

# Infosys to return \$2b to shareholders

REUTERS, Mumbai/Bengaluru  
Infosys set a \$2 billion cash return to shareholders and appointed an independent director as co-chairman, moves that may placate a group of founders and former executives who have criticised India's second-biggest software services exporter.

Some founders and former executives of the Bengaluru-based company have publicly accused its board of governance lapses and had urged it to reward shareholders through a share buyback like rival Tata Consultancy Services did with a \$2.4 billion buyback announced in February.

Infosys said on Thursday it would return up to 130 billion rupees (\$2.02 billion) to shareholders in the fiscal year ending March 2018, adding the manner of the payout will be decided by the board. It also appointed independ-

ent director Ravi Venkatesan as co-chairman of the board.

Hugh Young, managing director of Aberdeen Asset Management Asia, said the payout and the new appointment were positive. Aberdeen owned Infosys shares as per latest data available as of end-February.

"Infosys' balance sheet remains very strong and can still accommodate proper investment," said Young. "The new appointee hopefully allays governance, expertise concerns."

Shares in Infosys were down 3.7 percent at 0812 GMT, however, as the market had been hoping for a larger payout and a stronger outlook.

Infosys said it expects revenue to grow 6.5 percent to 8.5 percent in constant currency terms during 2017-18.

"It is a challenging environment out there," CEO Vishal Sikka said at

a press conference, adding that the outlook was tempered by the company's most recent quarterly performance.

Infosys is also likely to struggle to reach its ambitious \$20 billion revenue target by 2020, as the \$150 billion Indian software service sector has been hit by cautious client spending due to a wave of protectionism under the new U.S. administration.

"With the performance that we have seen in the last few quarters it was already a difficult thing and now it's an incredibly difficult thing," Sikka said.

The United States is the largest market for Indian software service companies and an Indian industry lobby group in 2016 cut its forecast for the sector's growth in the year to March due to global uncertainties.

Infosys reported a small rise in consolidated net profit to 36.03 billion rupees (\$559.5 million) in

the three months to March, from 35.97 billion rupees in the year-ago quarter.

Analysts, on average, had expected a consolidated profit of 35.67 billion rupees, according to Thomson Reuters data.

Quarterly revenue grew 3.4 percent year-on-year to 171.20 billion rupees. "It's a lackluster kind of result and guidance," said Dipen Shah, head of private client group research at Kotak Securities.

The company said it was positive on its financial services business, while retail was likely to remain volatile during the year.

"In U.S. particularly we've seen a couple of rate hikes and an easing of regulatory pressure so we expect some of the spend to come back later in the year, in terms of discretionary spend. So we remain fairly confident on the financial services," said Pravin Rao, the company's chief operating officer.

## New CEO for United Insurance

STAR BUSINESS DESK  
Khawaja Manzer Nadeem has recently joined United Insurance Company Ltd as managing director, the company said in a statement yesterday.

Prior to joining United, Nadeem has served Paramount Insurance Company Ltd and Continental Insurance Ltd as managing director.

He started his career in the insurance sector with United Insurance in 1989, according to the statement.

He obtained his M.Com degree in management from Dhaka University, the company said.



## Uniqlo operator says profits surge on winter sales

AFP, Tokyo  
Uniqlo's operator said Thursday that its half-year profit doubled from a year ago as sales of winter wear picked up and the chain refocused on thrifty shoppers.

Fast Retailing also cited upbeat demand at its China stores for net profit coming in at 97.2 billion yen (\$891 million) in the six months through February, up from 47.0 billion last year. Revenue rose 0.6 percent to 1.02 trillion yen, it said.

But the company did not upgrade its 100 billion yen full-year profit forecast, meaning results for the rest of the year were likely to come in weaker than hoped.

Asia's biggest retailer -- a rival of Zara, Gap and H&M -- pointed to strong demand for sweaters and its heat-retaining clothing brand, Heattech, for upbeat first-half results.

"On top of strong sales, we saw significant profit increase in the mainland Chinese stores and in Southeast Asia, the company said in a statement. Still, warmer-than-expected weather in December and January held back sales at Uniqlo's Japanese locations.

Fast Retailing has adopted a back-to-thrift strategy after company chairman Tadashi Yanai conceded last year that an ill-fated price rise had been a mistake that hurt sales. In October, Yanai backed off his ambitious annual revenue goal - 5.0 trillion yen by 2020.



Shusmita Anis, managing director of ACI Formulations Ltd, attends the Annual Conclave of ACI Crop Care-2017, at ACI Centre in Dhaka on April 12. The daylong event was attended by around 200 field force members of the company.

## Saudi raises \$9b in first global Islamic bond issue

AFP, Riyadh  
Saudi Arabia raised \$9 billion in its first global Islamic bond issue, the government announced on Thursday, a move analysts say could ease pressure on foreign reserves.

The sale of Islamic bonds, known as sukuk, comes after the kingdom in October turned to the conventional global debt market for the first time, raising \$17.5 billion in a bond issue.

Saudi Arabia has also sold domestic bonds and drawn on its accumulated reserves, all in an effort to reform the economy and address budget deficits caused by a collapse in oil revenues since 2014.

"The ministry of finance received significant interest for the first international issue of the sukuk programme with an order book from investors in excess of \$33 billion," the official Saudi Press Agency said.

There will be two tranches of \$4.5 billion, one maturing in 2022 and another in 2027, reflecting "the strong fundamentals of the Saudi economy," it said.

Islamic financial instruments including sukuk are structured to comply with Islamic law, which does not allow the payment of interest.

Riyadh has forecast a budget deficit of \$53 billion this year, after an even bigger shortfall last year prompted subsidy cuts and delays in major projects.

In a report this month, Saudi firm Jadwa Investment said the kingdom's foreign reserves, including securities, bank deposits and gold, had fallen to a near six-year low.

Reserves dropped to \$514 billion in February, down \$10 billion from the previous month and the lowest level since August 2011, Jadwa said.

## NBR collects Tk 566cr as it celebrates Halkhata festival

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The NBR's field offices collected nearly Tk 300 crore as arrears taxes, out of the Tk 550 crore due until March this fiscal year.

Taxmen said the main objective of introducing the halkhata was not to collect taxes on the day but to create awareness among people and motivate taxpayers to regularly deposit taxes.

Abdul Matlub Ahmad, president of the Federation of Bangladesh Chambers of Commerce and Industry, said this initiative will reduce the gap between the NBR and taxpayers. "We welcome this new initiative. We think it will build a relation of trust among us all."

He said taxpayers' fear of harassment has gone down in recent years because of a large number of NBR initiatives such as tax fairs. Md Lutful Azeem, additional commissioner of the Tax Zone-1, said halkhata is a long standing culture of the Bengali people where businesses welcome their clients with sweets.

"Now we are celebrating the tradition and are welcoming taxpayers to encourage them to deposit arrears amid the festivities."

The LTU VAT, which deals with big firms like mobile phone operators, multinationals, banks and insurance, received more than Tk 10.65 crore until yesterday afternoon.

Matiur Rahman, commissioner of the LTU VAT, said the field offices sat with company secretaries and chief financial officers of 30 firms to encourage them to settle tax related disputes through out of court settlement or the alternative dispute resolution (ADR).

These companies generate 40 percent of VAT collected in a year and account for 75 percent of tax related arrears and VAT related disputes with the LTU VAT, he added.

Rahman said the LTU VAT aims to settle cases involving Tk 296 crore through the ADR by June. It has already settled 13 cases involving Tk 22 crore.

## State Bank of India sees profit boost in 3yrs after bank units merged

REUTERS, Mumbai  
The head of State Bank of India (SBI), the country's largest lender, said she expects a boost to annual profit of as much as 30 billion rupees (\$465 million) in three years on cost and efficiency gains from the absorption of associate banks.

Chair Arundhati Bhattacharya also said in an interview that signs of more factory activity pointed to a turnaround in India's weak credit cycle this financial year - welcome news for a government keen to revive private investment.

State-run SBI this month merged five subsidiary lenders and absorbed them into the parent company. It had fully owned two and had majority stakes in the others, but all had previously operated separately.

Workforce integration will start in June, said Bhattacharya who joined SBI 40 years ago and rose through the ranks to become its first female chief in 2013. SBI has said it

will shut or move some branches and close overlapping units.

"Total bottom line impact (of) around two to three thousand crores (20-30 billion rupees) is what we are thinking of," she said. "I'll have a better hang of these numbers by the middle of May."

That would compare with a net profit of 115.9 billion rupees for the year ended March 2016 if results of the five subsidiary banks were included.

Profits at state-run lenders have been under pressure, weighed down by a record \$150 billion in stressed assets. The pile of bad debt, combined with slower economic growth and deferral of large projects, has prevented lenders from boosting credit growth.

As of March 17, banking sector loans had grown just 4.4 percent, compared with 10.9 percent in the previous year, the weakest pace since the fiscal year ended March 1954.

## IDB to sell shares in Islami Bank

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The Saudi lender's announcement comes on the heels of the sale of 40 lakh shares by Mustafa Anwar, the immediate past chairman of IBBL's board of directors and a sponsor of the bank, out of his total holdings of 42 lakh in the banks.

Dubai Islamic Bank, a major sponsor, had sold its entire holdings in IBBL in phases between 2014 and 2015.

Foreign shareholders hold over 52 percent stakes in IBBL, including IDB's 7.5 percent.

Saudi-based Yousif Abdullah Al-Rajhi and Al-Rajhi Co. for Industry & Trade have 7.58 percent and 9.93 percent stakes respectively, and the Public Institution for Social Security in Kuwait and Kuwait Finance House 6.46 percent and 5.25 percent respectively.

IBBL witnessed a massive change in its board and management towards the end of last year. The board's chairman and managing director along with a number of directors were changed. Presently, IBBL has record 9 independent directors in its board.

Bangladesh is one of the top 5 beneficiary countries of IDB along with Pakistan, Egypt, Turkey and Morocco.

The total financing for the five countries represent about 45 percent of the total net approvals, according to IDB's website.

## Potato exports fail to pick up

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The migrant workers are the main buyers of the locally grown potato, she said, adding that the locals at the importing countries also show interest.

The prospect of exports, particularly to Malaysia, is bright, said Md Mahtab Uddin, chief operating officer at Pran Agro Business.

Increased incentives for export will make exporters more price competitive and help ship higher quantity of potatoes, he said.

Azhar Ali, additional director of Plant Quarantine Wing of the DAE, said steps will be taken so that the Russian market reopens.

He suggested exporters should sort and grade potatoes properly to ensure the shipment of only good-quality potato. "The demand for our potato will rise if exporters do so," Ali added.

## BBS Cables gets IPO green light

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The face value of the bond -- which can be issued to only commercial banks, non-bank financial institutions, insurance companies, corporate houses and high-net-worth individual investors through private placement -- will be Tk 1 crore per unit.

In another development, the regulator fined directors and managing directors of Amam Sea Food Industries, Rose Heaven Ball Pen Industries and Chic Tex Tk 1 lakh each for breaching securities rules.

The BSEC also imposed a condition of getting 51 percent shareholders' prior consent for issuing right shares by listed companies.

## As Samsung's profit surges, some investors worry about peaking growth

REUTERS, Seoul  
Even as Samsung Electronics Co Ltd is poised to deliver a surge in earnings to an all-time high this year, some investors are already starting to fret the tech giant will soon become a victim of its own success.

With a market capitalization of 331 trillion won (\$293 billion), the South Korean firm has emerged as Asia's most valuable company and its shares have jumped 60 percent since end-2015, hitting a record high in late March.

The outlook is upbeat with analysts seeing high chip prices continuing at least through to the end of this year, and the launch of a new flagship smartphone this month reviving its mobile business after last year's Galaxy Note 7 fires.

But the stock is losing steam, up just 3 percent so far in April, and some investors are questioning the company's long-term growth potential and whether it can maintain the double-digit profit growth expected this year.

"People are starting to worry whether Samsung can repeat these kinds of numbers next year," said Park Jung-hoon, fund manager at HDC Asset Management. "There's no reason to be the first to jump off, but those worries will grow as time passes."

Samsung's operating profit is expected to grow just 5.5 percent next year compared to 61 percent in 2017, according to the average forecast from a Thomson Reuters survey of 16 analysts.

The driver of Samsung's rally has been the booming memory chip market, with prices for both DRAM and NAND chips soaring as suppliers scramble to meet demand for more firepower from mobile devices and data servers. Researcher IHS expects 2017 memory industry revenues to leap 32 percent to a record \$104 billion this year.

But this growth will not be repeated, analysts say, with more production capacity coming online to alleviate the bottleneck.

IHS projects 2018 memory industry revenue to grow by just 3 percent to \$107 billion.

There is also concern product makers could reach "pricing fatigue" and maintain current chip capacity for new products instead of adding more. "It feels like we might be reaching a little bit of that right now (for DRAM)," IHS analyst Mike Howard said during a Seoul media briefing earlier this month.

Meanwhile, Samsung has missed out on a flurry of deals in the global chip industry,

and the group is unlikely to join the party any time soon as management deals with a damaging corruption scandal that has rocked South Korean politics.

Company scion Jay Y. Lee was arrested in February and is on trial on charges of bribing ousted South Korean president Park Geun-hye. He denies any wrongdoing.

The leadership vacuum will temper investors' hopes for strategic moves that could deliver new near-term growth drivers.

"We're basically going to see the chip profit double this year from 2016 and people will start considering whether that can be matched next year," HDC's Park said.

"As time passes we'll start seeing some analysts start changing their tune." To be sure, no investors or analysts are expecting Samsung shares to crash.

The firm trades at a forward price-to-earnings ratio of 8.62, according to data compiled by Thomson Reuters, still undervalued compared to 14.61 for smartphone rival Apple Inc and 12.55 for chipmaker Intel Corp. It plans to buy back and cancel 9.3 trillion won in shares, which will support the share price and boost yields.

Extra payouts or buybacks are possible given the likelihood of record profits, further supporting shares, IBK Asset Management fund manager Kim Hyun-su said.

Samsung said on Thursday pre-orders for its flagship Galaxy S8 smartphone have exceeded those of its predecessor S7, suggesting many consumers were unfazed by the Note 7 fires.



Models pose with Samsung Electronics' Galaxy S8 smartphones during a media event at a company's building in Seoul, South Korea yesterday.