

DSE moves to find obstacles to new share offloading

STAR BUSINESS REPORT

The prime bourse now moves to find obstacles to offloading shares by new companies, on the back of government's intervention in the capital market.

"We will organise a seminar very soon with participation of all stakeholders -- market experts and analysts in search of solutions," Dhaka Stock Exchange President Rakibur Rahman told journalists after a meeting with merchant bankers yesterday.

He talked different problems relating to the capital market with the new office-bearers of Bangladesh Merchant Bankers Association.

"Demand for shares has created in the market. But the supply side remains low, as new companies are not coming up with new offers," pointed out the DSE chief.

Referring to a recent government decision on face value of shares, Rahman said it created huge confusion. In this context he lamented that

market stakeholders have no representation in the government's decision-making with regard to capital market.

He further said participation of the stock exchange authorities, merchant bankers, brokers, dealers, asset managers and listed companies association in such decisions will have a positive impact on the market.

M Fazlur Rahman, president of the trade body for merchant bankers, echoed DSE president's view. "The market always expects clear instruction especially from the market regulator," he said.

The finance ministry at a meeting on November 5, 2009 decided that the face value of shares should be unique and it would be better to allow new companies having face value of shares of Tk 100 each.

Later, a parliamentary standing committee on finance ministry also recommended a unique face value of shares. But the committee suggested that such face value should be deter-

mined by Securities and Exchange Commission in consultation with the Dhaka and Chittagong Stock Exchanges.

On the change in the finance ministry's stand on IPO floatation by new companies, DSE boss said, "Although it's a positive thinking, we urge the government to discuss with us before taking any decision on stock market."

Earlier, the ministry decided that the market regulator would have to allow IPO floatation by new companies with offering shares equivalent to 40 percent of paid-up capital.

On the ministry's decision to allow mutual funds gradually, Rakibur Rahman said the directive will slow down the growth in the mutual fund segment. "The more mutual funds in the market, the more it will be stable."

"Private placement during mutual fund floatation should not go. However there should be at least one year lock-in for private placement holders to avoid unusual transaction of mutual funds at their debut," Rahman said.



Kazi Akramuddin Ahmed, chairman of Standard Bank and leader of the business delegation, briefs the media about the outcome of the prime minister's visit to India at Dhaka Sheraton Hotel yesterday. Fazlul Hoque (1-R), president of Bangladesh Knitwear Manufacturers and Exporters Association, Abul Kashem Ahmed (2-L), first vice president of Federation of Bangladesh Chambers of Commerce and Industry, and Abdus Salam Murshedy (1-L), president of Bangladesh Garments Manufacturers and Exporters Association, are also seen. (Story on B1)



Talukder Shamsur Rahman, managing director of Jiban Bima Corporation, and Md Ebadul Karim, managing director of Beacon Pharmaceuticals Ltd, exchange documents after signing a deal in Dhaka recently. The insurer will provide group insurance to the pharmaceutical company.

Govt to reopen all closed jute mills in phases

BSS, Dhaka

The government has made all arrangements for reopening 16 jute mills - Daulatpur Jute Mills at Khalishpur in Khulna and Kawmi Jute Mills in Sirajganj.

The two mills will be able to resume production after getting approval from the finance ministry as it requires about Tk 136 crore. About 5,000 workers will get back their jobs.

The government is also taking steps to reopen all closed jute mills in phases throughout the country.

Presently, 16 jute mills out of the total 27, under Bangladesh Jute Mills Corporation (BJMC) are in operation.

The closed Khulna People's Jute Mills has been handed over to the BJMC and will be back in operation by February, taking back several thousands of workers.

Meanwhile, the government has also formed a 19-member commission, with eminent economist Dr Kholiqzaman Ahmad as its head, for formulating a time-befitting jute policy.

The government has also taken steps for wide global campaigns to promote jute as the natural fibre as the Food and Agriculture Organisation of the UN has declared 2010 as the natural fibre year.

The government is also

making compulsory the use of jute in packaging goods.

The country's jute mills produced 600 tonnes of jute goods in the current year, which doubles the amount produced in the last year.

Jute and jute goods are exported to about 100 countries in the world, including Sudan, Egypt, Iran, Syria, UAE, Australia, New Zealand, USA, European countries, India, Indonesia, Sri Lanka, China and Thailand.

Foreign predators circle crippled Japan Airlines

AFP, Tokyo

As bankrupt Japan Airlines prepares to shed fat in a bid to stay airborne, analysts say foreign rivals are gearing up for a "feeding frenzy" over the crippled carrier's routes and landing slots.

The once-venerable flag carrier's market value is now considerably less than one of its jumbo jets, but its slots to take off and land in Tokyo are coveted by foreign rivals.

A fierce battle is already underway between American Airlines and Delta Air Lines, which are both offering financial assistance to JAL in return for cooperation in areas such as joint flight operations through code-sharing.

Delta, the world's largest carrier, appears to be gaining the upper hand with an invitation for JAL to join the SkyTeam airline network, which currently has no Japanese partner.

On the table is a package worth 1.0 billion dollars -- a 500-million-dollar equity injection, a revenue guarantee worth 300 million dollars and 200 million dollars in asset-backed funding.

Seeking to trump that, American Airlines and its

partners have offered the Japanese carrier an investment of 1.4 billion dollars if it stays in the Oneworld alliance, which also groups British Airways and Qantas.

"It's a feeding frenzy over the market and slots they would like to acquire to operate codeshare flights on behalf of JAL," said Andrew Miller, a former chief operating officer at Air New Zealand.

"The alliances are trying to acquire some benefit from working closely with JAL because the restructuring is going to take two to three years, and during that time there'll be some picking from the carcass of the bone."

Efforts to forge cross-Pacific partnerships were given added impetus last month when Tokyo and Washington struck an "open skies" deal making it easier for Japanese and US carriers to enter new code-sharing alliances.

If JAL joins SkyTeam, it is "highly likely that JAL's flights to America will be replaced by Delta", said Yasuhiro Matsumoto, a credit analyst at Shinsei Securities.

But it would take time for

JAL and Delta to get approval from US authorities for joint operations, he added.

JAL's bankruptcy filing is just the first step in what is likely to be a long and complex overhaul by the debt-ridden carrier, which aims to slash more than 15,600 jobs and axe unprofitable routes to staunch massive losses.

JAL, which reassured passengers it would continue to operate flights during its bankruptcy, made no announcement regarding its talks with American Airlines and Delta Air Lines when it unveiled its turnaround plan Tuesday.

But just hours after it filed for bankruptcy, both US carriers issued statements saying they stood ready to support the once iconic airline.

"As JAL becomes slimmer, Delta would provide many flights," said Yoshihisa Akai, head of research at Japan Aviation Management Research, an advisory firm.

US giants are not the only ones waiting in the wings.

Japanese discount airline Skymark has long been seeking to expand in a country dominated by just two carriers -- JAL and All Nippon Airways -- and

which has airfares much higher than those in Europe or the United States.

Across Asia, discount carriers such as AirAsia are seeking to muscle in on markets once dominated by flag carriers, now hobbled by a high cost base.

JAL's collapse came a day after Singapore-based budget airline Tiger Airways said it had raised about 178 million US dollars in an initial public offering to help fund its ambitious expansion plans in Asia.

"The JAL-Tiger story is part of an epic clash between the old world versus the new -- a battle the old world seems destined to lose," analysts at the Centre for Asia Pacific Aviation in Sydney wrote in a report.

Carriers in China -- on course to overtake Japan as the world's number two economy -- are also expected to pose a bigger challenge to JAL.

Chinese airlines "have strong potential to threaten their Japanese rivals as demand for aviation transport is expected to grow rapidly in Asia, particularly China", said Katsuyuki Nakai, an analyst at ratings agency Standard and Poor's.



Azharul Islam, chairman of Uttara Bank Ltd, inaugurates the bank's first conference of zonal heads for 2010 at Srimangal recently.

Arrow Fabrics to invest \$1.74m in Karnaphuli EPZ

UNB, Dhaka

Bangladeshi company Arrow Fabrics (Pvt) Ltd will expand its garment manufacturing industry in the Karnaphuli Export Processing Zone.

The 100 percent local company will invest \$1.74 million to set up its unit and will produce specialised garment items. The company will also create employment opportunity for 1,500 Bangladeshi workers.

Md Moyjuddin Ahmed, member (investment promotion) of Bangladesh Export Processing Zones Authority (Bepza), and Masuda Begum, managing director of Arrow Fabrics, signed an agreement at the Bepza complex on Wednesday.

Marico declares 25pc cash dividend

STAR BUSINESS DESK

Marico Bangladesh, a leading operator in the beauty and wellness sector, has declared 25 percent cash dividend for 2008-09.

It held its 10th annual general meeting at Gazipur on Tuesday, the company said in a statement.

Debashish Neogi, managing director of the company, presided over the meeting, where Kunal Gupta, Ghulam Mostafa and Rupali Chowdhury, directors of Marico Bangladesh, were also present.

"I am very satisfied that despite the tough macro-economic environment which saw a decline in GDP growth consequent to the

global recession, the company delivered a very strong financial performance," Neogi said.

The company posted Tk 406 crore in turnover for the period from October 2008 to September 2009, which is 53 percent growth over the previous year.

"This speaks volumes about the equity of the company's brands, its strong distribution channels, associates and very dedicated workforce."

During the period, Marico's operating profit was Tk 49.5 crore, an increase of 20 percent over the previous year. The company earned a net profit of Tk 47.09 crore, 76 percent growth over the previous year.

Tk 68cr BKB loans for Cox's Bazar farmers

A CORRESPONDENT, Cox's Bazar

Bangladesh Krishi Bank will disburse Tk 68 crore farm loans in Cox's Bazar current fiscal year.

The loans will be distributed through 19 branches of the bank in the district, said Md Sirajul Islam, general manager of Krishi Bank for Chittagong division, yesterday.

He was speaking as chief guest at a meeting of the bank's branch managers in the district at its regional office in Cox's Bazar.

Islam said, "Krishi Bank wants to stand by every farmer of the country as a farmers' friendly bank." Farmers can open accounts in the bank by depositing Tk 10 only, he added.



Japan Airlines ground crew receive instructions regarding the automatic check-in machines at the Japan Airlines terminal at the Haneda International airport in Tokyo yesterday. Japan Airlines sought to reassure the travelling public that it will keep flying despite declaring bankruptcy as its share price dropped to a new record low of just two US cents.

Bank of America posts loss

AFP, New York

Bank of America said Wednesday it posted a loss of 194 million dollars in the fourth quarter of 2009, and that repayments of government aid boosted the loss for shareholders to 5.2 billion dollars.

For all of 2009, the largest US bank by assets had a profit of 6.3 billion dollars, but for shareholders the results were a loss of 2.2 billion following payments to the US Treasury stemming from bailout aid.

The last quarter's results were affected by a charge of 4.0 billion dol-

lars to repay the US government for its capital aid under the Troubled Asset Relief Program (TARP), a massive effort to stabilize the banking system, Bank of America said.

"While it's disappointing to report a loss for the fourth quarter, there were a number of important accomplishments worth noting," said chief executive Brian Moynihan.

"First, we repaid the American taxpayer, with interest, for the TARP investment. Second, we have taken steps to strengthen our balance sheet through successful securities offerings.

And third, all of our non-credit busi-

nesses recorded positive contributions to our results.

Moynihan added: "As we look at 2010, we are encouraged by signs the economy is improving, as we have seen in the stabilization of our credit costs, particularly in the consumer businesses."

"That said, economic conditions remain fragile and we expect high unemployment levels to continue, creating an ongoing drag on consumer spending and growth."

The results amounted to a loss for shareholders of 60 cents a share, worse than the 53 cent loss expected by analysts.