

# Optimism in stocks caps 2011

## STAR BUSINESS REPORT

Stocks ended the year 2011 amid optimism among investors of a new beginning ahead, with turnover reaching a one-month high yesterday.

Investors went for cheerful trading to buy shares.

The benchmark General Index, the gauge of Dhaka Stock Exchange, closed at 5,257.61 points, after gaining 36.65 points or 0.71 percent.

The market capitalisation to GDP ratio declined 33.23 percent, compared to the previous year. In 2011, the government received Tk 117.62 crore in tax from the stockmarket, according to data from the Dhaka Stock Exchange.

Akter H Sannamat, a chartered accountant and market analyst, said the

market capitalisation to GDP ratio and government tax declined as the volume of turnover declined in 2011.

"The market experienced a series of downturns but ended the year with the intervention of the prime minister which is a good sign for market," Sannamat said.

He said the market would be the source of money to develop infrastructure.

The market ended on a positive note as institutional and individual investors eagerly wait to start a new beginning in 2012, said LankaBangla Securities in its daily market analysis.

Buoyant investors were mostly attracted to small-cap shares. Large-cap sectors were immovable due to low volume activity. A significant volume is required to move the large caps and make them vibrant, it said.

The gauge was initially up more than 60 points within 35 minutes of the first trading session, but then started declining for about 90 minutes. The market eventually recovered at the end of the day.

Turnover gained 6.4 percent compared to the previous day. A total of 1.47 lakh trades were executed, generating a turnover of Tk 559 crore with 11.09 crore shares being traded on the premier bourse.

Among the major sectors, banks gained 0.23 percent, non-bank financial institution 0.35 percent, general insurance 1.25 percent, and pharmaceuticals 0.66 percent.

Grameenphone, which represent the telecommunication sector, gained 0.86 percent.

A total of 268 issues traded: 197

advanced, 52 declined and 19 remained unchanged.

MI Cement Factory Ltd topped the turnover leader with 12.38 lakh shares worth Tk 13.51 crore changing hands.

Renwick Jauneswar was the biggest gainer of the day as it posted a 9.95 percent rise. Reliance One The First Scheme of Reliance Insurance was the worst loser, plummeting by 5.60 percent.

The Chittagong Stock Exchange gained yesterday. The Selective Categories Index went up 80.71 points or 0.85 percent to end the day at 9,572.67.

Gainers beat losers 127 to 41 with 26 securities remaining unchanged on the port city bourse, which traded more than 89.29 lakh shares and mutual fund units on a value of Tk 44.12 crore.



Kanghyun Lee, managing director of Samsung Electronics for Dhaka's branch office, opens Samsung Café, a complete portfolio of Samsung mobile phones and digital cameras available in Bangladesh, at Bashundhara City Shopping Complex in Dhaka on Wednesday.

## Painful correction in stocks

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Two weeks after the prime minister's intervention, the Securities and Exchange Commission (SEC) came up with a 21-point market stabilisation package, which is yet to put any positive impact on the market.

From December 5 last year, the day the benchmark index of the Dhaka Stock Exchange (DSE) rose to its peak at 8,918 points, to December 29 this year, the key index plunged by over 3,000 points or 37 percent.

All other market related indicators also lost their values significantly during the period. Daily trade value slumped by 93 percent, while the total market capitalisation declined by 31 percent.

The government, after the first crash, formed a high-profile four-member probe committee led by Bangladesh Krishi Bank Chairman Khondker Ibrahim Khaled, who submitted a report to the finance minister in March after a two-month investigation.

In the report, the committee identified malpractice of the regulator, misuse of securities rules and regulations, placement business in the primary market, and a strong cartel who used the secondary market to swindle investors' money as the major reasons behind the market debacle.

The committee also made more than 30 recommendations in its 320-page report, which was released by the government in April.

The suggestions include restructuring the SEC, legal actions against the manipulators, demutualisation of the stock exchanges and amendment to many of the securities rules and regulations.

Faruq Ahmad Siddiqi, a former chairman of the SEC, said a lot of interventions have been made by the regulator and the government throughout the year in an effort to perk up the market.

"The price index temporarily gained after every intervention, but later nosedived again," he said.

In other words, he said, there was instability in the market throughout the year and the market was not moving on its own strength, rather it was going ahead on incentives or stimulus packages.

The efforts were also unfulfilled or half fulfilled. So, the investors who injected money on higher expectations incurred losses, he said.

"The signs showed that the market was not well managed in 2011," he said, adding that the market should be left alone to run on its own.

But before that, he said, transparency should be ensured. "Let the market discover its own level, and then it can be said that the market is stable. Unless the market is stabilised, the investors will not come back and confidence will not be built up," he added.

Salahuddin Ahmed Khan, a teacher of finance at Dhaka University, said the first disaster was because of a big correction in the share prices after the market reached its peak.

"It was legitimate, and the second debacle was a subsequent one. After every big fall, the market witnesses some subsequent falls," he said.

He said the market is yet to find its bottom line or stability, as the market is going through supports.

"When the market will run without any support, it can be said that the market has been stabilised," said Khan, also a former chief executive officer of the premier bourse.

## Indonesia's Lion Air to start private jet service

AFP, Jakarta

The Indonesian budget carrier Lion Air, which announced the world's biggest-ever commercial aircraft order last month, plans to launch a private jet service by mid-2012, the company said Thursday.

Lion Air is negotiating a deal for four, nine-seater jets with US-based Hawker Beechcraft, which builds special-mission, business and trainer air-



KS Tabrez, managing director of Dutch-Bangla Bank, inaugurates the 111th branch of the bank at Pallabi in Dhaka on Wednesday.



Foreign Minister Dipu Moni poses after a meeting with a delegation of Bangladesh MBA Association led by Azizul Hoque, managing director of GlaxoSmithKline, Bangladesh, in the capital on Wednesday. Story on B1

## BGMEA plans jobs for transgender people

BSS, Dhaka

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) plans to employ skilled transgender people in the country's readymade garment industry.

"We want to incorporate the transgender people in the apparel industry as our trade partner. We'll employ the educated and skilled transgender ones in garments production to bring them in the country's mainstream development," said M Shafiq Islam Mohiuddin, BGMEA president.

Mohiuddin said a total of 15 transgender people have already been given job in RMG factories. "We want to bring about a change in the society through the move."

This kind of community groups are far lagging behind from the country's development process as the society neglects them, he said. "Only motivation can change our negative attitude towards them."

Referring to many organisations, including government and non-government ones, who provide training to such community groups, he said BGMEA would employ transgender people after getting their response.

"We are taking token projects for the sexually minority groups and other organisations would follow our initia-

## Reunion of Ambani brothers raises hope of deals

REUTERS, Mumbai/New Delhi

The spectacle of the long-feuding billionaire Ambani brothers dancing at a celebration of the 80th anniversary of the birth of their late father this week sent Indian media into a frenzy and reignited speculation the two might again do business together.

The show of unity by India's richest family came more than a year after Mukesh and Anil Ambani buried the hatchet in a five-year battle that split the business empire inherited from their father, but family watchers were sceptical that the reunion would result in renewed business ties.

"Any deal reached between the two groups will be a hard and ruthless business decision. There is no sentiment involved," said SP Tulsian, an independent market analyst.

When they ended their feud last year, the brothers also dropped an agreement not to compete on each others' turf. Soon after, Mukesh's Reliance Industries made a dramatic return to telecoms by taking control of the only firm that won wireless broadband licences across India.

That deal makes him a potential rival or partner to Anil's Reliance Communications, which has a \$925 million convertible bond due in March and has seen its share

price tumble 52 percent this year in a ferocious cellular market.

Reliance Communications, with about \$6 billion in debt, has failed in efforts to sell off its tower business but sources have said that US private equity giants Carlyle Group CYL.L and Blackstone Group are in talks about a possible \$3.5 billion deal for the 95 percent-owned tower arm.

Market watchers have said Mukesh's nascent broadband business makes a natural tenant for Anil's towers business.

"The only deal on the horizon could be one for Reliance Comm's towers. That is important for RIL's telecom rollout, and it could mean Reliance either becoming a long-term customer for leasing the infrastructure, or picking up a direct stake," said P. Phani Sekhar, a fund manager at Angel Broking.

Mukesh's Reliance Infotel is said to be in talks with firms including Reliance Comm for leasing telecoms towers as it prepares to launch services, but sources have said Mukesh is not looking to buy a stake in his younger brother's tower firm.

While both brothers have had a tough year, the 52-year-old Anil is widely seen to need his brother more than Mukesh, 54, needs Anil, at least as far as business is concerned.

Shares in Mukesh's energy-

based Reliance conglomerate, which operates the world's largest refinery, are down 31 percent this year as gas output at its main offshore field declines. But the company is still India's largest by market cap.

Anil's largest listed companies -- Reliance Comm, Reliance Infrastructure, Reliance Power and Reliance Capital, however, are down between 52 and 64 percent.

His often-volatile stocks got an upward bump this week on hopes of a deal between the brothers.

"The rapprochement matters to investors only if it extends to commercial deals. If it happens, it will be a good thing for Mukesh, but it will be a game-changer for Anil," said Jagannadham Thunuguntla, research head at SMC Global Securities.

"The Anil Ambani group doesn't have many choices. They have tried to raise funds, they have tried to sell stake. Market conditions don't appear feasible, investor confidence is not upbeat," he said.

Shares in Anil Ambani's companies have been weighed down by debt worries and by reputational knocks.

A unit of Reliance Communications and three executives of Anil Ambani's group were among those charged by India's federal police in their investigation into a multi-billion dollar telecoms

licence scandal that came to light late last year. The three executives spent months in jail.

Anil Ambani himself was questioned by the federal investigative agency in February and also appeared in April before a parliamentary panel investigating the scandal. All the accused have denied any wrongdoing.

Last week, a British investigation into an investment fraud said a company controlled by Anil Ambani had used a Mauritius-based fund to make covert investments into one of the group companies, although he and his companies were not accused of wrongdoing, the Financial Times reported.

The two brothers, worth a combined \$28.5 billion, according to Forbes, came together this week in their revered father Dhirubhai's home town in Gujarat in a reunion organised by their mother, Kokilaben.

"There was no discussion regarding business between the brothers. Today was more of a sentimental day for the family," Parimal Nathwani, group president of Mukesh's Reliance Industries, was quoted as saying in the Business Standard.

Dhirubhai Ambani, a schoolteacher's son, rose from impoverished Chorwad village to build Reliance from a textile firm into an industrial colossus.



Md Abdul Jalil, chairman of Mercantile Bank, opens the 75th branch of the bank at Pahartali in Chittagong recently. AKM Shahidul Haque, managing director, was also present.



Moshed Murad Ibrahim, president of Chittagong Chamber of Commerce and Industry, speaks at an annual general meeting of the chamber in the port city yesterday. MA Latif, former president, and Mahbubul Alam, senior vice president, were also present.



Mahbubul Alam, managing director of Southeast Bank, opens the 83rd branch of the bank in Dania recently.



SOUTHEAST BANK