

Review Holcim share price valuation

Lafarge appeals to BB

AKM ZAMIR UDDIN and JEBUN NESA ALO

Lafarge Surma Cement has appealed to Bangladesh Bank to review its valuation of Holcim share price, which the French cement maker says has been significantly undervalued by the central bank.

The central bank in September allowed Lafarge to repatriate Tk 504.78 crore by cutting down each share price of Holcim Cement Bangladesh to Tk 57,202 from Tk 1.06 lakh set by the company.

In December last year, Lafarge Surma signed an agreement with the Amsterdam-based Holderfin to purchase its holdings of Holcim Cement Bangladesh for Tk 936 crore (\$117 million). Each of Holcim's 88,244 shares was valued at \$1,325.88 (Tk 1.06 lakh).

"We smell laundering of money through the overvaluation of Holcim shares," said a BB official requesting not to be named.

The central bank has set the share price of Holcim in line with the international valuation method, said another BB official.

It compared the share price of Holcim with that of British American Tobacco Bangladesh Company, whose share is considered the most expensive in the Dhaka stock market.

With a Tk 10 face value, the current market price of each share of BATBC is Tk 2,960.

The BB also looked at the share price of Heidelberg Cement Bangladesh, a comparable stock for both Lafarge and Holcim.

Each Heidelberg share, which has a face value of Tk 10, traded at Tk 415.90 yesterday. The face value of Holcim

shares is Tk 100.

"The difference between the amount agreed in the share purchase agreement and the amount approved by the BB to remit out of this transaction is significant," said Lafarge in a statement.

Lafarge has informed the central bank that it is not possible to complete the merger with Holcim if the BB does not allow it to remit Tk 936 crore.

The BB decision has put pressure on the share price of Lafarge on the Dhaka Stock Exchange.

Each share of Lafarge Surma Cement, which was listed as a green field company in 2003, traded at Tk 65.40 on August 18, the day news broke of the BB's decision.

The share price started to fall from the very next day and it closed the day yesterday at Tk 61.50.



Salman Ispahani, new chief of global cotton assoc

STAR BUSINESS DESK

Mirza Salman Ispahani, chairman of MM Ispahani Ltd, has been elected as the president of International Cotton Association (ICA) for 2017-18.

Ispahani is the first Bangladeshi and also the first spinner/buyer to be elected as the chief of the association, ICA said in a statement yesterday.

The ICA is the world's leading international cotton trade association and arbitral body.

Boro harvest drops 5pc to 1.8cr tonnes

SOHEL PARVEZ

Boro production fell 5 percent year-on-year to 1.8 crore tonnes during the last harvest, the lowest since 2009-10, after floods wiped out crops in a huge number of paddy fields in the northeast.

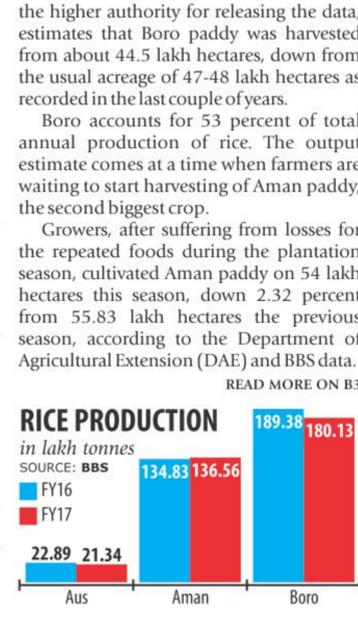
As a result, total rice output declined by 2 percent year-on-year to 3.38 crore tonnes in the last fiscal year, according to a preliminary estimate of the Bangladesh Bureau of Statistics (BBS).

Crops on an area of about 3 lakh hectares were damaged because of the floods, said a senior BBS official seeking anonymity.

The floods, along with low stocks of foodgrains in public storages, fuelled a price hike of the staple food, causing it to reach a record high in mid-September. This led the government not only going for imports by itself but also to slash import duty to augment supply and stabilise the market.

Though prices gradually declined in the last one month, it is still higher than that of the same period last year, according to figures from the Trading Corporation of Bangladesh.

The BBS, which awaits for approval from



Financial reporting act to bring transparency

Says chairman of the newly-formed Financial Reporting Council

STAR BUSINESS REPORT

Chairman of the newly-formed Financial Reporting Council yesterday assured businesses not to be concerned about the new act as it will help the country bring in transparency in firms' auditing and accounting standards.

"There is nothing to be worried about the FRC. It will coordinate more rather than regulate," said CQK Mustaq Ahmed, chairman of FRC, at a seminar styled "Financial Reporting Act 2015 and its economic implication", organised by the Dhaka Chamber of Commerce and Industry at its office in the capital yesterday.

Bangladesh has enacted the financial reporting act in 2015 in a bid to establish transparency in accounting and auditing of firms, especially those listed on the stock exchanges.



CQK Mustaq Ahmed, chairman of Financial Reporting Council, and Abul Kasem Khan, president of the Dhaka Chamber of Commerce and Industry, attend a seminar on "Financial Reporting Act 2015 and its economic implication", organised by the chamber at its office in the capital yesterday.

15 SIMs per NID: govt

MUHAMMAD ZAHIDUL ISLAM

The telecom regulator has reduced the number of SIMs that can be registered against one National Identity Card (NID) from 20 to 15.

The decision came from a meeting of Bangladesh Telecommunication Regulatory Commission with Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy and the law enforcing and intelligence agencies on Sunday.

Earlier, it was also mandated that an individual can take a maximum of five prepaid SIMs with an NID, which was criticised by the mobile operators.

Yesterday's meeting withdrew the bar also, BTRC Chairman Shahjahan Mahmood told The Daily Star.

"We will send a directive to all the mobile operators within a short time."

Initially there was no limit to the numbers of SIMs a person could own. After the end of the countrywide biometric SIM verification process, BTRC in June 2016

issued a notice placing the limit at 20.

At that time, there was also no common data centre to determine the number of SIMs registered against a single NID.

On Thursday, State Minister for Telecom Tarana Halim told journalist that they would keep the limit at 20.

"Actually we have no problem with SIM card numbers but the law enforcing agencies requested us to bring it down to make their tasks easier," said Mahmood.

He said they would formulate a process to deactivate the additional SIMs. Mobile operators say this restriction would limit people's options on using technology.

"Fifteen sounds a huge number right now but within a short time this will create a new challenge when the Internet of Things and other latest services become active," said a top official of a private mobile operator.

He said some people need more SIMs for extended family members, for using wifi routers in cars and for having multiple devices such as tablets and modems.

Sell pressure pulls Dhaka stocks down

STAR BUSINESS REPORT

Dhaka stocks fell amid huge sell pressure from retail investors yesterday.

The benchmark index of Dhaka Stock Exchange—DSEX—fell by 59.25 points or 0.98 percent to close at 5,981.95.

The daily turnover also decreased by 3.76 percent to Tk 523 crore from the previous session.

The market has been suffering from a down pressure due to the price adjustment after the declaration of stock dividends for June by different companies, market insiders said.

Over 100 companies were expected to declare dividends after the yearend in June. Some of the companies declared stock dividends instead of cash, which disappointed many investors, they said.

Large cap companies mostly led the price index into the negative territory.

Consensus reached over handing Accord's charge to Bangladesh

STAR BUSINESS REPORT

Bangladesh, global unions and international brands have agreed on conditions to prepare for the hand-over of the responsibility of the Accord to a national regulatory body, said the global union federation IndustriALL yesterday.

IndustriALL announced the development following a high-level meeting in Dhaka between the IndustriALL, the Uni Global Union, brand representatives and the leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The Accord on Fire and Building Safety in Bangladesh was set up in the aftermath of the Rana Plaza building collapse in 2013 and is valid until May 2018.

The IndustriALL and the Uni Global Union met with the leaders of the BGMEA in Dhaka on Thursday and agreed on a set of conditions to transfer the responsibility of the Accord to a national regulatory committee.

The conditions include provisions on transparency, enforcement, capacity and confidential complaint mechanisms, said the IndustriALL in a statement.

In a further meeting with Bangladesh's commerce and labour ministers, it was agreed that the Accord will be granted an extension to operate beyond May 2018 if the planned national regulatory body does not become ready to take over the charge.

The extension after the May 2018 deadline will initially be for six months.

Services sector exports go up 23.67pc

STAR BUSINESS REPORT

Services sector exports hit \$619.97 million in the first two months of the fiscal year, overshooting its target for the period by 6.28 percent.

The amount is an increase of 23.67 percent from a year earlier, according to data from the Export Promotion Bureau, which was released yesterday.

The EPB began counting the export earnings from services sector separately from last fiscal year as contributions of some important services sectors like transportation, manufacturing, air and sea transports went unnoticed.

For example, if a manufactured product like refrigerator is exported and a mechanic is also sent with the appliance, the mechanic's earning would be calculated under the services sector.

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