

Once an investor-darling, Niko is now up for sale

NATIONAL POST, Calgary, Canada

Stuck with massive liabilities and no way to grow production in its core area, Niko Resources Ltd, once an investor-darling with shares trading in triple digits, has put itself up for sale.

Analysts have watched Niko's share price plummet in a years-long fall from more \$100 per share in 2010 to close at 28¢ on Wednesday, when the company said it had hired investment bank Jefferies LLC to look for "strategic alternatives" including its "outright sale."

"It's very disappointing what's happened to them," Maison Placements analyst Josef Schacter said in a telephone interview. "My expectation is that some Asian company, possibly even an Indian company, could be the buyer."

Niko is headquartered in Calgary, but doesn't produce any oil and gas in Canada. The company currently operates in India, Bangladesh, Indonesia and Trinidad, but at one point had operations in even more

far-flung hydrocarbon plays, including in Madagascar and Kurdistan.

Those international operations have also been a source of headaches for executives in Calgary. In 2011, the Canadian government fined Niko \$9.5 million for bribing a Bangladeshi government minister following a 2005 well blowout in the country.

Unlike Canadian-focused energy companies that are struggling with the recent drop in oil prices, Niko has posted quarter after quarter of net losses partly as a result of the Indian government's control of the country's natural gas prices and partly due to its liabilities in Indonesia and Trinidad.

Niko owns 10 percent of a producing offshore natural gas block in the Bay of Bengal; Mumbai-based Reliance Industries and BP plc own the remainder of the project and have delayed further development until the government of India raises natural gas prices.

India has kept the domestic

price of gas under US\$6 per mmBtu since November 2008.

Schacter said Niko can likely only survive another year on its own before it runs out of cash -- and that's if it can lessen its immediate liabilities by extending deadlines on drilling commitments in Indonesia and Trinidad.

Niko, whose year end is March 31, posted a net loss of US\$94 million in the first six months of its current fiscal year. This follows a net loss for its previous fiscal year of US\$831 million and a US\$176 million loss in 2013, according to the company's financial statements.

The Indian government provided some relief for Niko on Nov 1, when New Delhi raised the domestic price of natural gas in the country 33 percent to US\$5.05 per million British thermal units.

At the time, Niko released a statement that said the new gas price would "provide incremental revenue to Niko of approximately \$4 million" between November

and March 31, 2015.

In the same release, however, the company said that it had US\$107 million of accounts payable owed to subsidiaries in Indonesia and Trinidad in order to keep its exploration licences in those two countries.

FirstEnergy Capital analyst Darren Engels wrote in a Nov. 17 research note that uncertainty around the Indian government's natural gas pricing policy significantly influences the "company's ability to meet its financial obligations" and plans for 2015 and 2016.

"When you have low [natural gas] pricing, in the \$4 range, nobody is going to make any money and even the Indian national oil companies won't be able to invest," Schacter said. "They need a price regime change," he said, adding that a potential buyer would need contacts and knowledge of the political landscape in India to invest.

Neither Niko nor its bankers at Jefferies returned calls for comment on Wednesday.



Mohammad Obaidul Karim, chairman of Kohinoor Chemical, attends the company's 27th annual general meeting in Dhaka yesterday. The company declared 25 percent stock dividend for the year ended on June 30, 2014. Md Rezaul Karim, managing director, was also present.

Oldest urea plant faces closure

IQBAL SIDDIQUEE, Sylhet

The country's first urea plant in Fenchugan may face closure soon, as the state-run unit does not have enough funds to bear the cost of repairing one of its transformers that went out of order on July 30.

The possibility of resuming production at the unit is thin, as the technology of the Natural Gas Fertiliser Factory (NGFF) established in 1961 is also too backdated, said the plant's Managing Director Iskandar Ali.

The 450 staff of the unit run by Bangladesh Chemical Industries

Corporation (BCIC) will be absorbed in Shahjalal Fertiliser Factory, which the government decided to open at an adjacent area of NGFF in 2012, he said.

A Chinese firm has already completed nearly 90 percent of the construction work of the Tk 5,000-crore Shahjalal Fertiliser, officials said.

The new plant will be able to produce 1,760 tonnes of urea a day, they said.

However, BCIC Chairman Mohammad Iqbal during his visit to NGFF on December 12 did not make any announcement of closing the factory.



Rashed Maqsood, Citi country officer in Bangladesh, hands over blankets to Matiur Rahman, managing trustee of Prothom Alo Trust, as donation to the trust's country-wide winter relief effort, in a programme in Dhaka recently.



Taro Araya, Win-Miaki's chief executive, and Sajedul "Pavel" Hoq, Grameen Intel's chief operating officer, attend the signing of an agreement at a programme recently to collaborate on improving agricultural information technology in rural areas.

Putin: What ruble crisis?

REUTERS, Moscow

President Vladimir Putin assured Russians on Thursday that the economy would rebound after the ruble's dramatic slide this year but offered no remedy for a deepening financial crisis.

In an assured performance at a three-hour news conference, Putin blamed the economic problems on external factors and said the crisis over Ukraine was caused by the West, which he accused of building a "virtual" Berlin Wall to contain Russia.

Putin even cracked jokes at times, despite pressure to fix an economy that is heading into recession and caught by what his economy minister called a "perfect storm" of low oil prices, Western sanctions over Ukraine and global economic problems.

The ruble has fallen about 45 percent against the dollar this year, and suffered particularly steep falls on Monday and Tuesday, but Putin said its eventual rise was unavoidable and avoided using the word "crisis".

"If the situation develops unfavourably, we will have to amend our plans. Beyond doubt, we will have to cut some (spending). But a positive turn and emergence from the current situation are inevitable," Putin said.

"The growth of the global economy will continue and our economy will rebound from the current situation," he said, sitting at a large desk before a studio audience, with his comments broadcast live to the nation.

Putin, 62, looked confident in front of screens showing larger-than-life close-ups of his face as he took questions, though at three hours and nine minutes the news conference was shorter than in previous years. On his desk was a white mug with a presidential crest that he occasionally sipped from.

The former KGB spy said Russia must diversify its economy to reduce dependence on oil, its major export and a key source of state income. The recovery could start in 2015, he said, though economic problems might last another two years.

But he stuck to broad promises rather than going into details and announced no major new proposals. He has said many times during 15 years in power that he will reduce Russia's reliance on energy exports but has failed to do so.

The ruble slipped as he spoke, and was about 1.5 percent weaker on the day. The central bank increased its key lending rate by 6.5 percentage points to 17 percent on Tuesday, and has spent more than \$80

billion trying to shore up the ruble this year, but to little avail.

Although Putin said the central bank and government had acted "adequately", he chided the bank for not halting foreign exchange interventions sooner, suggesting more decisive action might have made this week's big interest rate rise unnecessary.

"All this implies pretty big divisions within the administration as to how to react to the crisis and pressure on the ruble," Timothy Ash, head of emerging market research at Standard Bank in London, said in a note, adding that heads could roll.

Neil Shearing, chief emerging markets economist at Capital Economics in London, said Putin had signaled no change of government policy.

"Capital controls remain a measure of last resort, and the first line of defense for the ruble will be continued tight monetary policy. Whatever happens, a deep recession now looms," he said.

Opinion polls show Putin has had high popularity ratings since annexing the Crimea peninsula from Ukraine in March, but the ruble's decline could erode faith in his ability to provide financial stability -- an important source of his support.

A prominent opponent, former Prime Minister Mikhail

Kasyanov, said Putin's problems would increase as prices are expected to surge next year because of the ruble's weakness and the president should realize "he needs an exit strategy" to leave power.

Despite this, Putin said he felt the "support of the Russian people", though he had not decided yet whether to seek a new six-year term in an election due in 2018 that could extend his rule to almost a quarter of a century.

Asked about Ukraine, where Russia has irritated the West by backing pro-Russian separatists fighting in two eastern regions, Putin said the West was to blame for the months-long crisis.

He said Moscow wanted a political resolution to a conflict that has killed 4,700 people and called for "political unity" -- suggesting he does not intend to annex the Russian-speaking regions that have rebelled. He avoided describing those areas as "New Russia", a phrase he has used in the past.

But he blamed NATO for the worst relations between Moscow and the West in decades.

"Didn't they tell us after the collapse of the Berlin Wall that NATO would not expand eastwards? But it happened immediately. Two waves of expansion. Is that not a wall? ... It's a virtual wall," he said.

Fortis opens first cardiac centre in Bangladesh

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"I would like to dedicate this cardiac centre to the people of Bangladesh," said Ashok Seth, chairman of the Institute.

The centre will also educate masses to follow a healthy lifestyle, he said.

AFC Health has set up the centre in Khulna as the southern part of the country lacks such facilities, SM Saifur Rahman, managing director of AFC Health, told The Daily Star recently.

Around 1.5 crore people in the region are vulnerable to heart diseases, he said, adding that many patients cannot go to the capital in time for better treatment.

The country has a huge demand for cardiac institutes as the number of such patients is increasing rapidly, Rahman said.

On an average, 10 Bangladeshi patients get treatment from Fortis Escorts in India every day, Rahman said. "The patients in Bangladesh will now get such treatment on their doorsteps."

The costs in the centre will be 15 percent lower compared with other such hospitals in Bangladesh, he said.

The centre will reimburse patients or take no charge for the last day of their stay if they die in the hospital, Rahman said.

AFC Health and Fortis have been working on the project for more than a year and signed an agreement in July.

Mashirul Rahman, prime minister's economic affairs adviser; Sandeep Chakraborty, Indian deputy high commissioner in Dhaka; and ABM Ghulam Mostafa, chairman of AFC Health, were also present at the opening.

Switching between mobile networks possible in 3 years

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Taimur Rahman, head of regulatory and government relations of Banglalink, said, "We believe MNP can be implemented by 2016."

The challenges can be addressed by enforcing a fair transfer policy and making sure the transfer happens within a reasonable time, without disrupting the service.

India introduced MNP in early 2011 and more than 10 crore users changed their service providers till August 2013.

Pakistan came up with the service in March 2007, but scrapped it in November 2012 for security reasons, as unregistered SIM sales could not be controlled. However, the service was reintroduced after a week.

According to officials of mobile operators, MNP entails a complex mechanism, which is related to technology upgrades and considerable investment. They also warned of sizable risks if the process is not completed properly -- if SIM registration is not done correctly, people might commit crimes taking advantage of the system, just like what happened in Pakistan.

The extra expenditure will also burden operators and customers will have to pay for it at their end, analysts said.

Mohiuddin Babar, spokesperson for Robi, said, "We are working with the industry in pursuit of finding feasibility and benefits of MNP. However, we need to be cautious in this regard as it could not prove much worth in several countries."

"Airtel Bangladesh appreciates the government's decision to initiate MNP and believes that the service will promote competition in the market that will benefit both customers and operators," its spokesperson said via a text message.

Mahmud Hossain, chief corporate affairs officer of Grameenphone, said, "The implementation of MNP is quite complex, as it requires major changes to the existing systems of the mobile operators. Besides, a new centralised system needs to be set up. There are various models, both technical and commercial, regarding the implementation of MNP."

Bangladesh should go for a model that is simple and cost-effective, so that consumers can get hassle-free services at affordable prices, he said.

The BRTC offered two governance models to implement the service. It can be governed by a consortium of operators, which was replicated in Thailand, South Africa, Finland, Denmark and Pakistan. Or the regulator or the government can engage a third party to introduce the service. Countries like Malaysia, Singapore, the USA, Mexico, Turkey, Greece, and India followed the second model.

"Operators think the service can be implemented by the consortium. We want to introduce a solution that is developed in line with the infrastructure of Bangladesh. We are in discussions with different MNP solution providers too," said Kabir, the AMTOB secretary general.

Tourism fair kicks off in Ctg amid enthusiasm

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In its effort to turn Chittagong into a tourism hub, the government has taken a Tk 1,700-crore project to build a road along the Patenga embankment. "Ocean-facing apartments for low- and middle-income people will be made in Patenga."

Nineteen foreign and local firms, including tour operators, airlines, hotels, amusement parks and resorts, are taking part in the fair, which will remain open from 10.30am to 8pm, said Kazi Wahidul Alam, editor of The Bangladesh Monitor and chairman of the show.

Mahbubul Alam, president of Chittagong Chamber of Commerce and Industry, also spoke.

Omera Petroleum to enter LPG market in March

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"By utilising the river routes, we can ensure uninterrupted supply to the Dhaka region from Mongla, where our main plant is located. This is a new benchmark for supply chain management of LPG in the country," Ahmed said.

The company has six modern road tankers to supply LPG to its three satellite stations in Bogra, Ghorashal and Chittagong, and will also be a means to supply bulk LPG to industrial zones, he said.

A 12kg cylinder sells for Tk 1,450 at present, down from Tk 1,600-1,700 last year. BPC, on the other hand, sells the same amount for Tk 700.

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Mustafa Anwar, acting chairman of Islami Bank Bangladesh, opens the bank's 293rd branch at Dholakhal in Dhaka yesterday. Mohammad Abdul Mannan, managing director, was also present.