

Stocks

DGEN ▲ 0.14%
2,594.25

CSCX ▲ 0.36%
5,162.28

Asian Markets

MUMBAI ▲ 5.01%
9,424.02

TOKYO ▲ 3.39%
8,215.53

SINGAPORE ▲ 4.21%
1,664.08

SHANGHAI ▲ 1.95%
2,325.48

Currencies

	Buy Tk	Sell Tk
USD	68.50	69.50
EUR	92.00	96.70
GBP	97.78	102.71
JPY	0.71	0.74

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼ \$952.40
(per ounce)

Oil ▲ \$52.90
(per barrel)

SOURCE: AFP

(Midday Trade)

More News

FBCCI proposes tax cut

The apex trade body FBCCI yesterday proposed a tax cut to create a congenial business atmosphere for an efficient tackling of the fallout from the ongoing global recession. "The income should be tax-free and unquestionable if anybody goes for setting up any industrial plant," said the FBCCI president.

B-3

International

World's cheapest car rolled out



India's Tata Motors on Monday launched the world's cheapest car, the Nano, hoping to revolutionise travel for millions and buck a slump in auto sales caused by the global economic crisis.

US unveils \$500b bank clean-up

The United States unveiled a 500-billion-dollar programme to rid troubled banks of their bad assets, winning immediate approval from investors on Monday as stock markets soared. US Treasury Secretary Timothy Geithner wrote in The Wall Street Journal that the initiative would set up a market for troubled loans and securities, freeing up banks to lend again.

B-4

Contact Us

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

United Airways to go public this year



UNITED AIRWAYS

United Airways plans to go public to raise Tk 100 crore this year, which will make the private carrier the first listed airline in Bangladesh.

SARWAR A CHOWDHURY

Private carrier United Airways plans to raise Tk 100 crore through an initial public offering (IPO), evidence of becoming the first listed airline in Bangladesh stock market.

The airline will use the capital in expanding its horizon in international flight operations, officials said.

"We hope we can float our shares on the stock market within this year," Tasbirul Ahmed Choudhury, chairman and managing director of United Airways (BD) Ltd, told The Daily Star yesterday.

Another senior official of the airline however said it plans to go public by October.

"We have already appointed AAA consultant and financial advisers as underwriter and issue manager," he said, adding that the company will purchase an aircraft to run it on international routes.

The face value of each share will be Tk 100.

Welcoming the move, market experts said it will be a milestone for Bangladesh's capital market, as such listing is the first time for an airline here.

"The initiative will increase the market depth besides bringing about a structural change," said Professor Salahuddin Ahmed Khan of the Finance Department at Dhaka University.

It also proves that the stock market can act as a financing industry, he said.

"The regulators, market authorities, investors and other stakeholders should provide support to the airline so that it can easily be listed with

bourses," he added.

The United Airways, a venture of non-residents Bangladeshis (NRBs), has already planned to expand its global operations and is expecting to fly to new destinations, including the Gulf aviation hub of Dubai, Kuala Lumpur and Kathmandu, by mid-2009.

A 170-seater MD-83 aircraft for \$9 million (Tk 62 crore) will be added to its existing two-carrier fleet by May. Earlier, the airline purchased two Dash 8-100 aircraft for about \$8.5 million (Tk 57 crore) each.

The carrier recorded a turnover of about Tk 41 crore in 2008 and targets a Tk 140 crore turnover this year.

United Airways, which entered the domestic aviation market in July 2007, has some 500 shareholders, 95 percent of which are NRBs living in the UK. It started its domestic passenger flights on July 10, 2007 and presently operating on Dhaka-Sylhet, Dhaka-Chittagong, Dhaka-Cox's Bazar, Dhaka-Jessore and Dhaka-Barisal routes.

It entered into the international arena on September 24, 2008 by launching its Dhaka-Kolkata flight.

The private sector airline on Sunday announced that it is scheduled to begin operations on the Chittagong-Kolkata route from March 30 to cater to the growing needs of the residents of the port city.

At a press meet in Chittagong, the airline officials said the company eyes to stretch its wing further in the next five years with an investment of Tk 2,000 crore. In order to meet that challenge, it plans to begin operations on the Dhaka-Kathmandu, Dhaka-

FACTBOX

- IPO size: Tk 100 crore with face value of Tk 100 each share
- Started domestic passenger flights in 2007 and international passenger flights in 2008
- Records around Tk 41 crore turnover in 2008
- Targets Tk 140 in turnover in 2009
- Present fleet comprises two Dash 8-100s. A 170-seater MD-83 aircraft will be added by May
- 500 shareholders. 95 percent of them are NRBs living in the UK
- Domestic destinations include Dhaka, Sylhet, Chittagong, Cox's Bazar, Jessore and Barisal
- Plans to fly to three new destinations: Dubai, Kuala Lumpur and Kathmandu

Kuala Lumpur, Dhaka-Dubai and Chittagong-Bahrain routes very shortly.

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Air travel caught in economic whirlwind

SOHEL PARVEZ

The global economic downturn hurts corporate and leisure travels by air from Bangladesh, forcing airlines to make promotional offers and ticket price cuts, airline officials and travel agents said yesterday.

"Travels for business and leisure are both slowing. The global economic crisis is eating up a bulk of the segment," a senior executive of Emirates, one of the leading carriers operating from Bangladesh, told The Daily Star.

The airlines face a drop in travel at a time when demand for migrant workers slows, as the financial meltdown dries up businesses in the Gulf and Southeast Asian region, the main markets for Bangladeshi workers. The migrant worker voyage had kept the local industry vibrant.

Hundreds of migrant workers are on the return, as they face layoffs and long leaves. The overseas employment situation deteriorated further after Malaysia cancelled 55,000 workers' visas, early this month.

"Labour traffic was high last year. But it is now declining. If recruitment increases, the market will recover," said the Emirates official.

He said Emirates is yet to experience a decline in traffic, as it offers a lot of onward connections worldwide from its hub in Dubai.

The official however said business travel dropped by 20-25 percent since early this year, compared to the previous year.

"We expect that business travel would perk up after the political government came to power. But the global crisis has dampened that possibility," he said.

Travel agents said many multinational companies and local businessmen have shelved their travel plans. Some are conducting their important meetings through video conferencing, instead of travelling, they added.

"The crisis has cast a negative impact on almost all sectors. It appears that all are cautious," said K Ashraf Kabir, country manager of Etihad Airways.

Hamidur Rahman, sales manager of International Travel Corporation Ltd, said corporate travel has slumped 30 percent since January.

Holidaymakers have also decided against travel, as many higher middle-income groups remain insecure, officials said.

The downfall in air travel comes after the global airline industry suffered a loss of up to \$8 billion in 2008, hurt by the previous surge in oil prices.

The International Air Transport Association (IATA) has recently predicted the industry would suffer a 3 percent drop in traffic in 2009, as recession dries up businesses and consumers' travel budgets.

Last year, the surge in fuel surcharge affected leisure travel demands from Bangladesh. As fuel prices started descending, airlines cut fares to recoup the market.

The Emirates official said the airline cut air-fare by 10-20 percent in the last couple of months. "We are now considering to offer various holiday packages to lure travellers," he said.

Other carriers, like Singapore Airlines, Malaysia Airlines, and Thai Airways, have also slashed ticket prices and undertaken promotional activities.

"We have no way but to slash ticket prices and make promotional offers to woo travellers," an official of Malaysia Airlines said.

The carrier, along with slashing its normal ticket price, has also made promotion offers for both business and economy class, in the wake of falling traffic. Budget carriers -- Air Asia on the Dhaka-Kuala Lumpur route -- are also snatching a portion of the passengers away from the carrier.

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Six firms on Dow Jones index

STAR BUSINESS REPORT

Six Bangladeshi listed companies have been included in the Dow Jones SAFE 100 Index.

The six companies are: Uttara Bank, Pubali Bank, AB Bank, National Bank, Power Grid Company of Bangladesh and Prime Bank, according to news posted on different websites.

The Dow Jones SAFE 100 Index, an index of the global index provider Dow Jones, was introduced as a unified regional index at the annual general meeting of the South Asian Federation of Exchanges (SAFE) in Abu Dhabi on March 10-11.

Market authorities and stakeholders however were not aware of the inclusion of the companies on the Dow Jones indices.

The Dhaka Stock Exchange, in its website, said they were not informed in this regard.

"We don't know the parameters of a stock selection," Saiful Islam, senior vice-president of the DSE, told The Daily Star yesterday.

"So far, I know that the Dow Jones SAFE 100 Index is not a reflector of the company's performance," he said. "It is based on the country's market depth or capitalisation."

Arif Khan, deputy-managing director of IDLC Finance, said: "I got news of the selection, but I am not aware of the implications or purpose of the index."

"I will e-mail the Dow Jones to obtain details on the index," he said.

According to the Dow Jones website, "The Dow Jones SAFE 100 Index" measures the performance of 50 of the largest stocks trading in India and 50 of the largest stocks trading in Bangladesh, Mauritius, Pakistan and Sri Lanka."

WiMax bid winners struggle to raise funds for licences

MD HASAN

Local WiMax licensees find it difficult to borrow required funds from banks to pay their licence fees as financial institutions have adopted a cautious lending strategy amid the global economic meltdown.

The WiMax licence holders had appeared in court to get the deadline extended to deposit the licence acquisition fees to the Bangladesh Telecommunication Regulatory Commission.

A prospective broadband internet provider through WiMax said he had to mortgage land to obtain bank loans.

"The WiMax market could not present itself as a bullish business to financial institutions now, due to the global economic crisis," said Mir Masud Kabir, managing director of Mango Telecom.

"Financial institutions are extra-careful in funding such large projects."

"It is all about money. But it may be difficult for banks to visualise returns from these business cases," he said.

Mango Telecom agreed to take the WiMax licence as the third private operator after BRAC Net, the second winner of the WiMax licence, surrendered their licence amid fears that the technology would not be a financially viable venture after paying the hefty licence fee.

WiMax (Worldwide Interoperability for

WIMAX LICENSING	
○ Application fee	Tk 50,000
○ Licence acquisition fee	Tk 215 crore (settled by auction)
○ Annual licence fee	Tk 3 crore
	0% for first year
○ Gross revenue sharing	2% for second year
	4% for each subsequent year
○ Performance bank guarantee	Tk 15 crore
○ Licence tenure	15 years

Microwave Access) is a wireless digital communication system that can provide broadband wireless access across 30 miles for fixed phones, and 3-10 miles for mobile stations.

The three bidders -- BanglaLion Communication, BRAC BD Mail Network Ltd and Augere Wireless Broadband Bangladesh Ltd -- won the licences at an auction organised by BTRC in September last year.

The Tk 215 crore bid price for each WiMax licence acquisition had become a 'double bind' for the telecom regulator, as only Augere was able to deposit the licence money.

After BRAC's departure from the race, BTRC called others bidder on a chronological basis and Mango Telecom, the seventh bidder, agreed to take the licence as the third private WiMax operator.

However, the hefty licence fee was questioning the viability of the WiMax venture in the Bangladeshi market.

Foreign equity owning licensee Augere deposited licence fee in due date,

whereas others two yet to make full payment.

Along with Mango, BanglaLion Communication, the first ranked bidder, is yet to deposit the full licence fee to BTRC, BTRC officials.

BanglaLion, which is aiming to launch its data and internet services through WiMax by June this year, paid 50 percent of the settlement fee.

A bank consortium, headed by AB Bank, at last agreed to finance the project.

"As per the court verdict, we have some time to pay the remaining money. We hope to pay the money by this month," said Parvez Ahmed Shamim, who is consulting BanglaLion's WiMax project.

Sources said BanglaLion also had to struggle to get loans from the banks despite having a good business background.

Through WiMax, high-speed broadband technology would be introduced. At present, more than a million customers are enjoying internet facilities, mainly connected by the local internet service providers.

Taskforce on recession meets today

UNB, Dhaka

The 27-member high-powered taskforce to fight recession sits today, the first since it was formed on March 18, to take stock of the emerging situation of the country's economy as the fallout of the global recession and suggest measures to face the challenges.

Finance Minister AMA Muhith, the taskforce convener, will preside over the meeting.

Officials said the minister had a series of meetings with the stakeholders from different sectors and trade bodies immediately after assuming office and assured them of taking measures to face the challenges from the impact of the global recession.

"The taskforce will now look deep into the crisis and take measures so that the economy can withstand the global recession fallout," said a senior official.

The finance minister admitted for the first time in early February to the fact that the global recession has started affecting the domestic economic sectors, especially remittance and exports.

He has been assuring the stakeholders since then that the government would take measures to face the challenges. Latest, he assured that the measures in a package would be taken early next month.

During the meetings with the finance minister, businesses and trade body leaders have so far broadly demanded that the government provide cash incentives, lower interest rate on bank loans, remove gas and power crisis, and adjust the exchange rate to keep local exports competitive in the international market.

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