

## Stocks

DGEN	▼ 0.21%	3,318.95
CSCX	▲ 0.05%	7,198.38

## Asian Markets

MUMBAI	▼ 1.24%	17,009.17
TOKYO	▼ 0.03%	10,333.39

SINGAPORE	▼ 0.68%	2,692.55
SHANGHAI	▼ 0.45%	3,070.59

## Currencies

	Buy Tk	Sell Tk
USD	68.55	69.55
EUR	100.39	105.67
GBP	110.34	115.80
JPY	0.74	0.81

SOURCE: STANDARD CHARTERED BANK

## Commodities

Gold	▲	\$1,054.05 (per ounce)
Oil	▼	\$78.20 (per barrel)

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SOURCE: AFP  
(Midday Trade)

## Don't make confusing comments: SEC

STAR BUSINESS REPORT

The Securities and Exchange Commission has asked experts, analysts and intermediaries to refrain from making controversial remarks regarding the stock market, which may create unnecessary hype or confusion among investors.

"We directed them to refrain from expressing any opinions, which may confuse investors," Ziaul Haque Khondker, chairman of SEC, told The Daily Star.

The chairman however said experts and analysts can provide information-based and precise opinions about the market, as they did earlier.



(L-R) Kristin Due Hauge, director (spectrum policy) of GSM Association, Zia Ahmed, chairman of Bangladesh Telecommunication Regulatory Commission, Hasanul Haq Inu, chairman of the parliamentary standing committee on telecom ministry, and Mehboob Chowdhury, chairman of South Asia Mobile Forum, attend the South Asia Mobile Summit-2009 in Dhaka yesterday. (Story on B3)

## SEC halts margin loans against 28 securities

SARWAR A CHOWDHURY

The stock market regulator has directed merchant banks, brokers and dealers to suspend margin loans against the shares of 28 well-performing companies, as investment by borrowing in these securities is becoming too risky.

Although the companies pay dividends and -- mostly with positive earnings, reserves and surplus -- the prices of those shares have soared so high that investment in those securities has turned into a high-stakes game.

Market analysts say rumours and high speculation have fed soaring prices.

Apart from measures to cool down the market, the Securities and Exchange Commission (SEC) has curbed margin loans as a warning to investors about risky investment, which may lead to losses.

The abnormal price rise has led the PE (price-earnings) ratio of the 28 companies to go over 100. In one case at least, the PE ratio soared to more than 4,000.

A PE ratio is a company's current

share price compared to its earnings per share. In general, a high PE ratio reflects that investors expect higher earnings in future or a strong chance that they will be able to make a capital gain. In other words, share value will increase and the investor is free to sell at a rate higher than he paid for it.

A 100 PE of a firm means if an investor buys a share at the current market price it will take 100 years before the company earns enough profits to equal the value of his investment.

"The stock prices are already overpriced and any margin loan facilities will heat them up further," Anwarul Kabir Bhuiyan, executive director of SEC, told The Daily Star yesterday.

Bhuiyan pointed to the high risk in any investment with loans in such over-valued securities.

Generally, many retail investors follow the market trend and buy soaring shares with margin loan.

"The commission took the decision to suspend margin loans for the 28 securities to protect retail investors from incurring losses and maintain a market stability," the

SEC executive director said.

He also advised investors to put their money on the companies whose fundamentals are strong and return on investment is ensured.

Of the 28 companies, 15 belong to A-category, whose fundamentals are strong and pay dividends at 10 percent or above to shareholders.

Eleven securities are trading under B-category, which includes companies that pay dividends at rates ranging from 5 percent to below 10 percent.

One company is under N-category, where newly listed companies are traded, and another is under Z-category, a group of the worst performing that do not pay dividend.

Earlier on October 1, the SEC decided that shares with weak fundamentals and also shares of the companies failing to submit their annual reports within the stipulated time will no longer be considered marginable securities.

Marginable security means a stock that can be purchased on margin loan provided by brokerage houses and merchant banks.

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## Companies for which investors are no longer allowed to take margin loans

Scripts	Category
Beach Hatchery	A
Legacy Footwear	B
Ambee Pharmaceuticals	A
Bangladesh Autocars	B
Bangas	A
Al-Haj Textile Mills	A
Purabi General Insurance Co	A
In Tech Online	A
Daffodil Computers	A
Beximco Synthetics	A
First BSRS Mutual Fund	A
Miracle Industries	B
Sonar Bangla Insurance	Z
Monno Ceramic Industries	A
Alltex Industries	B
Desh Garments	B
Gulf Foods	B
Eastern Lubricants Blenders	A
Aramit Cement	A
Kay & Que (Bangladesh)	B
Modern Dyeing and Screen Printing	B
GQ Ball Pen Industries	A
Bangladesh Shipping Corporation	A
Bangladesh Welding Electrodes	B
Bangla Process Industries	B
Fine Foods	A
Anilima Yarn Dyeing	B
Marico Bangladesh	N

## Augere launches first WiMax for Dhaka

STAR BUSINESS REPORT

Augere Wireless Broadband Bangladesh Ltd yesterday launched the much-awaited wireless broadband service through WiMax in some designated areas in Dhaka.

Augere, one of the two WiMax licensees, is the first company in Bangladesh to launch such service under the brand name 'Qubee'.

Augere is initially offering two packages. Customer will have to pay Tk 3,400 a month for the Qubee 512 kbps package. The monthly charge for the Qubee 1 Mb has been fixed at Tk 6,200, while the modem price for both the packages is Tk 7,000.

Initially, the Qubee service is available for businesses and residential customers in Gulshan, Banani, Baridhara, Mirpur and



Uttara. Qubee will be available across Bangladesh soon.

WiMax is a technology that provides wireless transmission of data using a variety of transmission modes from point-to-multipoint links to portable and fully mobile internet access. The technology supports peak download rates of up to 46 Mbps and peak uplink rates of up to 14 Mbps.

Jerry Mobbs, chief executive officer of Augere Bangladesh, Russell T Ahmed, chief marketing officer, were present at the launching ceremony.

"We can offer low priced packages, but our goal is to ensure quality first," said Ahmed. "We believe our services will satisfy our customers."

Augere also unveiled a Qubee Flagship Store at Gulshan to provide 24-hour customer services.

Three bidders -- Bangla Lion Communication, BRAC BD Mail Network Ltd and Augere Wireless Broadband Bangladesh Ltd -- won the WiMax licences through an auction organised by the Bangladesh Telecommunication Regulatory Commission (BTRC) in September last year. However, BRAC later refused to take the licence.

UK-based Augere Holdings owns 60 percent of Augere Wireless Broadband Bangladesh Ltd along with two local companies. Teleport Bangladesh owns 30 percent and Aamra Resources Ltd owns the remaining 10 percent.

## Biman plans for loss-prone NY route amid hitches

SOHEL PARVEZ

Biman seeks to resume flights to New York -- apparently to fulfil government wishes -- despite a history of counting about Tk 40 lakh in average losses on each flight.

But Biman Managing Director and Chief Executive Muhammad Zakiul Islam said flights on such a renowned destination would help the carrier portray a positive image to travellers and add value to the brand.

"These are intangible benefits. Sometimes you will have to maintain certain networks to create a positive image among travellers, even if it does not bring in profits," he told The Daily Star.

"It is not that all our routes bring profits. We are operating flights to London despite losses. You should consider the overall network to attract travellers," said the Biman chief.

The carrier had planned to resume flights at the beginning of winter schedule, but the plan appears to be missing the target due to its inability to get the delivery of two leased Boeing 777-200 aircraft (extended range) by October 26.

Biman now runs the risk of losing the slot it received from John F Kennedy Airport Authority to use one of the busiest airports.

Biman Board Chairman Jamal Uddin Ahmed said Biman had sought a time extension until the end of December to keep the slot for the carrier.

"We have been assured that the slot will be available until November. Now we are planning to begin flights on November 24," he said.

The carrier returned from losses in fiscal 2007-08 after three years in the red.

Riddled with aircraft shortages and record losses worth Tk 454 crore in fiscal 2005-06, Biman shut its flights to New York in 2006, along with Brussels, Paris, Frankfurt, Mumbai, Narita and Yangon.

Officials said although the carrier had received a relatively good number of passengers, it incurred losses between Tk 35-50 lakh on each flight on the Dhaka-New York route mainly because of using the ageing and fuel-guzzling DC-10 aircraft on the long-haul flight.

As per plans, the carrier aims to operate flights on the Dhaka-Manchester-New York route twice a week to lure non-resident Bangladeshis.

Industry analysts however said favourable traffic flow might not help Biman avoid losses on this long-haul route, as it will have to fly for about 35 hours, which will result in low yield per seat per hour.

Given the present fare of about \$1,200 between Dhaka-New York-Dhaka, earnings are expected to stand at about \$35 a seat per hour, which will be about \$21 lower than the most profitable route to Jeddah.

Biman management said the flights would run on the leased Boeing 777-200 ER aircraft, instead of the DC-10. However, insiders fear the Boeing 777-200 ER aircraft will not make it profitable, it will only reduce the extent of losses.

Analysts however fear the attempt to reopen flights to New York with leased aircraft will be inappropriate when the carrier is trying to regain strength.

"Political motives should not be the driving force behind a commercial organisation like Biman. Rather, decision should be taken by considering commercial viability and profitability," said Kazi Wahidul Alam, editor of The Bangladesh Monitor, an aviation and tourism publication.

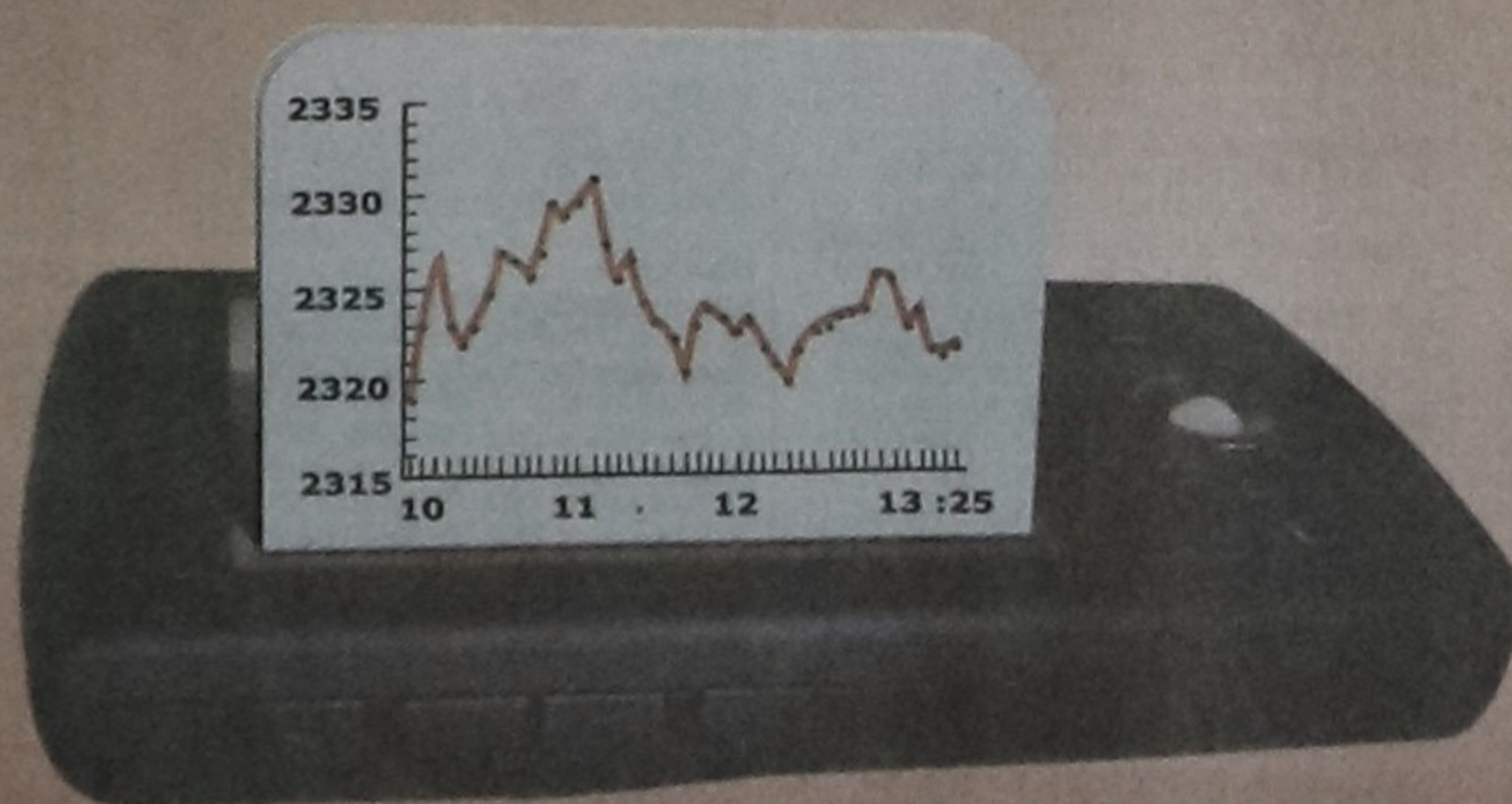
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