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Retail investors' scramble for Jamuna Oil shares

Price jumps to Tk 950 against Tk 10

SARWAR A CHOWDHURY

The government received a bonanza in the early stages of the partial sale of the Jamuna Oil Company yesterday, as retail investors scrambled to purchase stock in the group, in some cases paying more than Tk 950 for shares whose face value was fixed at only Tk 10.

The government had aimed to gain Tk 13.50 crore from the sale of a 30 percent stake in the company. However on the first day of the sale it raised Tk 11.6 crore from selling only 3.88 percent of the company.

If yesterday's price levels are repeated during the rest of the sell off, the government could make more than Tk 100 crore.

However market experts described yesterday's buying as 'crazy' pointing to the absence of institutional investors and the relatively small number of stocks sold as evidence that the prices were not sustainable.

The shares were sold under the stock exchanges direct listing rules, through which the price of a security is built up by the prospective investors. This meant that the issue manager ICB Securities Trading Company asked for bids from interested parties, starting at 10 am yesterday.

After 10 minutes it began selling the shares to the highest bidders. The first sales was for Tk 561 on the Dhaka Stock Exchange (DSE) but the price rose as high as Tk 952 before closing at Tk 600 at 12 noon. On the Chittagong Stock Exchange (CSE), starting with Tk 591 the share prices rose as high as Tk 780.10 before closing at Tk 601.30.

During the two hours 158,200 shares were sold on the DSE and 16,400 on the CSE.

Market experts said yesterday's prices were abnormally high and this was the reason why the institutional investors remained on the sidelines.

"Retail investors were crazy, they bought the shares at irrational prices that do not match the company's fundamentals," said Yawer Sayeed, managing director and chief executive officer of Asset and Investment Management Services Ltd.

"Because of the irrational price, the trading of the company was very thin on the market," he added.

Retail investors had feared they might not get shares, as the quantity being offloaded is low. That is what prompted them to offer higher prices, he said.

"I think the investors need to be very cautious to buy the company's shares at such a high price," he said.

Echoing Sayeed's views, DSE Chief Executive Officer Salahuddin Ahmed Khan said as per the closing price, the share's price-earning ration (PER) stood at over 200, a very high level.

Today is the second day for offloading shares on the spot market. Normal trading will start on Monday. There will be no trading of Jamuna on Sunday. First two days spot market trading of Jamuna will not be included in the index.

Jamuna is the third government entity, which got listed with the bourses under the direct listing regulations. Earlier, Dhaka Electric Supply Company and Power Grid Company of Bangladesh offloaded their shares on the bourses in 2006.

Another state-run energy company, Meghna Petroleum, will make its debut on the market next Monday. Meghna will release 12 lakh shares worth Tk 12 crore.

Meanwhile, indices on the Dhaka and Chittagong stock exchanges rose yesterday.

The DSE General Index increased by 42.33 points, or 1.43 percent, closing at 2989.36 points, while the CSE Selective Categories Index rose by 67.39 points, or 1.4 percent, finishing at 4872.86 points.

The DSE All Share Price Index also rose by 34.85 points, or 1.4 percent, finishing at 2517.28 points, while the CSE All Share Price Index increased by 96.87 points, or 1.29 percent, ending at 7588.48 points.

A total of 9,084,141 shares worth Tk 136.95 crore changed hands on the DSE, a total of 2,839,033 shares worth Tk 23.60 crore changed hands on the CSE.

Of the issues traded, 168 advanced and 37 declined with 19 unchanged on the premier bourse, while 97 advanced and eight declined with 10 unchanged on the port city bourse.

SRO likely to change int'l oil company tax

UNB, *Dhaka*

International oil companies operating in the country are likely to be exempted from paying tax-on-tax from the next fiscal year (2008-09).

In this regard, the National Board of Revenue (NBR) has decided to issue an SRO (Statutory Regulatory Order) that will take effect from the next fiscal year, official sources said.

The decision was taken at a recent meeting between NBR and the representatives of energy ministry, Petrobangla and Chevron.

The NBR took the decision as the state-owned Petrobangla and US-based oil company Chevron are at loggerheads over the payment of Tk 30 crore as 'tax-on-tax' to the national exchequer.

According to the existing provision, the government charges such tax on the amount of tax paid in previous year along with current year's income.

Earlier, Petrobangla chairman in a letter to the NBR requested the government to give a specific guideline in accordance with the income tax law to resolve the issue.

In the letter, he said as per the Production Sharing Contract (PSC), Petrobangla has been paying on behalf of Chevron the corporate tax charged on income and profit on petroleum operations.

The energy ministry a few months back requested the government to waive the provision of tax-on-tax to salvage Petrobangla, which is reeling under financial constraints due to mismatch between the procurement and sale prices of fuel.

It also requested the NBR to arrange a tripartite meeting with the energy ministry, Chevron and Petrobangla for resolving the long-standing dispute with Chevron on payment of tax-on-tax.

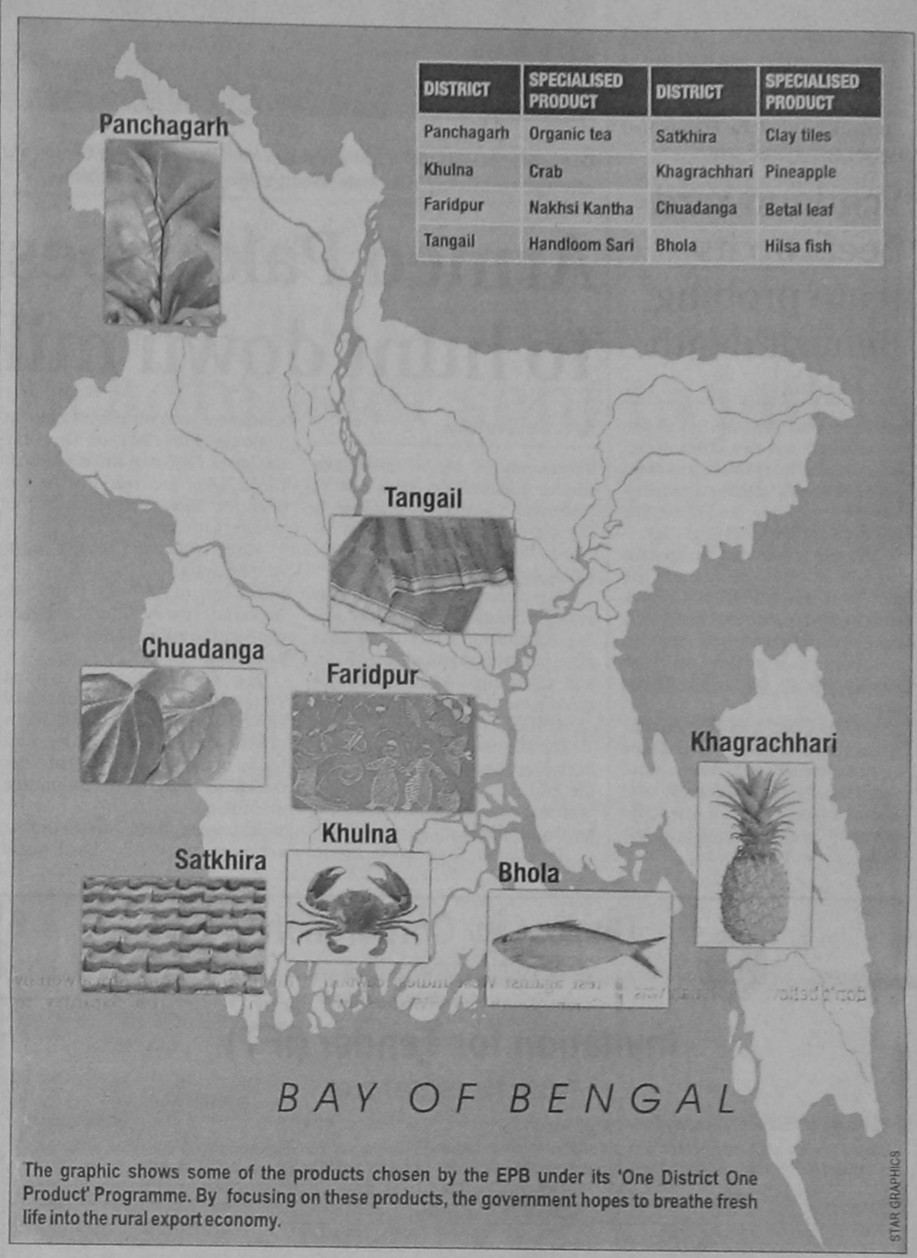
The energy ministry sources said Petrobangla would need Tk 3379.71 crore to pay the amount of tax-on-tax for the period 2007-2019 for block nos. 12, 13 and 14 as per the PSC with Chevron.

The government would have to give a large amount of subsidy to Petrobangla if it has to continue paying the tax-on-tax, they said.

Against such a backdrop, Petrobagla has requested the energy ministry to discuss with the NBR about issuing an SRO on withdrawal of tax-on-tax.

On September 3 last year, Petrobangla chairman and the president of Chevron Bangladesh at a meeting reached consensus on requesting the NBR to waive the provision of tax-on-tax.

EPB starts implementing 'one district one product' project to diversify exports



The graphic shows some of the products chosen by the EPB under its 'One District One Product' Programme. By focusing on these products, the government hopes to breathe fresh life into the rural export economy.

JASIM UDDIN KHAN

Inspired by the Japanese 'one village one product' movement, the government has started implementing a 'one district one product' (ODOP) scheme to decentralise and diversify export production..

Officials hope the move will lower costs and ease environmental and social problems such as uncontrolled migration from rural areas to the country's main cities.

The state-run Export promotion Bureau (EPB) has primarily identified 14 products that include organic tea of Panchagarh, crab of Khulna, Nakshikantha of Faridpur, handloom products of Tangail, clay tiles of Shatkhira, pineapple of Khagrachhari, betal leaf of Chuadanga and hilsa fish of Bhola.

Japan launched such a movement at Oita Prefecture in 1979. It has now become a global movement as countries like China, Malaysia, Thailand, South Korea and the United States have adopted this strategy to promote their products.

EPB Vice Chairman Md Shahab Ullah expressed his hope that the project will contribute to develop the rural economy.

He said the government's move will help Bangladesh increase the local value in exports and will boost the traditional and indigenous sectors.

"The main objective of the project is to include more products in the export basket as the country now depends on a very selective products base," Shahab Ullah said.

As per the EPB plan, a common logo for all the selected products under ODOP will be introduced to make them familiar worldwide.

The state-run export promotional agency also has a plan to set up some common centres all over the country, which will provide technical and logistic supports for the products under the ODOP project.

The EPB wants optimum use of organic raw materials as well as indigenous technology to promote products in the international market.

An expert in such movement from Japan, Tadashi Uchida, will soon be invited to Bangladesh to share his experience with local people.

The EPB will also propose to the government that it seek support from donors like Japan's External Trade Organization in order to carry out the project.

Saarc securities regulators meet in Kathmandu April 21

BSS, *Dhaka*

A two-day meeting of Securities Exchange Regulators of Saarc (South Asian Association for Regional Cooperation) will be held in Kathmandu from April 21.

The meeting on 'Management of Stock Exchange Systems and Regulation of Securities Markets' is designed to exchange knowledge regarding capitalisation of stock markets, said an official of the foreign ministry.

The purpose of the meeting is to see how best the people concerned can share experiences of their respective countries in the field, the official added.

FDI risks chill after record 2007: Unctad

AFP, *Geneva*

Global foreign direct investment (FDI) hit a record in 2007 but economic turbulence and inflationary pressures could have a "chilling" effect in 2008, the UN trade and development agency said Tuesday.

The UN Conference on Trade and Development (Unctad) issued preliminary estimates showing FDI flows amounted to 1.538 trillion dollars (1.045 trillion euros) in 2007, beating the previous record of 1.4 trillion dollars in 2000, just before the internet bubble burst.

"The financial and credit crisis that began in the latter half of 2007 has not affected the overall volume of FDI inflows," Unctad said.

Increased corporate profits and an "abundance" of cash helped boost the value of cross-border mergers and acquisitions (MA) which constitute a large portion of FDI flows, it noted.

Shamsul Haque Ram Chandra

New chairman, vice chairman of Sonar Bangla Ins

Md Shamsul Haque and Ram Chandra Barai have been elected chairman and vice chairman of Sonar Bangla Insurance Ltd, says a press release.

Shamsul Haque is the chairman of Claxton Apparels and Textile Ltd, managing director of Red Heart Electric Industries Ltd and Butterfly Sewing Machine Manufacturing Company Ltd and a director of SH International Ltd.

Ram Chandra is the proprietor of Nova Jewellers, chairman of LN International Ltd and a director of Fashion Trust (Pvt) Ltd and Markup Designers Ltd.

NEW ORDER FOR SECURITY MONEY

Overseas job sector may turn volatile as recruiting agents plan legal step

PORIMOL PALMA

Overseas employment sector is likely to turn volatile, as many recruiting agencies plan to file writ petitions against a government order asking them to deposit Tk 15 lakh as security money.

Such initiatives gained momentum with two recruiting agencies already having a stay on the government order for three months from the High Court.

The amount of security money was Tk 6.5 lakh until the government in 2004 upped it to Tk 15 lakh only for new recruiting agencies, keeping the old licensees' amount unchanged.

Since then, about 60 agencies secured licenses depositing Tk 15 lakh as security money.

Thinking that there should be uniformity, the Ministry of Expatriates' Welfare and Overseas Employment in a gazette notification to Bangladesh Association of International Recruiting Agencies (Baira) on July 15 last year asked the old businesses to deposit additional Tk 8.5 lakh each.

"We want to bring uniformity with regard to security money. On the other hand, cost of sending workers abroad has also increased. The amount of compensation money is now more than before in cases of return of victims of cheating or so," said Expatriates' Welfare and Overseas Employment Secretary Abdul Matin Chowdhury.

The government is not taking the money forever; rather it is refundable when an agency closes its business, he said, adding: "We're trying to bring discipline in the sector."

The overseas recruitment businesses say around 70 percent of the total 900 recruiting agencies are small and cannot afford depositing Tk 8.5 lakh each at a time. It is also "illegal" for the government to impose additional money, they observe.

Following the government gazette notification, Sattar Overseas and Business International as well as Aviate International filed a writ petition against it. The High Court on December 12 last year passed a stay on the order.

Secretary Abdul Matin Chowdhury said the government discussed the issue with legal experts who pointed out that the stay is applicable only for the writ petitioners; other agencies must deposit the required sum.

The government set the deadline for depositing the sum on January 7, but no agencies followed the order.

In the wake of such conflicts, Bureau of Manpower Employment and Training on January 6 temporarily suspended issuing emigration clearance.

The secretary said: "We've extended the deadline up to January 10 [today]." When asked what will happen if the agencies don't follow the order, he said: "Let us wait until then."

Speaking anonymously, a recruiting agent says many other "unable" agencies are collecting money together to file similar writ petitions.

"Such legal conflicts and probable suspension of issuing emigration clearance will seriously hamper the overseas employment sector," he anticipates.

GP launches BlackBerry

STAR BUSINESS REPORT

Leading mobile phone operator Grameenphone (GP) in collaboration with Canada's Research In Motion yesterday launched BlackBerry mobile services in Bangladesh, aiming mainly at corporate customers.

The service, which already has 12 million users worldwide, offers users secure access to email services on the move and has been particularly successful in attracting business users.

GP will initially offer BlackBerry 8700g and BlackBerry Pearl smart phones in conjunction with BlackBerry enterprise server and BlackBerry internet service.

BlackBerry is a wireless handheld device that has several built-in functions including wireless email, wireless web browser, calendar, address book, task manager memo pad and calculator.

Research In Motion manufacturers BlackBerry phones.

The prices of BlackBerry phones that the cellphone operator is introducing to Bangladesh will range from Tk 28,000 to Tk 31,000.

Speaking at the launching ceremony, Grameenphone CEO Anders Jensen said, "I do believe BlackBerry will be a hit in the Bangladesh market".

Asked if such a premium service was relevant to a country such as Bangladesh he said it would prove attractive as it offered one of the most cost effective solutions to many businesses looking to improve their connectivity.

Norm Lo, vice president (Asia Pacific) of Research In Motion, said BlackBerry products had already gained significant numbers of users in other South Asian markets such as India, Sri Lanka and Pakistan.

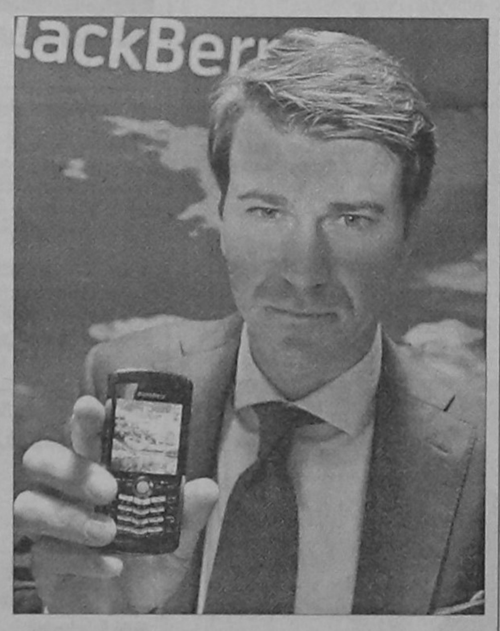


PHOTO: STAR

Grameenphone Chief Executive Officer Anders Jensen shows off a BlackBerry phone at a launching ceremony of the internet-based wireless solution providing BlackBerry handsets in Dhaka yesterday.

Stein Naevdal Larsen, chief marketing officer, Syed Yamin Bakht, head of Information, and Rubaba Dowla Matin, head of Brands of Grameenphone, were also present at the launch.

SEDF financial product for SMEs

IFC Advisory Services for South Asia -- the SouthAsia Enterprise Development Facility (SEDF) -- in collaboration with Bangladesh Leasing and Finance Companies Association is facilitating the adoption of a new financial product for Bangladesh's small and medium enterprises (SMEs).

The product styled 'Operating Lease' can be used to rent equipment, vehicles and technology required for operating everyday business, says a press release.

Operating Lease is an SME-friendly product as it requires no collateral, involves no asset risk, can be tailored to usage-period and can be less expensive than traditional leasing.

Such a product is essential for an emerging market like Bangladesh because of the huge SME market segment, characterised by the scarcity of collateral to secure financing, the release adds.

An operating lease not only enables leaseholders to acquire the use of equipment without the need for collateral but also reduces their operating risk.

SMEs in Bangladesh contributed 25 percent to gross domestic product (GDP) and 80 percent to industrial jobs of the country in 2004.

KL denies any freeze on Indian workers

AFP, *Kuala Lumpur*

Malaysia Wednesday denied it had frozen the recruitment of workers from India, after reports quoted officials saying a ban was in place as the government cracks down on dissent by ethnic Indians.

"Let me categorically state that the ministry of home affairs has never come out with any rulings or circulars that we have stopped taking foreign workers from India," Home Minister Radzi Sheikh Ahmad told a press conference.

Bajaj, Renault to make cost effective cars

PALLAB BHATTACHARYA, *New Delhi*

India's second largest motorcycle maker Bajaj Auto has said it aims at manufacturing a cheap, highly fuel-efficient small car within four years under a joint venture possibly with the French car maker Renault.

The proposed car would offer higher mileage, but cost more than the car that the leading Indian industrial group Tata plans to produce. The prototype of the car was put on display on Tuesday, two days before Tata Motors unveils its low-cost car at an auto show in New Delhi tomorrow. Nissan, which is linked with Renault by cross holding, are also engaged in negotiations with Bajaj Auto.

The Bajaj family-run company's two-wheeler sales are running at nearly 20 per cent below the previous year's level and its plan to shift to car manufacturing is intended to keep up with changing market trends.

Carlos Ghosn, Chief Executive of Renault's, who has been in contact with Bajaj, had said earlier that his firm would manufacture a 3,000 dollar car in India by 2010.

Rajiv Bajaj, Managing Director of Bajaj Auto, declined to disclose the price tag for the car, saying it would be "reasonable" and cost-effective.

Bajaj said that the proposed car would have design and chassis cues from Renault. "Other than the chassis, body and interiors, the engine, transmission, steering system, brakes and suspension of the final product will be similar to the prototype", he added.

He said that the car would give twice the mileage than the existing products in the market and it could be powered by diesel, CNG and liquefied petroleum gas and feature a unique transmission system of manual and automatic gearshift.

"Fuel cost is a significant cost component for running a car. So, economy in fuel cost does more to lower the overall cost of the car than halving the price", Bajaj said. "The company has been implementing a feasibility study that will be completed by next month on the basis of which the car would be developed further," he said, adding that the car is expected to be in the market in two to four years time.

Bajaj said that a new plant in the western Indian state of Maharashtra is likely to produce the new car and it will also make commercial vehicles that Bajaj Auto plans to launch in 2009.

Honda, Toyota and Nissan are other global car giants, which have plans to build low-cost cars in India as Indians become more affluent with rising income and small car sales are estimated to double to about two million units by 2010.

Partex to launch designer furniture

STAR BUSINESS REPORT

Partex, one of the country's leading furniture producers, is launching a range of designer furniture, aimed at satisfying the growing demand for furniture in Bangladesh.

Industry experts estimate that demand for furniture is about Tk 5,000 crore a year, but local production is currently around Tk4,000 crore with imports making up the shortfall..

The new range, aimed mainly at middle income consumers, will be launched today at the `Esho Amar Ghorey Esho' festival that will run until January 15 in Dhaka at the group's stores. The range will include 26 new designed items Partex said at a press conference yesterday.

`The festival aims to promote artists as designers and to reach the people of middle income, ' said Quamruzzaman, general manager of Partex Furniture Industries.

Mizanur Rahman and Shampa, the artists behind the new range also attended the press conference.

Partex Furniture Industries Ltd, a business concern of Partex Group, started producing furniture in1999. Partex also sells furniture to India and Malaysia and earned about US$ 7 lakh in exports last year.