

Emirates Group's profits tumble

Strong dollar, challenging environment to blame

STAR BUSINESS REPORT

Emirates Group, the parent company of Emirates Airline, saw its profits plummet 64 percent to \$364 million in the first half of its fiscal 2016-17 owing to a strong US dollar and challenging operating environment for the airline and travel business.

Between April and September, Emirates Group, which also owns Dnata, an aviation services company

providing ground handling services at 17 airports, logged in \$12.7 billion in revenue, up 1.6 percent from a year earlier.

"Our performance for the first half of 2016-17 continues to be impacted by the strong US dollar against other major currencies," said Sheikh Ahmed bin Saeed Al Maktoum, chairman and chief executive of Dubai-based Emirates Airline and Group, in a statement.

Increased competition as well as

sustained economic and political uncertainty in many parts of the world has added downward pressure on prices as well as dampened travel demand, he added.

Emirates Airline, the world's biggest airline by international traffic, recorded net profit of \$214 million during the period, down 75 percent year-on-year.

It carried 28 million passengers between April and September, up 9 percent from a year earlier.

India's bank note ban to disrupt gold smuggling business

REUTERS

India's surprise move to abolish high-value bank notes has started to disrupt cash-based gold smuggling and should benefit official importers of the metal in the world's second biggest consumer, industry officials said.

A drop in smuggling will allow banks and refiners to charge a premium over official local prices, which include a 10 percent import tax. For most of 2016 gold traded at a discount in India as smugglers undercut official importers.

Official importers welcomed Prime Minister Narendra Modi move this week to declare 500 and 1,000 rupee bills illegal and make them worthless for holders of unaccounted wealth.

Dealers charged a premium of up to \$6 an ounce over official domestic prices on Thursday, compared to a discount of \$3 an ounce last week. "Smugglers grabbed market share by offering discounts," said Surendra Mehta, the secretary of the India Bullion and Jewellers Association. "Now banks and refiners can claim back the business."

Smugglers offered a discount as

high as \$100 an ounce in July, forcing banks and refiners to scale down their operations. That resulted in an 84 percent dive in imports of gold-silver alloy, dore, to 11.1 tonnes in the third quarter from a year ago.

Gold smuggling could rise up to 160 tonnes in 2016 from 100-120 tonnes in 2015, the World Gold Council estimated earlier this week.

But Bachhraj Bamalwa, director of the All India Gems and Jewellery Trade Federation, said that will now change as he expects smuggling to fall sharply in the next few months.



BRAC BANK

Brac Bank organised a town hall meeting with the theme -- All for One, One for All -- in Sylhet to review business performance of 2016 and set business strategies for 2017 and beyond. Selim RF Hussain, managing director of the bank, attended the meeting.

How did Modi pull off bold rupee shake-up?

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The move is part of Modi's crackdown on so-called black money financial transactions in which cash is used to avoid tax. After closing for a day banks started reissuing new 500 notes and a new denomination of 2,000 rupees on Thursday.

The Times of India reported that many of Modi's ministers were only briefed on the plan at a cabinet meeting in New Delhi just before he addressed the nation.

They were then not allowed to leave until he had finished his speech to prevent any unwanted leak, the paper said.

Meanwhile, over 1,000 kilometres away at a meeting in India's commercial capital of Mumbai the RBI was briefing bank heads about the plan.

They had been called to the RBI in the morning to receive a locked currency chest which they were told contained notes of the new 2,000 rupee denomination.

They were under strict instructions not to open the chest or speak about it until later that night, according to the Mint newspaper.

It was when they opened it, as Modi was speaking, that they learnt about the new 500 note, the paper added. A spokeswoman for the RBI confirmed to AFP that the chests were standard procedure for the issuing of new notes.

RBI chief Urjit Patel has said production of the new notes had been "ramped up" to

meet requirements but Pradip Shah, who helped set up India's HDFC bank, said it would be a "nightmare" getting money to some rural areas.

"A lot of people are going to be inconvenienced," he told AFP.

With the glare of the world on the US election, Modi chose to deliver his bombshell announcement in a rare address to the nation barely three hours before the order to close banks and ATMs came into force.

Once the queues had trudged away from the millions of ATMs around the country with now precious 100 rupee bills, the task began of refilling the machines with the new currency.

Trucks laden with cash started delivering the notes the length and breadth of a country that stretches from the Himalayas in the north to the far-flung Andaman Islands archipelago in the Bay of Bengal.

Almost 90 percent of transactions in India are done with cash while 500 and 1,000 notes currently account for more than 85 percent of the value of cash in circulation, according to research firm Capital Economics.

Last week the RBI had ordered banks to issue more 100 rupee notes but no one seemed to have twigged about what was in the offing and Modi managed to pull off the boldest stroke of his premiership.

NBR to felicitate 141 top taxpayers

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In addition, people engaged in various professions will be honoured for paying the highest taxes in their respective fields.

The professions are: businessmen, salaried individuals, doctors, journalists, lawyers, engineers, architects, accountants, new taxpayers, players, actors and singers.

For companies, tax cards will be issued for 14 sectors, including banks, non-banks, telecom, engineering, food, energy, jute, spinning and textile, garment, pharmaceuticals and chemicals, print and electronic media, real estate and leather industry.

To be eligible for the privilege, taxpayers will have to pay taxes scrupulously at least for five consecutive years, according to the policy.

If any taxpayer faces reopening of tax-related cases under certain clauses and action is taken under the law, he/she will not get the privilege cards.

No taxpayer will be fit for tax card if he/she is found guilty by the court in the past five years.

Taxpayers who are loan defaulters and have dues pertaining to undisputed tax, VAT and duty will also be disqualified.

The NBR said tax card holders will enjoy privileges while making a reservation for seats in state-run airlines, trains and water transports.

They will also be able to use the lounge for commercially important persons at airports.

They along with their family members will easily get cabins at government hospitals. Apart from that, tax card holders will get priority in hotel bookings.

They will also be invited to various national functions and citizen reception programmes organised by city corporations and municipalities, according to the revised policy.

The NBR said the revised policy and the number of tax cards and categories will remain unchanged for three years. And a tax card will be valid for one year since issuance, according to the policy.



DHAKA BANK

Reshadur Rahman, chairman of Dhaka Bank, hands over a cheque for Tk 66 lakh to Hafiz Ahmed Mazumder, chairman of Holy Family Red Crescent Medical College Hospital, for the renovation and beautification works of an outdoor department of the hospital, under the bank's corporate social responsibility.

Inflation edges up in Oct

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Food inflation in urban areas rose 6 basis points to 7.09 percent. However, non-food inflation declined by 79 basis points to 6.63 percent, BBS data showed.

Inflation in rural areas stood at 4.87 percent in October, up from 4.63 percent the previous month. Food inflation in rural areas rose to 4.89 percent from 4.27 percent in September and non-food decreased to 4.83 percent from 5.31 percent.

Impact investment comes into focus

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"We have to break the link between the creation of wealth and the destruction of nature." Islam also said the private sector, which leads Bangladesh's economy, has to come forward to make investment that creates social goods. Islam requested the finance minister to see whether the country's regulatory regime is in favour of the growth of impact investment.

Muhith said every investment has an impact, but the question is how widespread the impact is. Bangladesh has done well when it comes to impact investment, he added. For example, the country has cut the poverty rate in the last forty years, bringing it down to 22 percent from 70 percent.

Addis of Impact Investing Australia said more resources could be mobilised for impact investment. "We have huge opportunities to harness the power of entrepreneurship and transform the ways we tackle issues."

David Carrington, vice chair of Triodos Bank NV, a Netherlands-based social bank, put emphasis on measurement of impacts.

Farhadur Reza, president of Build Bangladesh, said it is time to change the traditional mindset of investors.

In the first panel discussion, Meer Sajed-Ul-Basher, managing director of Impress Capital Ltd, said Bangladesh needs to increase its investment to GDP ratio to 34 percent from 28 percent to cut poverty, reduce unemployment and absorb about two million people joining the workforce every year. He said health, education and environment are major areas where impact investment can play an important role.

Abrar A Anwar, chief executive officer of Standard Chartered Bangladesh, said whatever the banks do, it has to be sustainable at the end of the day. "I think banks can play an important role in social investment and impact investment."

There are some regulatory challenges that need to be addressed to take the impact

investment agenda forward, he added.

Arif Khan, CEO of IDLC Finance Ltd, said Bangladesh has done well in social investment - be it creating jobs for 8 million women in the manufacturing sector or extending finances for small and medium enterprises. "Bangladesh is a ground where more and more impact investment can come."

Banks should lend more to entrepreneurs as they are the ones who will drive the impact investment agenda, said Khan.

Faisal Ahmed, senior economic adviser to the governor of Bangladesh Bank, said, "At the end of the day, impact investment is all about social cohesion."

Md Mahub-ur Rahman, deputy CEO of HSBC Bangladesh, thanked Bangladesh Bank for creating an environment for foreign banks to engage in lending operations in areas such as SMEs, women entrepreneurship and agriculture through non-governmental organisations.

Rahman suggested an index could be created to monitor implementation of the projects and their progress.

Luke Branagan, director of philanthropic services, JBWere, Australia, said the landscape for impact investment in Bangladesh is broad thanks to a large number of entrepreneurs. "As a result, the opportunities are huge." Abhijit Roy, CEO of Unilus Capital in India, said social enterprises would go up in India and Bangladesh.

At another panel discussion on readymade garments, Rubana Huq, managing director of Mohammadi Group, said the garment industry has a huge social impact, as it touches 20 million lives through four million workers.

"Still, more needs to be done. People who are contributing to our growth need to be protected, as without them, we can't move forward."

Faruque Hassan, senior vice president of Bangladesh Garment Manufacturers and Exporters Association, also spoke.

Lafarge, Holcim start merger of Bangladesh units

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"A potential combination of Holcim Bangladesh and Lafarge Surma Cement is expected to create a significant synergy and further position both Holcim Bangladesh and Lafarge Surma Cement for future growth in Bangladesh," it said in a web posting on the Dhaka Stock Exchange website.

However, Lafarge Surma Cement said no decision has been taken yet on the merger.

"Furthermore, any potential transaction will be subject to due diligence, assessment of synergy potential, as well as necessary regulatory and other approvals," it added.

Lafarge Surma Cement said it will provide updated information to the regulatory authorities and shareholders as and when required, in conformity with applicable laws.

It was listed on the Bangladesh stockmarket in 2003.

Its net profit fell to Tk 228.95 crore in 2015, from Tk 281.98 crore a year earlier. Each Lafarge share was traded between Tk 75.4 and Tk 74, before closing at Tk 74.7 on the premier bourse yesterday.

Sponsors hold a 64.68 percent stake in the company, while institutions 14.33 percent foreign investors 1.44 percent and general public 19.55 percent, according to DSE.

New software to help garment makers reduce fabric waste

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"Actually, I am looking for high manufacturing capacity factories in Bangladesh. I have an office in Dhaka to look after the business," he said. The price range of the ThreadSol software varies between \$45,000 and \$75,000, he said.

The demand for this software in Bangladesh is higher because the country does not produce cotton and fabric is imported from other countries, mainly from China, Pakistan and India. The young software engineer, born in West

Bengal of India, did not have experience in the garment industry.

But his wife's job was related to productivity in a garment factory. His wife gave him the idea of making software that can reduce the cost of fabrics, Ganguli said.

Ganguli and three of his friends started this business four years ago. "Our business growth is extraordinary. We will set up 11 new offices in different countries in the next two years," he said, adding that the company's primary capital was \$3.2 million.



UCB

Muhammed Ali, managing director of United Commercial Bank, and Sakhawat Abu Khair Mohammed, president of Gulshan Club, exchange documents after signing a memorandum of understanding in Dhaka on Wednesday. Gulshan Club members will enjoy exclusive services from the bank's priority banking division -- Imperial Banking.



SSG

Aftab Mahmud Khurshid, group chief marketing officer of SSG, and Sabbir Rahman Tanim, chief executive of Windmill Advertising, exchange documents after signing an agreement. Under the deal, SSG will be the event partner of Home Fest Dhaka 2016, scheduled to be held in the capital from December 2-3.