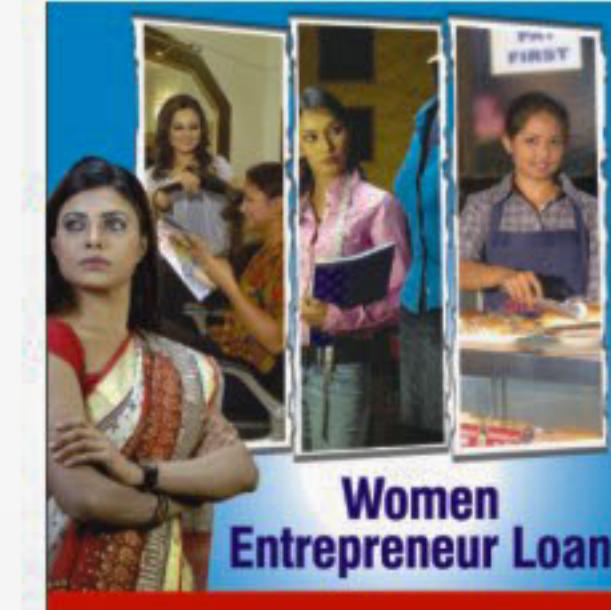


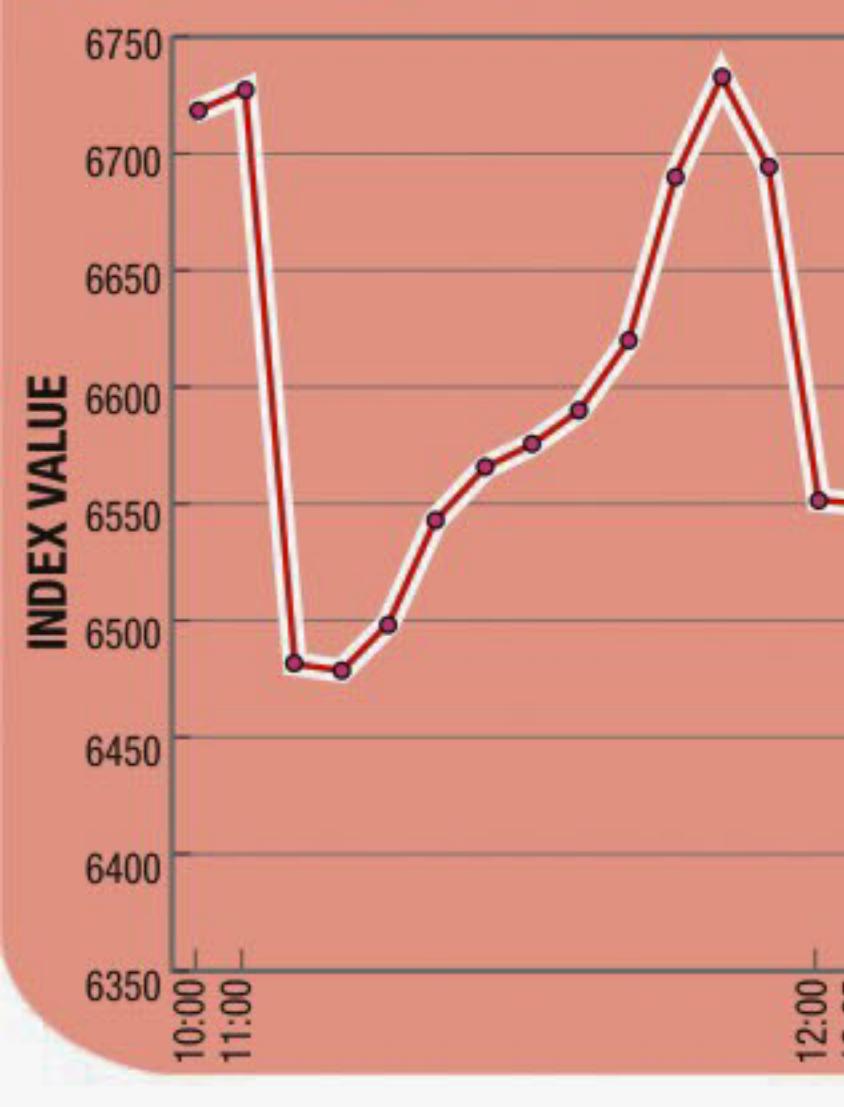
DHAKA TUESDAY FEBRUARY 8, 2011, e-mail:business@thelialystar.net



## Stock investors go berserk again

Dhaka index loses 324 points; SEC lifts suspension order on five stockbrokers

### DSE GENERAL INDEX



### STAR BUSINESS REPORT

A steep fall in share prices sent hundreds of investors out on the street in Motijheel to protest the plunge yesterday, with many taking to vandalism for the second day. They vowed to continue their demonstration until the market bounces back.

The General Index (DGEN) of Dhaka Stock Exchange came down to 6,394 points, registering a 324 points or 4.8 percent fall at the end of a four-hour trading session yesterday.

With yesterday's fall, the market remained in the red for a third trading session, marking a cumulative drop of 915 points.

As the incessant slump in stock prices creates frenzy, the

government is blaming it on the main opposition.

Prime Minister Sheikh Hasina said the BNP has kicked up issues to call hartal by playing tricks in the share market and hoarding essential commodities resulting in a price spiral.

Although the freefall shaped up into a big headache for many, the government appears to be unfazed in the face of it, angry investors said.

Although the investors started gathering in front of the premier bourse from the opening bell of the trading session, the demonstration began at around 1:30pm after the DGEN plunged over 300 points.

The aggrieved investors set fire to paper and wood, burnt an

effigy of the finance minister, and chanted slogans demanding resignations of the finance minister, central bank governor, market regulator's chairman and presidents of two bourses.

They also smashed up a bus and a pickup van in the area and broke windowpanes of some buildings adjacent to the DSE by throwing brickbats.

"My portfolio has been wiped out by 75 percent. I have invested Tk 20 lakh, but now the value is Tk 5 lakh only," said Mizanur Rahman, a shocked investor who was in tears. "I am losing everything. I don't know what to do."

Many others were expressing their feelings the same way, most of whose money was lost to

the recent slump in share prices.

Stockbrokers said share prices kept declining without any let-up. "Frightened investors started offloading the shares from the opening bell. Sliding confidence of investors prompted huge sell pressure and buyers were inactive in fear of further debacle," a leading stockbroker said in its regular analysis.

Losers outnumbered gainers by 241 to 12, with two securities remaining unchanged on the DSE that traded more than 5.47 crore shares and mutual fund units at a value of Tk 609 crore.

Meanwhile, the Securities and Exchange Commission (SEC) has withdrawn a suspension order on trading of five stockbrokers.

The stockbrokers are: Al Arafah Islami Bank, Dhaka Bank Securities, NCC Bank Brokerage, PFI Securities, Alliance Securities and Management, and IIDFC.

Earlier, the SEC suspended the stockbrokers' trading activities for 30 days on charges of their involvement in the ongoing volatility in the secondary market.

However, the probe activities on these firms by the SEC will continue.

Considering the current market situation and investors' interest, the commission has decided to withdraw the trading suspension on these stockbrokers," said Saifur Rahman, a spokesman and executive director of the SEC.

## Sugar prices heat up

SOHEL PARVEZ

Sugar prices are going up on the domestic market, fuelled by soaring prices globally, amid concerns over tight supplies against demand.

The retail price of sugar rose by 8.62 percent or Tk 5 each kilogram to Tk 62 in the city markets in the last 10 days, extending the gradual hike that began in June last year.

Some Tk 3 was added per kilogram early this week after the raw sugar futures hit a 30-year high last week on worries of a further fall in global output as Cyclone Yasi smashed sugarcane in Australia, the world's third largest exporter.

"We saw a downturn in prices last year. But the picture is reverse this year. The prices are going up consistently on the international market," said Abul Hashem, vice-president of Bangladesh Sugar Baboshayee (businessmen) Association at Moulvibazar, a major wholesale hub.

"Unless there is a fall in global prices, there is hardly any possibility of easing on the local market," he said.

In Bangladesh, after a steady fall in prices in the second quarter last year, the sugar market started rebounding since June 2010, according to Trading Corporation of Bangladesh (TCB) data.

Since then, the retail prices of sugar surged 50 percent, as the supply had been tight because of a poor harvest in the world's biggest exporter, Brazil.

Drought and floods in Russia, Pakistan and other growing areas also supported the hike in sugar prices.

Bangladesh meets more than 90 percent of its domestic demand for around 12 lakh tonnes a year from imports.

Now, raw sugar sells at \$780-\$800 (cost and freight) a tonne on the international market, refiners said.

They said other costs such as insurance, cash and polarisation premiums for raw sugar to land at Chittagong Port from South America, also fuel the prices locally.

India, world's second biggest producer, has also lowered its estimate of sugar output.

Mohiuddin Monem, deputy managing director of Abdul Monem Sugar Refinery Ltd, said the soaring prices have deepened fear among the local refiners.

He claimed the local refiners are not getting the price to the extent the international market has gone up.

"The sugar prices on the local market still remain below the international prices," he said, adding that the devaluation of the taka against the greenback has increased the import costs.

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## GP revenue rises 14pc

The telecom operator okays final cash dividends of Tk 8.5 per share



Oddvar Hesjedal, chief executive officer of Grameenphone, speaks at a press meet to disclose the mobile operator's fourth quarter financial statement at Dhaka Sheraton Hotel yesterday. Raihan Shamsi, deputy chief executive officer, is also seen.

### STAR BUSINESS REPORT

Grameenphone revenue grew by more than 14 percent last year, thanks to a remarkable rise in voice traffic, subscription and sale of mobile devices. The leading mobile operator logged Tk 7,473 crore, up 14.4 percent compared to 2009.

Data revenue also contributed to the strong revenue growth, which increased by 64 percent from 2009. The total revenue in the last quarter of 2010 was Tk 1,959 crore, a 17 percent rise compared to the same period in 2009.

The year 2010 was remarkable when it comes to revenue and subscription growth. We ended the year with nearly three crore subscriptions, a milestone we achieved at the start of the New Year," said GP Chief Executive Officer Oddvar Hesjedal at a press conference at Sheraton Hotel in the city.

The net profit declined by 28.46

percent to Tk 1,071 crore in 2010, compared to the previous year, mainly due to the SIM-tax subsidy of Tk 680 crore. This has also pushed the EBITDA (earnings before interest, taxes, depreciation and amortisation) margins down to 49.5 percent for 2010 compared to 57 percent a year ago.

While disclosing the fourth quarter financial statement, Deputy CEO of the company Raihan Shamsi said the GP board of directors on Sunday recommended final dividends for 2010 in cash at the rate of 85 percent of the paid-up capital or Tk 8.5 per share. With this, the total cash dividend stands at 120 percent, including 35 percent interim cash dividend or Tk 3.5 per share.

Hesjedal said 2010 was also a year of innovation. "We diversified our business by forming GPIT, strengthened our rural footprint through new product bundled with low-cost handsets and continued to be top on the innovation front through seg-

mented price plans, mini packs for economy data users and services like e-ticketing and vehicle tracking."

He said they have set up GPIT to help the local ICT industry and call centre business grow, and make the country a popular destination for outsourcing.

GP, majority owned by Telenor, added 67 lakh new subscribers last year although it sold nearly a crore new connections, enough to retain the market leadership. The company accounts for about 44 percent of the country's mobile market of 6.7 crore active users.

The company said earnings per share for 2010 stood at Tk 7.93 compared to Tk 12.08 the previous year.

GP invested Tk 846 crore for network quality and data capacity enhancement and modernisation, contributing Tk 3,715 crore to the state coffers.

The mobile operator will continue modernising network across

the country to make the network future-proof, which could be extended for the 3G technology," the GP chief executives said.

Since inception, the mobile operator has invested about Tk 16,000 crore in the sector and deposited Tk 18,502 crore in taxes.

Hesjedal said the SIM tax continues to be a significant barrier for the industry where operators, for the sake of growth of the industry, are taking a dent in profits by subsidising new connections.

He said the 2G renewal fees and astronomically high price of spectrum allocation proposed by the regulator are unheard of in the world, making the telecom business in Bangladesh difficult and future dividends to shareholders uncertain.

"Some dark clouds still hover on the licence renewal issue, which should be cleared for the sake of investors."

He called for dialogues between the operators and the

regulator on licence renewal and spectrum pricing issues for ensuring sustainable growth of the industry.

He said the new registration guidelines would also slow down market growth.

Hesjedal said telecommunication is a capital-intensive industry across the world and GP has been spending freely to maintain growth and reach deeper. "It takes time to get return on investment, so the sector needs a sustainable regulatory framework to be assured about future investment."

The number of internet users and volume of internet use grew by 82 percent and 78 percent respectively in 2010, showing a huge potential for growth in data communication. "To tap the growth prospect, the 3G technology is urgently needed for the country," the GP CEO said.

Chief Commercial Officer of the operator Kazi Monirul Kabir also spoke.



## Exports post robust growth

### STAR BUSINESS REPORT

Bangladesh registered almost 40 percent growth in exports in the first seven months of the current fiscal year, compared to the same period a year ago.

According to the Export Promotion Bureau (EPB), the country exported goods worth \$12.18 billion during July-January of fiscal 2010-11, up from \$8.7 billion during the same period of 2009-10, marking a 39.85 percent rise.

In January alone, exports grew 34.33 percent to \$1.92 billion, compared to the same month of the previous year, according to government data.

The EPB report shows exports of major products -- knitwear, woven, jute and jute goods, home textile, frozen foods, shrimp, leather goods -- have grown significantly during July-January period.

In the first seven months of the current fiscal year, the knitwear sector earned \$5.07 billion, which is a 43.22 percent rise from the same period a year ago. Woven garment exports grew 39.09 percent to \$4.38 billion, compared to the same-year-ago-period.

The shipbuilding sector logged highest growth in percentage, rising at 1,386.78 percent.

At the same time, products such as tea, chemical, bicycle, furniture, engineering products, petroleum by-products and pharmaceuticals showed negative growth.

However, EPB set a target to earn \$18.5 billion for the current fiscal year, which is 14.16 percent more than the actual earnings last year.

During 2009-10, the total export earnings were \$16.2 billion against a target of \$17.6 billion, which was 4.11 percent higher than the 2008-2009 earnings.

