

PHILIPS 52" Full HD LCD TV
 RSP: Tk. 399,000/-
 Discounted Price: Tk. 365,000/-
 Assembled in Europe
 28.9 Billion Color Processing
 50000:1 Contrast Ratio
 5 ms Response Time
TRANSKOM
 DIGITAL
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Stocks

DGEN	▼ 1.29%	5,243.44
CSCX	▼ 1.54%	9,883.48

Asian Markets

MUMBAI	Closed
TOKYO	▼ 1.78% 10,325.28
SINGAPORE	▼ 2.54% 2,740.33
SHANGHAI	▼ 2.42% 3,019.39

Currencies

	Buy Tk	Sell Tk
USD	68.55	69.55
EUR	95.41	99.59
GBP	109.78	114.20
JPY	0.75	0.79

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▼ \$1,019.05 (per ounce)
Oil	▼ \$74.25 (per barrel) (Midday Trade)

SOURCE: AFP

News in Brief

Tk 110.32cr FAO grant for the cyclone-hit

BSS, Dhaka

Food and Agriculture Organization (FAO) of the United Nations will provide Bangladesh with Tk 110.32 crore for rehabilitation of cyclone Sidr and Aila affected people.

Under the 'Emergency 2007 Cyclone Recovery and Restoration Project' (ECRRP), the FAO will provide the amount, said an official handout.

Samor Kumar Ghosh, director general of ECRRP, and Ad Spijker, FAO representative, signed the agreement at the auditorium of the Planning Ministry in Dhaka yesterday.

Under the agreement, FAO will provide high yielding and salinity-tolerant crop seeds, agriculture equipment, fertiliser, boats and other equipment for fishing, technology for fish farming, livestock and poultry rearing, supply of fodder, construction of sheds, improved animal sheds, improved storage of seed at household level, animal vaccines, etc, among the Sidr and Aila victims.

Govt to put 83 bad companies back on track

STAR BUSINESS REPORT

Finance Minister AMA Muhith said yesterday the government is taking steps to put 83 "bad companies" back on track.

Those companies did not hold annual general meetings, nor did they give dividends to shareholders for years.

Taking questions from lawmakers in parliament, the minister said the government is taking a series of measures to strengthen the stockmarket.

Of the 443 companies on the stockmarket, only 186 belong to A category, 26 to B category and the rest to G, E and Z categories.

"We have moved to bring those bad category shares back on the right path," Muhith said.

On loans to marginalised farmers, Muhith said many poor and marginalised farmers are not provided with bank loans.

Banglalink to raise Tk 425cr in bonds

SOHEL PARVEZ

Banglalink moves to raise Tk 425 crore through bonds in a bid to shore up its foothold in Bangladesh's growing telecom market, insiders said yesterday.

The second largest mobile phone operator has already taken steps to raise the debt capital through private placement to meet capital expenditure mainly for strengthening its network.

The operator offers 13.5 percent interest per annum for its five-year tenure bond of Tk 1 crore each, which is proposed to be redeemed by 2014 through amortisation of principal amount on a year-on-year basis, said bankers.

The Securities and Exchange Commission (SEC), responsible for approving capital issue bids by corporate houses, has already given a go-ahead to the Banglalink plan to raise funds through secured bonds, officials said.

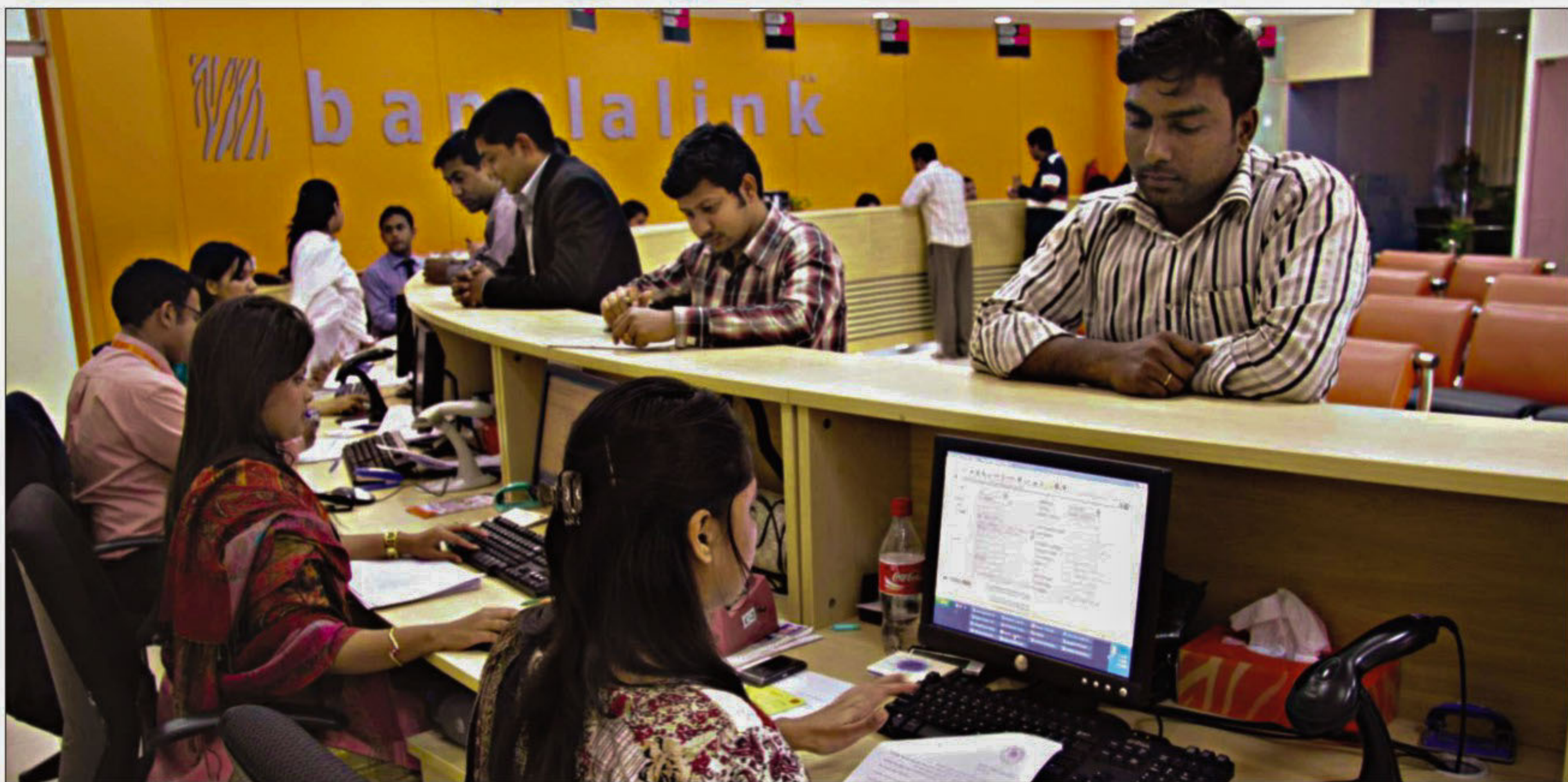
A bond does not represent ownership in a corporation, while a share of stock gives ownership in the company in which one is investing.

"We have asked the company to issue bond within one year," a senior official of SEC told The Daily Star, seeking anonymity, as he is not authorised to talk to the media.

The bankers said Banglalink, owned by Orascom Telecom (Bd) Ltd, a subsidiary of Egypt-based Orascom Telecom Holdings (OTH), offers guarantee from its parent company -- OTH -- for the proposed secured bonds.

"The bond money will be utilised to expand our network capacity to ensure quality service," said KM Zakaria, head of treasury of Orascom Telecom (Bd).

Zakiul Islam, director (government relation) of Banglalink, said: "We are taking the initiative for developing three areas -- equipment deployment, capac-



A customer care centre of Banglalink in Dhaka offers services to mobile users yesterday. Banglalink, owned by Orascom Telecom, moves to raise Tk 425 crore through bonds in a bid to shore up its foothold in the country's growing telecom market.

ity building and network coverage."

He said the operator will also develop its GPRS (General Packet Radio Service) and EDGE (Enhanced Data Rates for Global Evolution) capacity. For example, the official said Banglalink network will be upgraded to 2.75G from the existing 2.5G (generation).

Citigroup's banking arm in Bangladesh Citibank NA is the lead arranger and placement agent for the bond offering of the operator, which grabbed 24.2 percent market share by winning over 1.20 crore subscribers as of

September 2009.

Orascom Telecom, which debuted here in February 2005 by acquiring Sheba Telecom (Pvt) Ltd, moves to borrow from the local money market at a time when Indian giant Bharti Airtel is joining the race with the fourth largest Warid Telecom.

Bharti has already announced an investment of around \$300 million to develop Warid network in Bangladesh.

Banglalink, operating GSM (global system of mobile communication) network here, offers both prepaid and post-

paid voice, data and multimedia services.

Grameenphone, majority owned by Norwegian Telenor, leads the market of 5.24 crore users.

Insiders said Banglalink's fund raising bid has already been oversubscribed by institutional investors such as banks, non-bank financial institutions, mutual funds, insurance companies and corporate houses.

Higher interest rate than the present lending rate of 13 percent at banks and more than Tk 4,700 crore in investment

(around \$680 million) by Orascom since 2005 have contributed to the over-subscription, the bankers said.

"Capability and commitment of the sponsors of the company to penetrate more in Bangladesh cellphone market has encouraged us to consider subscribing Banglalink's bonds. The interest rate it offers is also attractive," said a senior official of a private bank.

People close to the transaction expected that the issuance of bonds will be completed by next month. sohel@thedailystar.net

Banks shift focus to home loans

SAJJADUR RAHMAN

Commercial banks are increasingly coming forward to provide home loans, which they feel are more secure than other forms of loan.

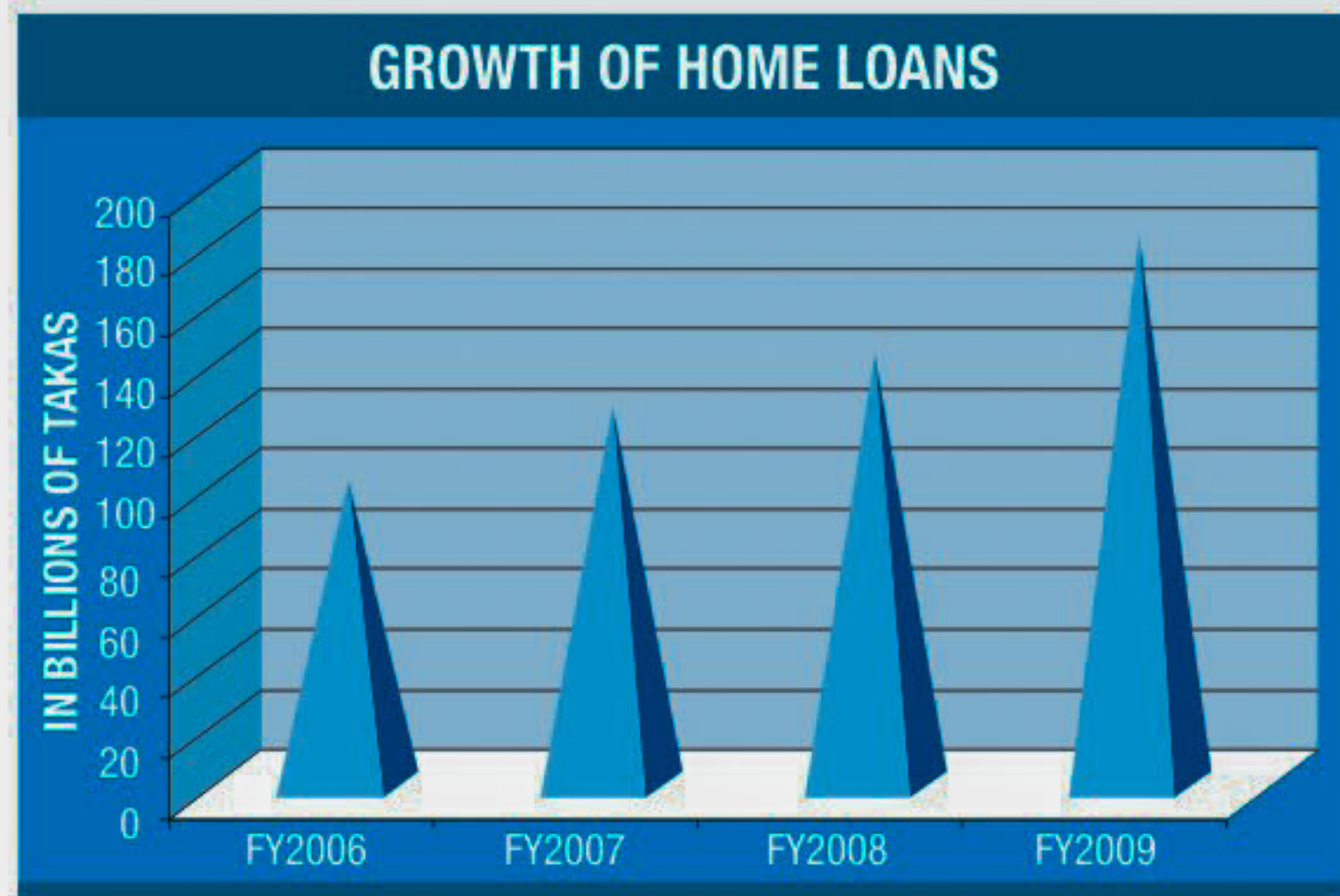
The banks' outstanding home loans have doubled to Tk 12,360 crore in fiscal 2009 from Tk 6,400 crore in fiscal 2006.

Private banks led the tally with Tk 7,490 crore outstanding loans to the housing sector as on June 30, 2009, against just Tk 3,510 crore three years ago. Private banks' lending to the sector increased by over 113 percent in the three years to fiscal 2009.

Housing loans from four state-owned banks also rose by over 42 percent in the same period. Outstanding housing loans by the four banks were Tk 2,580 crore in fiscal 2006, which rose to Tk 3,670 crore at the end of fiscal 2009.

"Home loans are very safe. It is a good investment also," said Anis A Khan, managing director of Mutual Trust Bank.

Syed Abu Naser Bukhtear Ahmed, managing director of state-owned Agrani Bank, said home



loans are good because the returns are fixed. "No home loan becomes classified."

Demand for home loans is increasing, backed by the rising population in Dhaka city, where real estate is booming.

According to Bangladesh Bank (BB) statistics, housing loans reached Tk 18,180 crore at the end of fiscal 2009 from Tk 10,090 crore in fiscal 2006, a whopping 80 percent rise.

Banks also become more interested in extending loans to the sector in the past few years as they consider it safer. The central bank introduced a low-cost refinancing scheme for housing loans in 2007. Recently, BB increased the fund to Tk 700 crore to meet growing demand.

Banks take 50-60 percent security against a home loan and charge up to 13 percent in interest.

On the aspect of security, a home

loan is good for a bank, said Shahjahan Bhuiyan, managing director of United Commercial Bank. But he feels that if black money had not been allowed into the sector, bank lending would not have risen.

"People borrow a portion of the total cost to buy or build a home and invest their black money," said Bhuiyan. He said if the government stops allowing the investment of black money in real estate, bank lending will drop.

The Agrani Bank managing director also highlighted some negative sides to the booming housing loan sector.

"The housing sector does not create as much employment as the manufacturing sector," said Ahmed.

It is neither fully productive nor unproductive, he added.

While commercial banking to the sector rose constantly, state-owned specialised housing loan provider, Bangladesh House Building Finance Corporation (BHBFC), is going down slowly. BHBFC's outstanding loan stood at Tk 2,490 crore at the end of fiscal 2009, which was Tk 2,630 crore in fiscal 2006. sajjad@thedailystar.net

Stocks end lower on GP

STAR BUSINESS REPORT

Dhaka stocks tumbled yesterday, led by a deep fall in Grameenphone shares, as some investors became unnerved by the regulator's move to open a probe into the cellphone operator's trade.

Panic sell-offs and profit-taking led GP to lose 8.40 percent to Tk 255.

The benchmark DGEN or General Index declined 68.99 points or 1.29 percent to 5243.44. The DSI or All Shares Price Index lost 51.97 points or 1.18 percent to 4325.24. The DSE-20 Index however finished upbeat.

Total turnover dropped to Tk 1,481 crore from Tk 1,504 crore a day before with losers beating gainers 131 to 105.

"The telecom sector acted as the catalyst for the fall of the market," said BRACEPL Investment Ltd in a market analysis.

GP suffered the fall after the Securities and Exchange Commission on Monday disclosed that it had collected information about GP share prices, trade volume and margin loans to the security from six brokerage houses.

Insurance companies joined the group of losers along, but non-bank financial institutions and pharmaceuticals gained. Banking, fuel and power stocks finished mixed.

GP topped the turnover board followed by Bextex, Beximco, Beximco Pharma and Union Capital.

Shares of all three Beximco Group concerns soared amid buying pressure. Bextex gained 5.21 percent to Tk 88.70. Union Capital added 3.69 percent to Tk 143.

On the Chittagong Stock Exchange, all the indices except for the CSE-30 Index edged down.

Gas rationing in apparel sector begins today

Owners express mixed reactions

REFAYET ULLAH MIRDHA

Gas rationing in textile and readymade garment (RMG) sector begins today to ensure a quality supply of the fossil fuel for industrial and household uses. Factory owners have expressed mixed reaction to the move.

The one-day-a-week rationing starts in Narsingdi and Ghorashal areas on a rotation basis as Petrobangla has divided Dhaka and its adjacent areas into seven zones.

However, the dyeing, knitting, finishing, printing, and sizing mills will not come within the purview as these industrial units need to run continuously.

Also, CNG stations are not coming under the rationing system now, as the Petrobangla authorities have not yet taken any decision in this regard, said a leader of Bangladesh CNG Filling Station and Conversion Workshop Owners' Association.

He said there are more than 500 CNG (compressed natural gas) filling stations across the country now.

But the industry people expressed mixed reaction to the Petrobangla decision with some owners saying the system will benefit them, while others said they will face production short-fall.

Ruhul Amin, owner of Boishakhi Spinning Mills Ltd in Narsingdi, said the factory owners will also fail to pay the bank liabilities for underutilisation of their capacity.

Ahmed Ali, managing director of Padma Bleaching and Dyeing Ltd in Narsingdi and Narayanganj industrial belt, said the decision of gas rationing one day a week is good, if the factories get a standard supply of gas on six other days.

However, leaders of Bangladesh Textile Mills Association, an organisation of bulk gas consumers, will convene a meeting today to review the overall situation.

The decision of gas rationing was made at a follow-up meeting between the leaders of the RMG and textile sectors and Petrobangla Chairman Hossain Mansur at the latter's office on January 21. Recently, both industrial and household users have been suffering from low gas pressure.

The major industrial zones that came under the system are different Dhaka metropolitan areas, Savar, Gazipur, Tongi, Mymensingh, Manikganj, Narsingdi, Ghorashal, Jinjira, Sonargaon, Fatulla and Narayanganj. Chittagong remains out of the rationing system.

Now there are around 1,300 spinning, dyeing, finishing, weaving, sizing and printing plants, 4,500 garment factories and 1,700 knitwear units across the country.

Of the total factories, 60 percent are located in Savar, Ashulia, Mirpur and Gazipur, according to different trade body statistics. reefat@thedailystar.net

US budget deficit to hit \$1.35 trillion

AFP, Washington

The US government's budget deficit is expected to fall slightly to 1.349 trillion dollars in 2010 but accumulating deficits could double public debt to 15 trillion dollars in a decade, estimates by Congress showed Tuesday.

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Further information see business page no. 8