Star Business

DHAKA MONDAY FEBRUARY 8, 2010

Stocks

DGEN	▲ 1.03%	5,490.10
CSCX	▲ 0.98%	10,373.58

Currencies

	Buy Tk	Sell Tk
USD	68.65	69.65
EUR	91.76	97.41
GBP	105.27	111.13
JPY	0.75	0.81

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼ $1,058.00 (per ounce)

Oil ▼ $72.26 (per barrel)

SOURCE: AFP (As of Friday)

Court ruling sends Lafarge into tailspin

Cement maker loses 7pc in share trade

STAR BUSINESS REPORT

Lafarge Surma Cement Ltd suffered a 7 percent decline in share trade yesterday on news that the Indian Supreme Court restrained the cement giant from mining limestone in Meghalaya.

Each share of Lafarge, which is wholly dependent on the limestone extracted from the Indian state, plummeted by Tk 39.25, finishing the day at Tk 521 on Dhaka Stock Exchange (DSE).

Investors were apparently nervous over business operations by Lafarge, which brings in limestone through its subsidiary Lafarge Umiam Mining Pvt Ltd from the quarry across the border in East Khasi Hills in Meghalaya by a 17-kilometre long conveyer.

Lafarge, a French company, runs an integrated cement plant at Chhatak in Sunamganj in north-east Bangladesh. The plant started production in 2006.

"The stock was mainly affected by yesterday's [Saturday's] news concerning the Indian Supreme Court's order on the extraction of limestone from Meghalaya, which will eventually halt the production of the company," Argus Research, a stockmarket research division of Race Asset Management, said in an analysis.

Lafarge, however, said its operations are unaffected.

"The Indian court has allowed us to bring in the already mined limestone to continue our operations," Shuvashish Priya Barua, director of corporate affairs for Lafarge Surma Cement, told The Daily Star.

In a web posting to the DSE, the company said some questions had been raised over a few aspects of the operations, to which the Indian Supreme Court directed Lafarge Umiam Mining to file its responses at the next hearing on March 19.

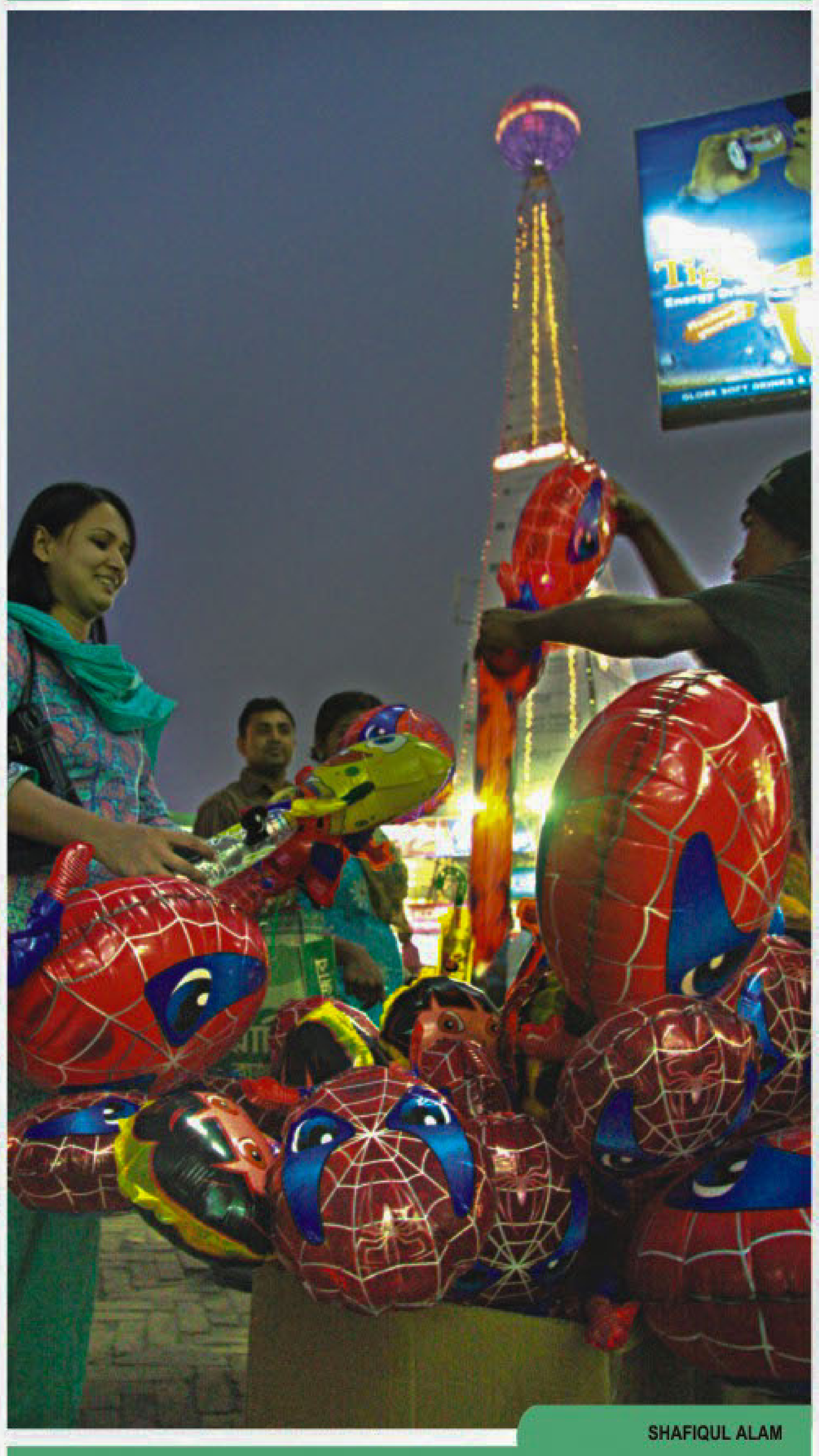
In an order on Friday, the Indian court said mining cannot be allowed in the eco-fragile area.

According to media reports, a special forest bench of the court stayed the mining activities on the basis of a report from the Indian Ministry of Environment and Forest, which said the company had been extracting minerals from the land in the forest area.

The company markets Supercrete cement brand in Bangladesh. Building Technology and Ideas Ltd, Dom-Inno, Metro Developers, Sumona and Aristocrat are some companies that use Lafarge's Supercrete cement.

Profile

Listing year: 2003
Authorised capital: Tk 700 crore
Paid-up capital: Tk 580.70 crore
Q3 EPS (based on continuing operations): Tk 12.62
Price earnings ratio: 30.96
Sponsors' stake: 78.13 percent
Institution holdings: 5.77 percent
Public portion: 16.1 percent



A woman buys an inflatable doll at the Dhaka International Trade Fair 2010 that came to a close yesterday. A total of 493 national and international companies participated in the show, which saw 28 pavilions from 10 countries and bagged spot orders worth Tk 30 crore from both local and foreign visitors. Commerce Minister Faruk Khan said the government is set to build a 300-acre permanent exhibition centre in a year or two at Sher-e-Bangla Nagar to help the visitors and participants cope with such problems as rain and fog. (More on B3)

New firm likely to join credit rating

SAJJADUR RAHMAN

A new credit rating agency is likely to emerge as the fortunate one among the 11 such firms vying for licences from the regulator.

"We have agreed in principle to award a licence to a new firm. But the SEC is yet to give its formal approval," said a senior official of the Securities and Exchange Commission.

The new firm is Financial Services and Rating Agency.

Experts favour the existence of more such firms in the market to facilitate implementation of Basel II norms by the central bank, particularly in hundreds of bank clients. However, the existing two firms are opposed to any new entry fearing that rating quality might go down like what is happening with auditing.

During the release of Bangladesh Bank's annual report for 2008-09 Governor Atiur Rahman said a new agency had been given permission to do credit rating.

The firms that applied last year for licences to run credit rating include Dun and Brad Street Rating Agency Bangladesh, Centre for Credit Rating and Allied Services, KP-Rahman Credit Rating and Risk Management Services, Financial Services and Rating Agency, Emerging Credit Rating, WASO Credit Rating Company, Business and Credit Development Services, National Credit Ratings, Argus Equity and Credit, JS Credit Development Services and 5WD Credit Solutions.

Currently, only two local rating firms -- CRISL and CRAB -- are in operation.

Bangladesh Bank and commercial banks have long been demanding more firms for rating of bank customers under a mandatory norm of Basel II that started from January this year.

Chairman of state-owned Bangladesh Krishi Bank Khondker Ibrahim Khaled, also involved with the new firm, Financial Services and Rating Agency, believes more firms are needed to conduct banks' customer rating.

"If the authority does not approve more firms Basel II implementation will be at stake," said Khaled who served different public and private banks. He is also a former deputy governor of the central bank.

The credit rating must be carried out not only for big clients but also for mid level clients of banks, Khaled added.

Officials of CRISL and CRAB said entry of more rating agencies will result in stiff competition.

Gross revenues of the two were only Tk 2.14 crore and Tk 1.37 crore in 2008.

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GP, AKTEL tie up to share network

STAR BUSINESS REPORT

Following Banglalink's footsteps, AKTEL yesterday joined forces with Grameenphone to share network infrastructure, aiming to present low-cost services to the untapped rural market.

Network sharing among the three big players, who dominate over a combined 90 percent share of the six-operator market, will help them minimise infrastructure costs by utilising resources together.

According to a posting by Grameenphone on the Dhaka Stock Exchange (DSE) website yesterday, "Grameenphone Ltd and The Axiata (Bangladesh) Ltd (AKTEL) have signed a memorandum of understanding (MoU) on February 7, 2010, to share each other's telecom infrastructure to expand network availability across the country."

This initiative will mutually benefit both operators in terms of providing faster and cost-effective services to valued subscribers, thus ensuring sustainable utilisation of national resources, according to the announcement.

Last week, Grameenphone and the second largest operator Banglalink also signed a deal to share their infrastructures.

Bangladesh's mobile penetration rate is only 34 percent, mainly urban-dominated. The operators are unwilling to roll out their rural networks due to poor business returns.

Each operator will have to spend a minimum of Tk 40,000 to a maximum of Tk 80,000 a month to run a single base transceiver station (BTS), which can handle around 3,000 calls at a time.

BTS operation costs are increasing by the day because of electricity constraint and increasing petroleum prices in using generators for power backup.

To minimise operational costs, the telecom regulator last year introduced an infrastructure sharing guideline, under which operators can share their excess network capacity.

Infrastructure sharing is the sharing of electronic infrastructure and facility.

Bharti Airtel moves to clear Warid debt

MD HASAN

Bharti Airtel is set to pay out Warid Telecom's liabilities of Tk 231 crore to local financial institutions as part of its investment plan that includes massive network expansion.

Warid's new partner presented its investment plans in response to the telecom regulator's orders and said it is ready to start operations in Bangladesh in a month, said Zia Ahmed, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC), yesterday.

Bharti Airtel, India's largest telecom giant, announced a deal in January to acquire a 70 percent stake in Warid Telecom, a subsidiary of Dubai-based Abu Dhabi Group.

The company also announced a plan to invest Tk 2,100 crore ($300 million) initially, which will increase to Tk 7,000 crore ($1 billion) later.

BTRC approved the acquisition move, asking Bharti to submit its investment plan by February 4.

"We wanted to make sure the investment flows from Bharti to Bangladesh," said the BTRC chief. "Bharti submitted their plan in time."

Warid had taken Tk 300 crore ($43 million) under a term loan agreement by a syndication of 22 local financial organisations.

Later, Warid further borrowed Tk 148 crore ($21 million), said officials of the financial institutions that provided loans to the company.

The debt burden of Warid, the fourth largest mobile operator, has come down to Tk 231 crore after some paybacks.

Bank officials said the local financial institutions have already received assurance from Bharti and Warid that all loans will be repaid soon.

Bharti also registered with the Registrar of Joint Stock Companies and Firms (RJSC) last month and took the name Airtel Bangla Limited to run commercial operations in Bangladesh, under the brand name of Airtel.

"Warid Telecom International Ltd will be renamed Airtel Bangla Limited. The company already received permission to use the new name," said Ahmedur Rahim, registrar of RJSC.

Warid made its Bangladesh debut in May 2007 and roped in 2.99 million subscribers until December last year.

Grameenphone is the market leader in the 52.43 million mobile market with 23.26 million customers, followed by Banglalink with 13.87 million and AKTEL with 9.29 million.

Pacific Bangladesh Telecom Ltd launched the first mobile service in Bangladesh in 1993 with CDMA (code division multiple access) technology. The costly mobile service later came to the mass with introduction of the comparatively cheaper GSM (global system for mobile communications) technology.

The market has become a tough place for the bottom three operators since 2005 as the top three operators grabbed more than 90 percent of market share in the meantime, waging a stiff price war.

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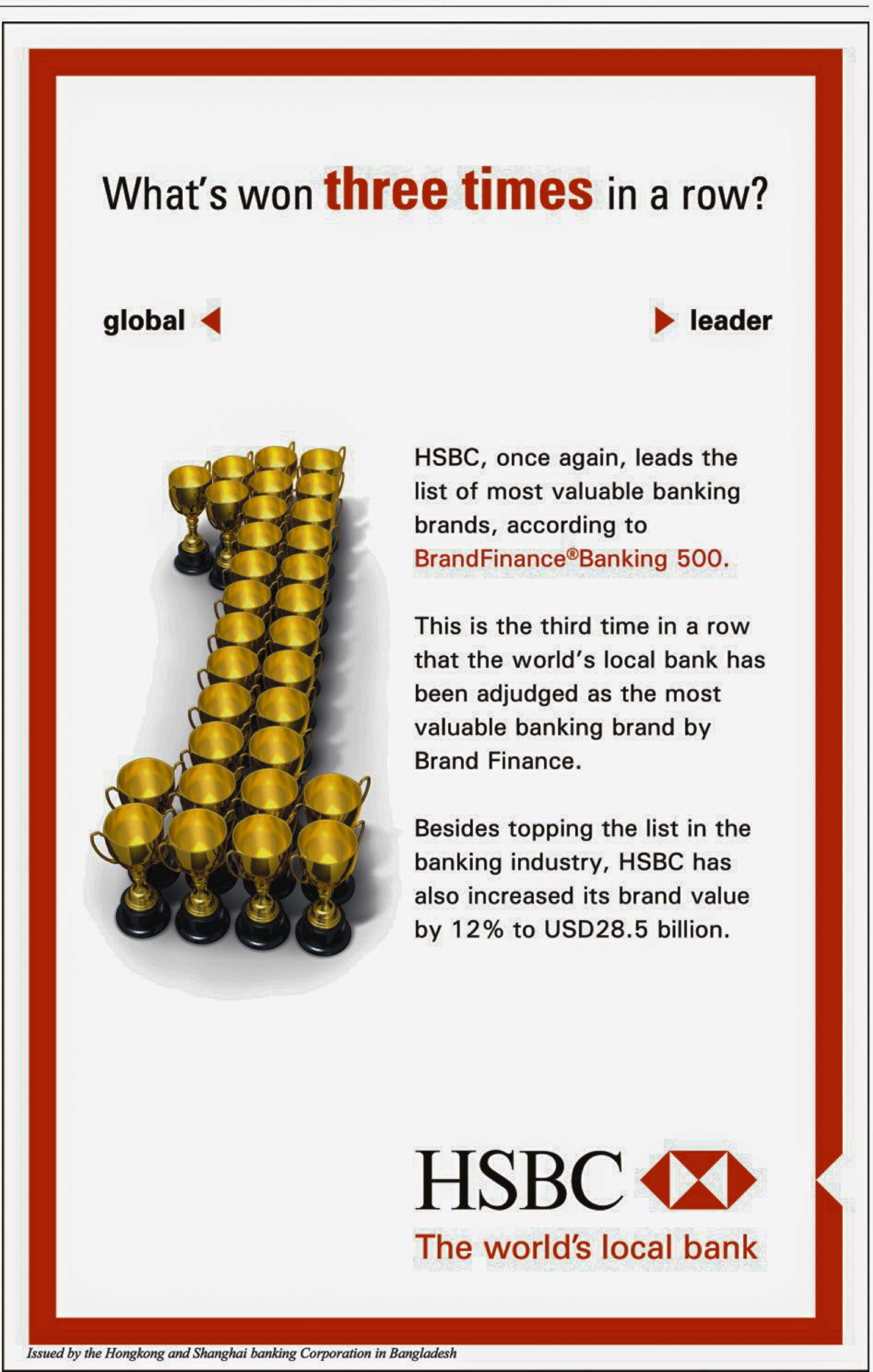

BB fund for shipbuilders

STAR BUSINESS REPORT

Bangladesh Bank (BB) has decided in principle to form Tk 200 crore refinance fund to facilitate growth of the export-oriented shipbuilding industry, a central bank official said yesterday.

Under the scheme, shipbuilders are expected to get loans against their working capital requirement for making vessels for foreign buyers.

A maximum 50 percent of the loan a bank lends to any shipbuilder can be refinanced from the BB fund at 5 percent interest, while a vessel maker will be charged 10 percent interest.