the US have been demanding that the minimum wage in the sector should be raised to \$15 per hour. Workers at various outlets, including McDonald's, have held strikes and there have been street protests in many US cities.

McDonald's new chief executive, Steve Easterbrook, said the company had "listened to our employees" and announced he would introduce "paid personal leave and financial assistance for completing their education" alongside a wage rise.

Trade deal with India to be renewed soon: Tofail

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At present, the balance of trade between the two countries is heavily in favour of India.

Exports to India declined 19 percent year-on-year to \$456.63 million in fiscal 2013-14, mainly due to a slow-down in shipment of garment items that enjoy duty-benefit in the neighbouring market, according to Export Promotion Bureau.

But exports were supposed to increase as the Indian government offered Bangladesh duty-free benefit for all products except 25 alcoholic and beverage items since November 2012.

Generally, India exports goods worth more than \$5 billion a year to Bangladesh through formal channels, and it is believed products worth another \$5 billion enter through informal channels.

Alexander A Nikolaev invited the minister to attend the Saint Petersburg International Economic Forum to be held between June 18 and 20 in Russia.

No questions on undisclosed funds in real estate, REHAB demands

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BAPI also wanted duty benefits in the imports of pharmaceutical laboratory furniture.

NC Saha, representing Bangladesh Tyre Tube Manufacturers and Exporters Association, demanded continuation of the 5 percent duty on the import of raw rubber, in favour of VAT registered makers.

"We have already started making automobile tyres, while our export of tyres of bicycles and bikes is rising. Investment will be affected for a spike in duty."

NBR Chairman Md Nojibur Rahman called upon all the trade bodies to pay income taxes, VAT and import duties in line with the law.

Nasir Glass to raise Tk 100cr through commercial papers

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An unsecured CP is one which does not have any bank guarantee; it is issued directly by the corporate.

Many companies are interested in CP as it is a low-cost alternative to bank loans, according to industry people.

Maturities on CPs range from 45 to 360 days. Earlier in 2003, Prime Bank, in its role as a lead arranger and agent, arranged Tk 100 crore for Nasir Glass Industries through 14 financial institutions for establishing the float glass manufacturing project at Gazipur.

M&S returns to non-food sales growth after four-year wait

REUTERS, London
British retailer Marks & Spencer posted its best quarterly non-food sales performance in four years, putting behind it the online distribution problems that ruined its Christmas and buying its chief executive more time to secure a recovery.

Shares in Britain's biggest clothing retailer rose as much as 6.3 percent to a seven-year high after it said sales of general merchandise, spanning clothing, footwear and homewares, rose 0.7 percent in the past quarter at stores open more than a year.

CEO Marc Bolland highlighted "high single-digit" like-for-like sales growth at both its relatively upmarket Autograph and Limited clothing brands, and noted positive press reviews of a 199 pounds (\$295) suede skirt that will hit stores this month and is attracting high levels of pre-registration.

The outcome was the first time in 15 quarters M&S has not posted a fall in non-food like-for-like sales and was also better than analysts' average forecast of down 1.2 percent.

It followed a third-quarter slump of 5.8 percent, reflecting unseasonal weather in October and November and disruption at its e-commerce distribution centre at Castle Donington in central England.

Bolland, CEO since 2010, has spent billions of pounds addressing decades of under-investment at M&S, overseeing a redesign of products, stores, logistics and its website.

But a new clothing team he set up in 2012 has so far failed to deliver a sustained increase in sales. When products have proven a hit, it has often struggled to replenish supplies fast enough before shopper interest subsided.

However, a food business outperforming the wider grocery market and improving profit margins both in non-food and food have kept investors onside, with M&S shares rising 44 percent over the last six months.

Foreign investors cry foul over Indian tax surprise

REUTERS, Hong Kong
US and European investor groups have called for the Indian government to urgently clarify its tax regime for foreigners, following surprise attempts by tax inspectors to claw back money they say is owed on years of previously untaxed gains.

Internationally funded and banks could face a bill of as much as \$8 billion, said tax experts, just as many foreign investors are poised to pour money into India following the election of Prime Minister Narendra Modi, who has pledged to create a more business-friendly environment.

"This development has caught everyone by surprise and is extremely worrying for foreign investors," said Patrick Pang, a managing director at the Asia Securities Industry & Financial Markets Association (ASIFMA) in Hong Kong. "It suggests that the Indian government can come out at any time and re-clarify what was believed to be an established tax policy on foreign investments."

ASIFMA is one of several business groups, including London-headquartered ICI Global, the European Fund and Asset Management Association, and the Federation of Indian Chambers of Commerce and Industry, to have raised the alarm over attempts by the Indian tax department to levy minimum alternative tax (MAT) on foreign investors' profits, according to sources and letters seen by Reuters.

In many jurisdictions governments use a form of MAT to ensure that tax breaks don't pull domestic companies' effective tax rate below a minimum threshold. Foreigners without local operations are not typically covered by such provisions.

In India, foreign investors have hitherto paid 15 percent on short-term listed equity gains, 5 percent on gains from bonds, and nothing on long-term gains, but from late last year many firms received notices from tax inspectors requiring them to pay MAT, potentially bringing overall tax on these gains to as much as 20 percent.

The following month Finance Minister Arun Jaitley intervened via the 2015 budget bill to state that capital gains made by foreign investors as of April 2015 were exempt from MAT, but that did not resolve the issue.

"The government's clarification in February, though right in intent, has created unwanted confusion, and the view the tax office is taking is that, by implication, the past years' gains can be subject to MAT," said Keyur Shah, a partner in the India tax practice at EY.

A senior official from the tax department who declined to be identified confirmed that the tax office believed the exemption from MAT does not apply retroactively.

"There is nothing (in the budget) to suggest that it (the exemption) would apply to old cases," this person told Reuters.

He added that a 2012 decision by

India's Authority for Advance Rulings, a body that mostly non-residents can apply to for tax rulings to avoid legal disputes, had set a precedent for levying MAT on foreign companies, and that the tax department was enforcing the ruling.

In recent weeks, many foreign investors have duly received notices requesting their MAT calculations for financial year 2011-2012.

The tax office has said it would also apply the tax to previous years.

Tax inspectors could go back seven years, according to Indian law, and could also charge interest and penalties.

Two individuals said some foreign investors had begun legal proceedings against the government.

Investors say the change is at odds with Modi's desire to welcome investment, since it could hit private equity and venture capital transactions, not just portfolio investors.

Some investor groups are also concerned that the finance bill wording does not preclude MAT liability on other future income and are asking the Ministry of Finance to amend the bill to specify that the MAT exemption covers all future and past gains and income.

"An amendment which introduces a clarification embodying the principle that a foreign company which has no business presence... is not liable to MAT is required to end unwarranted litigation on this aspect," said Rajiv Tyagi, a spokesman for the Federation of Indian Chambers of Commerce and Industry in a statement.

New strategy to fight money laundering gets the nod

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The objectives of the strategy paper were to spell out comprehensive medium-term goals and action agenda in strengthening the capacity of all relevant stakeholders for implementing the provisions of the applicable UN conventions and protocols and Financial Action Task Force standards.

The paper consists of 11 strategies against 11 specific objectives.

Under the strategies, the government will update the national risk assessment regularly and introduce risk-based approach to monitoring and supervision of all reporting organisations.

It will also look to deter corruption-

induced money laundering. The government will also commit to modernising border control mechanism to prevent smuggling of gold and drugs, human trafficking and other transnational organised crimes and their financing.

It will tackle illicit financial flows by preventing the creation of black money, curbing domestic and cross-border tax evasion and addressing trade-based money laundering. The government will also enhance compliance of all reporting agencies with special focus on new ones like NGOs. The authorities will also work to develop a transparent, accountable and inclusive financial system.



ABAFahrul Kamal, chairman of Madonna Communications, poses at a programme to mark the company's 36 years of operations in Dhaka on Wednesday. Feroz Mohsin, director of brand communications, was also present.