Star Business

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Japan's NTT DoCoMo bids for AKTEL stake

Vodafone losing interest in country's third largest mobile operator

MD HASAN

NTT DoCoMo, Japan's leading mobile phone company, has submitted a bid to buy the 30 percent of AKTEL owned by A K Khan and Company, a stake previously valued at over $300million.

"It is true that we have tendered a bid for the AKTEL stake," an official of NTT DoCoMo told The Daily Star in a written reply to questions.

The Japanese company, with a 52 million subscription base, is Asia's largest mobile operator based on revenue.

NTT DoCoMo's move heightens speculation over the future of the country's third largest mobile operator that was recently overtaken by rival Banglalink in terms of subscriber numbers.

In January another of the world's major mobile operators, the UK's Vodafone publicly expressed an interest to buy the AKTEL stake, while Middle East based operator Etisalat has also shown some interest.

However industry sources said Vodafone was concerned about how it would manage the relationship with Telekom Malaysia, the group that owns the remaining 70 percent of AKTEL.

Last week Major General (rtd) Manzurul Alam, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC) said officials from BTRC had recently met Gavin Darby, Vodafone's chief executive officer for America, Africa, China and India, and that Vodafone's enthusiasm for the purchase appeared to have waned.

Talking to the Daily Star, an AKTEL official said, "We are still in the dark about our new partner. But something is going on. NTT DoCoMo is on the priority list."

In recent months AKTEL has been struggling to maintain its position in the extremely competitive Bangladeshi market. In December 2007, it lost its position as the country's second largest mobile phone operator to Banglalink.

AKTEL experienced a fall in its subscribers from 6.70 million in September 2007 to 6.40 million in December in the same year. However there has been some recovery with subscriber numbers reaching 7.45million in March this year.

Yusof Annuar Yaacob, chief executive officer of Telekom Malaysia International, once said his company was keen to work with Vodafone in Bangladesh and valued AKTEL "in excess of US$1 billion."

He later said the TM had no intention to sell out its stake in AKTEL. "However, I am unable to comment on actions or decisions that are made by our other shareholders".

The sales of shares in AKTEL and state-run TeleTalk have become a much-talked-about issue in the mobile industry in Bangladesh. Except the leading mobile phone operator Grameenphone, all other operators are facing losses.

The top officials of leading mobile phone operators already anticipated that merger or acquisition must happen in the six-operator market.

Naguib Sawiris, the chairman of Orascom Telecom Holding (OTH), owning company of Banglalink, during his visit to Dhaka on Tuesday said merger or acquisition might happen. "I believe six is a crowd," he said.

Grameenphone is the market leader in mobile telecommunication sector with around 17.8 million subscribers, while Orascom Telecom Bangladesh, which operates Banglalink, is second with around 8.3 million subscribers.

Telecom Malaysia International Bangladesh, which operates AKTEL, and Warid Telecom International are the third and fourth market players with around 7.4 million and around 2.7 million subscribers respectively.

The number of total mobile phone subscribers reached 39 million as of March 2008.

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NTT DoCoMo

- Japanese NTT DoCoMo ranked number one mobile phone operator in Asia in terms of revenue generation in 2006
- It has operations in Asia, Europe and North America
- It took over Nippon Telegraph and Telephone Corporation's mobile communications business in July 1992
- The company has more than 52 million customers worldwide
- Its total employees stand at 22,006

Equity and Entrepreneurship Fund

Management to be transferred to private banks

SAJJADUR RAHMAN

Management of the Equity and Entrepreneurship Fund (EEF) will be handed over to private banks and other financial institutions from the Bangladesh Bank (BB) to give the private sector easy access to equity, sources said.

Entrepreneurs however have opposed the decision, saying the move would bring no significant changes in the disbursement of the fund.

"Rather the management of the fund should be given to organizations, which have expertise in equity management," Habibullah N Karim, president of Bangladesh Association of Software and Information Services (BASIS) told The Daily Star yesterday.

The government formed EEF in 2000 to extend equity support to eligible companies in ICT and food processing sectors so that investors are encouraged to invest in these two risky but promising sectors. Presently, all the scheduled commercial banks and financial institutions are involved in the administration of EEF.

The government has decided to separate the EEF management from the central bank based on a recent plan of the Bangladesh Better Business Forum (BBBF), headed by the Chief Adviser Dr Fakhruddin Ahmed. BBBF, in its plan, suggested a mid-term measure to be implemented in 4 to 6 months.

"BB is working on a proposal in this regard that is to be sent to the finance ministry," a BB senior official told The Daily Star yesterday.

The BBBF, at a meeting in last month, agreed to separate the management of the EEF from the BB. The forum also directed the BB to send a concrete proposal to the government soon.

However, the forum wants BB to continue to formulate congenial policies so that entrepreneurs get easy access to their much-needed equity.

"We will not support private banks' management of the fund instead of the BB," the BASIS president said, adding, "Private banks also lack expertise regarding equity management, they do business on loans and advances only."

Khandaker Mozammel Haque, adviser of Bangladesh Agro-Processors' Association, said BB has no effective mechanism to utilize the fund.

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Stocks

DGEN	3,019.75	0.21%
CSCX	5,522.81	0.45%

Asian Markets

MUMBAI	16,978.35	1.35%
TOKYO	14,118.55	1.18%
SINGAPORE	3,198.51	0.13%
SHANGHAI	3,657.43	2.73%

Currencies

	Buy TK.	Sell TK.
USD	68.10	69.10
EUR	103.83	108.40
GBP	130.84	135.97
JPY	0.65	0.68

SOURCE: STANDARD CHARTERED

Commodities

Oil $125.62 (per barrel)

SOURCE: AFP

More News

Shipbreakers to shipmakers

Local shipbuilders are now working with about US$ 400 million worth of orders for over 40 vessels for buyers from Germany, Denmark, the Netherlands and Mozambique, and Ananda Shipyard, one of the biggest local shipbuilding companies, will deliver a ship to its Danish buyer today.

B-4

Citycell continues to face loss

Mobile phone operator Citycell continued to lose money in the full year ending March 31, as it battled stiff competition and paid the price of its involvement in the illegal call termination scandal.

B-3

International

Asian economies holding up: Merrill Lynch

Asia's strong economic growth will persist despite an ailing US economy as the region diversifies its export markets and a new breed of young and wealthy citizens drive consumption, investment bank Merrill Lynch said Wednesday.

B-4

India mulls steel makers' plea to remove export duty

Indian government is "seriously considering" doing away with export duty after steel makers lowered prices to help contain inflation.

B-4

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

AFP

Children of minimum wage earning parents take home lower-priced, government-subsidised rice bought from a store in Manila yesterday. Already struggling to make ends meet, millions of ordinary Filipinos living on the minimum wage are seeking a pay increase just to keep up with the rising cost of food.

China export regime 'considerably more restrictive': WTO

AFP, *Geneva*

China has made its export regime "considerably more restrictive" due in part to efforts to reduce its large trade surplus, said the World Trade Organisation in a review of the country's trade policies.

"A variety of measures, including export taxes, reduced rebates of VAT on exports and export prohibitions, licensing and quotas, are used to restrain, if not prohibit, exports of a considerable and growing number of products," according to the WTO report which is due to be published next week.

Some of these measures are implemented to meet the country's international obligations, said the WTO.

But many are also intended to cut exports of products using large amounts of natural resources and energy, or to reduce China's large trade surplus as the country seeks to reduce trade friction, said the report.

Such items included textiles and steel products, it noted.

China has been engaged with the United States and the European Union in several high profile trade rows in recent years over items ranging from textiles, shoes to auto-parts.

"A more flexible exchange rate and thus more independent monetary policy would complement structural reforms, especially those concerning the capital market, and obviate the need for price controls and other non-market measures to contain inflation," the WTO said.

China's runaway inflation rate has been of concern to the government, which has warned that tougher measures may been needed to curb it.

China's inflation rose to 8.5 percent in April from 8.3 percent in March, staying near 12-year highs.

Home textile maker to double production

REFAYET ULLAH MIRDHA

Ritz Textiles Limited, a local home textile producer, will invest Tk 7 crore this year to double its production as the company is getting increased export orders, an evidence of the country's booming home textile sector.

"I. cannot take new export orders as my factory has already received orders worth $1.5 million for 2007-08 fiscal. I need to expand production capacity to accept new orders," said Chief Executive Officer of Ritz Textiles Shahidur Rahman.

At present, Ritz Textiles, with an investment of Tk 15 crore, produces 1 lakh metres of home textile a month, Rahman said.

Home textile products include bedspreads, blankets, pillows and pillow covers, cushion and cushion covers, carpets and rugs, wall hangings, tablecloth and mats and kitchen linen.

With Bangladesh's home textile growing 20 percent a year, manufacturers exported home textile worth $211.25 million in July-March period of the current fiscal against $192.85 million during the same period a year ago.

The Export Promotion Bureau has set a target for home textile export of $310 million for the current fiscal. In 2006-07 fiscal, the total export of home textile was estimated at $256.97 million.

Rahman said Ritz exported home textile products worth $ 700,000 only in 2006-07 fiscal and in the span of one year in 2007-08 the company is set to export home textile worth $1.5 million.

Rahman said he would set up 58 new textile machines this year to double the production.

Sweden-based IKEA and UK-based Little Wood and Maurice Phillips are the major buyers of the factory, Rahman said.

Rahman started his home textile production in 2004 in a small factory at Tarabo, Narayanganj.

Noman Group, Alltex, ACS Textile, Sad Musa, Regent, JK Group and Classical Home are the major manufacturers and exporters of home textile in the country.

Market operators said the size of domestic bed sheet market is worth Tk 100 crore.

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Local home textile producers are getting increased export orders, encouraging Ritz Textiles Limited to invest Tk 7 crore this year to double its production capacity.