



## Stocks

DGEN ▲ 0.29% 2,772.52

CSCX ▲ 0.31% 5,485.74

## Asian Markets

MUMBAI ▲ 5.94%  
14,942.28

TOKYO ▲ 0.97%  
13,312.93

SINGAPORE ▲ 3.06%  
2,978.98

SHANGHAI ▼ 0.29%  
2,837.85

## Currencies

	Buy Tk.	Sell Tk.
USD	68.00	69.00
EUR	105.90	110.50
GBP	133.93	139.24
JPY	0.63	0.66

SOURCE: STANDARD CHARTERED

## Commodities

Oil \$126.00  
(per barrel)

SOURCE: AFP

(Midday London Trade)

## More News

### Adviser for greater market access for Bangladeshi products

Raising the issue of abnormal price hike, Commerce Adviser Dr Hossain Zillur Rahman urged for greater market access for Bangladeshi products to the developed countries.

### \$24 m loan for setting up 3 small power plants

Bangladesh Bank (BB) yesterday signed an agreement with NCC Bank to lend \$24 million from its Investment Promotion and Financing Facility (IPFF) project for financing three small power plants (SPPs) to be set up by Doreen Power Generations and Systems Ltd. The three SPPs are expected to add 66MW power to the national grid between October and December this year, according to a press statement.

### Seminar urges to protect patent rights jointly

Speakers at a seminar yesterday urged the countries in the sub-continent to jointly protect their patent rights. They said rich countries are strengthening their patent rights in a monopolistic way and making the third world countries their markets. B-3

## International

### Chinese yuan yet to see equilibrium



The yuan, the Chinese currency, has appreciated more than 20 percent against the greenback since the country dropped its peg to the US dollar with a one-off two-percent revaluation exactly three years ago. B-4

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# GP okays plan to raise \$300m from IPO, private placement

MD HASAN

Grameenphone, the country's largest mobile phone operator, has finalised its plan to raise \$300 million (Tk 2,058 crore) -- \$150 million from the stock market and the rest through private placement or pre-IPO.

According to sources, the number one mobile phone company took the decision after revising its valuation at \$3.2 billion last month. Earlier an independent firm valued the company at \$3.75 billion.

Grameenphone yesterday said a formal application for the IPO with expected gross proceeds of up to \$150 million is expected to be filed with the Securities and Exchange Commission (SEC) and other authorities by the end of this month.

The company also said it intends to conduct a public offer of its shares with expected gross proceeds of up to \$150 million prior to the IPO.

"We are hopeful that Grameenphone's inclusion in the country's bourses will further highlight the potential of capital markets as an important engine of economic growth," said Anders Jensen, chief executive officer of Grameenphone.

He said the Grameenphone IPO will also enable the people of Bangladesh to share the success of the company.

Sources said Grameenphone will offer each share at Tk18 including a premium of Tk17. The raised money will be completely used for Grameenphone's network development programme.

The market analysts assumed that such a big IPO will help to enhance the market's depth and encourages the other mobile operators to be listed.

Grameenphone, which launched operations in 1997, is 62 percent owned by Norway's Telenor, with the balance 38 percent being held by Grameen Telecom, part of local Grameen Group. The company had been under pressure from Bangladesh Telecommunication and Regulatory Commission and SEC to list on the Dhaka Stock Exchange (DSE).

Grameenphone, according to Telenor's financial report, posted 7 percent higher revenue at NOK (Norwegian Krone) 4,622 million (Tk 6,138 crore) in 2007 compared with NOK 4,314 million (Tk 5,729 crore) in 2006. Its operating profits, however, dropped sharply by about 33 percent to NOK 1,239

### Highlights of GP IPO plan

- Company's value---Tk21,944crore (\$3.2billion)
- Paid up capital---AroundTk245crore
- Funds to be raised---Tk2058crore (\$300million)
- Share face value---Tk1
- Premium---Tk17
- Earning per share---Tk1.5 (Until2007)
- Plan for money utilisation---Company's network development programme
- Issue Manager---Citigroup Global Markets Bangladesh Private Ltd

\* 1 US\$= Tk68.57

million (Tk 1,645 crore) during the year compared with NOK 1,836 million (Tk 2,438 crore) in 2006.

Intense competition from rivals including Telekom Malaysia-promoted AKTEL and Orascom-owned Banglalink has, however, seen Grameen's market share slip from a dominant 63 percent in 2006 to 47 percent in 2008.

"It will be a breakthrough for the country's capital market history," said Abu Ahmed, professor of the Department of Economics of Dhaka

University.

Ahmed said Grameen's IPO plan will be a big encouragement for the other mobile phone operators.

Grameenphone submitted its IPO roadmap in January this year. As per the roadmap, the company is scheduled to go for public listing by the end of September 2008.

Citigroup Global Markets has conducted the valuation of the company.

Grameenphone officials said Citigroup Global Markets Bangladesh Limited has been

appointed as the global coordinator and issue manager as well for the Tk243crore paid up capital company.

Non banking financial organisations experts said the SEC should scrutinise the amount of premium likely to be offered by Grameenphone to give the benefits of the IPO to investors.

With the listing on the capital market, the company will get 10 percentage point corporate tax exemption from 45 percent.

Grameenphone, with the Norway's Telenor being its major stakeholder, holds the top position in the market with 20.31million customers, followed by Egyptian Orascom Telecom's Banglalink with 9.46 million and Aktel, Telekom Malaysia International being its major stakeholder, with 7.85million customers as of June.

At bottom of the pyramid, number of customers of the UAE based Warid Telecom International increased significantly to 3.31million in June, whereas number of customers of the country's oldest and only CDMA operator Citycell's reached 1.70million in June 2008.

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# 57pc drop in GP's operating profit in six months

STAR BUSINESS REPORT

The country's largest mobile phone operator Grameenphone's (GP) operating profit dropped by 57 percent in the first half of the year 2008 compared to the same period of the last year, mainly due to a significant amount of money it had been fined by the telecom regulator.

Grameenphone added 2.5million customers during the April-June period in 2008, but a 36 percent downfall of monthly average revenue per user (ARPU) also helped the company's operating profit to reach 329million Norwegian Krone (NOK) from NOK758million a year earlier.

In the second quarter ended on June 30, 2008, Grameenphone's operating profit stood at NOK40million, which was NOK335million by the end of June 2007.

The half yearly performance in terms of revenue earnings also saw a negative trend. The company's revenue dropped by 2 percent in June 2008 to NOK2247million compared to NOK2307million in June last year (NOK1=BDT13.20).

With having 20.31 million customers by the end of June 2008, the company is still the No 1 among the 6 mobile operators in the market.

According to its Q2 financial report (April-June) posted by Telenor, Grameen's majority stakeholders, Grameen's market share also came down to 47 percent by the end of June 2008 from

around 50 percent a year earlier.

In the three months to June 30, Grameen's EBITDA (earnings before interest, taxes, depreciation and amortisation) margins had decreased by 43 percent to NOK 304million from NOK540million a year earlier.

"EBITDA margin decreased primarily due to one-time effects related to accrual of approximately NOK 150 (Tk200crore) million for a potential compensation for Grameenphone's involvement in international call termination through VoIP before February 2007 and a contribution of approximately NOK 18 million to Lawful Interception Compliance initiated by BTRC, compulsorily to be financed by all operators," the Telenor report said.

Norway's Telenor owns 62 percent of the company, which launched operation in 1997, with the balance 38 percent being held by local Grameen Telecom.

The company officials said it put NOK150 million (Tk200crore) as compensation, likely to be paid to the telecom regulator, which ultimately showed the poor operating profit.

Grameenphone may pay Tk250crore to Bangladesh Telecommunication and Regulatory Commission (BTRC) for the company's involvement in illegal international call termination through VoIP. The BTRC earlier imposed Tk168crore fine to the company for the same reason.

## Private sector credit flow under BB lens

STAR BUSINESS REPORT

The central bank would monitor the private sector credit flow to avert its unproductive usage.

Bangladesh Bank (BB) Governor Dr Salehuddin Ahmed made this directive to all bank managing directors during a meeting with them at the BB headquarters in Dhaka yesterday.

The issues like interest rates, spread and appointment of directors from depositors came up for discussion at the meeting, among others.

"We want to ensure adequate credit flow to the productive sectors," Salehuddin told reporters after the meeting.

He said for supporting growth promoting policies the newly announced monetary policy has also prioritised an unhindered flow of

private sector credit to the economy's productive sectors, with agriculture, small and medium enterprises and rural economy being the prime targets.

"We have asked the banks to follow the monetary policy stance," he said.

BB announced last week that it would continue to follow the expansionary monetary policy overlooking the suggestion of the International Monetary Fund that had advised to incorporate a tight policy to curb inflationary pressure.

According to the BB sources, private sector credit increased by 24.5 percent on year-on-year basis in May 2008. The average credit flow was 22.3 percent during July-May of 2008 compared with 15.6 percent over the same period of the previous year.

## Stocks rise after 7 days

Market review meet today

STAR BUSINESS REPORT

After a fall for seven consecutive days, price indices on the Dhaka Stock Exchange (DSE) rose slightly yesterday.

The DSE General Index marginally increased by 7.97 points, or 0.28 percent, to 2772.51 points, while the DSE All Share Price Index slightly rose by 1.4 points, or 0.05 percent, to 2416.69 points.

According to market insiders, the market was in a little bit positive mood following both the premier bourse and market regulator's advice to investors for not being panicky at the present slide.

On Tuesday, DSE authorities and officials of Securities and Exchange Commission (SEC) said investors, especially the individuals, should not be panicked over the current downturn, which was due mainly to price correction. The price correction is a natural phenomenon at any stock market in the world, they said, suggesting the investors buy shares after analysing fundamentals of the securities.

The SEC will sit with DSE, Chittagong Stock Exchange, merchant bankers and leading financial institutions today to review the prevailing market situation.

Yesterday the market started with losing about 7 points but within an hour it reached the day's highest at 2802.7 points. From the peak, the market started to lose due to sales pressure and for the next one and half hour it lost more than 60 points at constant rate. After that market again started rising and ended about 8 points higher than it was on the previous day.

# Rising air fuel surcharges cast shadow on leisure travels

SOHEL PARVEZ

Higher fuel surcharge imposed by airlines has affected leisure travels from Bangladesh as a section of travellers are forced to cut down their expenditure plans, according to airlines and holiday travel operators.

"We usually see a good number of travellers go outside the country for pleasure trips during the June-September period. But this year the extent of travel is lower," said Syed G Qadir, general manager of Galaxy Holidays, one of the leading holiday tour operators.

Qadir said many people change their travelling plans due mainly to a surge in air travel costs, resulting from the increase in fuel surcharge by the airlines.

Air travellers are facing higher costs for tickets at a time when airlines across the globe are passing the burden of fuel costs on to the passengers to avoid losses due to consistent increase in petroleum price, now over \$131 a barrel.

Now all the airlines operating in Bangladesh, including the leading ones such as Emirates, Singapore Airlines, Thai Airways and Malaysia Airlines, charge passengers a much higher price.

Now Singapore Airlines, which charged about \$120 for a two-way ticket on Dhaka-Singapore-Dhaka in July last year, realises about \$220 for fuel surcharge.

"The July-September period is the peak season for us. But sales of different holiday packages have dropped by about 20



Tourists walk at a park in Chiang Mai, Thailand, a popular tourist spot for Bangladeshis. Higher air fuel surcharge has affected leisure travels from Bangladesh.

percent this year due to higher travel costs," said Qadir of Galaxy Holidays that offers packages to various countries mainly in South and South-East Asia.

According to industry insiders, Bangladeshi leisure travellers, mainly upper middle class people, usually go aboard during this period availing the opportunity of vacations of their wards in schools, especially the English medium ones.

Singapore, Thailand, Malaysia are the destinations where Bangladeshi tourists travel most, operators said.

"We saw slump in leisure tours earlier due to unavailability of traffic. Now there are

adequate traffic but people cannot go due to higher air travel costs," said an official of Singapore Airlines in Bangladesh, referring to the extent of forward booking in the July-August period.

"But corporate travel has yet been unaffected," the official said.

Hanif Zakaria, area manager of Emirates Bangladesh, said the rise in fuel prices is affecting everything. "We had to increase fares accordingly because it was putting huge burden on the airline," he said.

Emirates, which had earlier charged over Tk 50,000 for a two-way ticket on the Dhaka-Dubai-Dhaka route, is now

realising over Tk 63,000. "It's a difficult time for the airlines and passengers as well," said the Emirates official, adding that the carrier witnesses a slow down in both business and personal travel.

"Now only essential travels are taking place," he said.

Md Zahirul Alam Bhuiyan, chief executive of Discovery Tours and Logistic, another tour operator, said the people intending to go abroad become confused after they came to know about taxes, including the fuel surcharge.

"I am afraid that my firm may see a 20 percent drop in business this season," he said.

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