

## Stocks

DGEN ▼ 0.50%  
2,552.95

CSCX ▼ 0.30%  
5,433.36

## Asian Markets

MUMBAI ▼ 2.31%  
13,736.54

TOKYO ▼ 0.86%  
9,264.15

SINGAPORE ▼ 2.57%  
2,210.97

SHANGHAI ▼ 1.54%  
2,610.62

## Currencies

	Buy Tk	Sell Tk
USD	68.50	69.50
EUR	92.66	97.58
GBP	106.21	111.82
JPY	0.71	0.79

SOURCE: STANDARD CHARTERED BANK

## Commodities

**Gold** ▲  
\$940.89  
(per ounce)

**Oil** ▲  
\$61.48  
(per barrel)

SOURCE: AFP

(Midday Trade)

## More News

Islamic banking drawing attention



The ongoing global financial crisis is far from being over. The G20, which together accounts for almost 90 percent of the world economy, met in London in April with the primary objective of reshaping the financial architecture. The final result was an attractive commitment worth \$1.1 trillion to revitalise the stagnated global demand.

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## International

### Singapore economy contracts 10.1pc in Q1

Singapore said Thursday its export-driven economy contracted a better-than-expected 10.1 percent year on year in the first quarter but warned it saw no clear signs of a quick recovery. The trade ministry maintained its forecast for the economy to shrink between 9.0 and 6.0 percent for the whole of 2009 as the city-state grapples with its worst recession since independence 44 years ago.

### Vietnam to open oil and gas university

Resource-rich Vietnam is to build its first university dedicated to training people to work in the oil and gas industry, the government said Thursday, as it ramps up production. The university will be a unit of state-run Vietnam National Oil and Gas Group and based in Vinh Phuc province, 60 kilometers (37 miles) north of

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# Banglalink hints at merger

## Sustaining competition is the goal: CEO

STAR BUSINESS REPORT

Mobile phone operator Banglalink, owned by Egyptian Orascom Telecom Holdings, hinted yesterday in favour of a possible merger with AKTEL, saying consolidation is an option among many other strategies of the company to sustain in the competitive market.

"Except for the market leader, others are continually posting losses. In order to sustain in this fiercely competitive market, and in line with our growth ambitions, we are considering many strategies of which consolidation is an option," said Ahmed Abou Doma, chief executive officer of Banglalink, in a state-



Ahmed Abou Doma, chief executive officer of Banglalink

His statement came following media reports about the merger issue, which was disclosed by Orascom Telecom

Holdings Chairman Naguib Sawiris recently.

Meanwhile, employees of both the operators are in a fear of possible job cuts amid talks for the merger.

But Doma dismissed the speculation over job losses.

He said: "On the contrary, a consolidation that results in the formation of a bigger and stronger entity is in a much better position to utilise its workforce and protect their interests. The resulting growth would require a bigger workforce and thus have a positive impact on the overall socio-economic scenario of the country."

Now around 4,000 employees are working for the two companies.

Explaining the recent merger developments, Doma said the telecom industry in Bangladesh is already crowded with too many operators. In most developed and developing coun-

tries there are not more than 2 to 3 operators, whereas in Bangladesh there are 6, he added.

Doma also pointed out that "consolidation is beneficial if it creates better synergies -- this usually leads to more efficient sharing of resources in terms of infrastructure, procurement, and marketing. All possible options are being evaluated at this stage."

He said it is correct to point out that at this stage all strategic options are being reviewed that are not necessarily restricted to anyone operator in particular.

"It's too premature to give any indication whatsoever regarding concrete details about the potential consolidation options and timelines at this stage," he said.

"Once our negotiations on different fronts that are being explored reach a more concrete stage, we will obviously

share the proposition with telecom watchdog and other government entities concerned," he said.

Banglalink is yet to break even although it holds the market's second position with 10.90 million customers as of April 2009.

The operator's probable consolidation partner AKTEL holds the third position in the market with 8.83 million subscribers as of April.

Telekom Malaysia International has 70 percent stake and Japanese NTT DoCoMo the rest in AKTEL.

At present, the top three operators -- Grameenphone, Banglalink and AKTEL -- hold more than 90 percent market share. Norwegian Telenor's majority shareholding company Grameenphone is in the number one position with 46 percent market share and 21.02 million customers as of April 2009.

## New SEC directive on dividend declaration

### Regulator says it aims at market streamlining



SARWAR A CHOWDHURY

Starting from July this year, it has been mandated that every listed company will have to disclose earning per share (EPS), net asset value (NAV) and net operating cash flow per share while declaring dividends, an initiative that will bring transparency in the market.

The stock market regulator took the decision at a meeting yesterday, presided over by Chairman Ziaul Haque Khondker.

"Sometimes it has been seen that companies declare dividends, although they have not performed well.

The general investors are misguided by the dividend declaration, which ultimately results in market volatility," Anwarul Kabir Bhuiyan, executive director of Securities and Exchange Commission, told journalists after the meeting.

If the companies disclose the EPS, NAV and net operating cash flow per share while announcing dividends, the investors will gain insight into the real scenario of the company, he said. "It will also bring more transpar-

ency in information dissemination in the market."

"The new rule will come into effect in July, following a gazette notification," he said.

Presently, the listed companies do not disclose the NAV and net operating cash flow per share even after the dividend announcement. However, the EPS is disclosed a few days after the announcement.

The SEC reduced the dividend payout time to 30 days from the existing 60 days, meaning that the listed companies will have to credit the dividend to the shareholders' account within 30 days of the declaration of dividend.

The market watchdog also decided that dividends will have to be directly credited to the shareholders' bank accounts.

Presently, the company sends a dividend warrant to the respective shareholders and they deposit the warrants with their bank accounts.

The SEC approved the prospectus for a Tk 100 crore mutual fund sponsored by Eastern Bank in the meeting.

The commission also gave a nod to two trust deed agreements of two other mutual funds.

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## TeleTalk, BTCL shares to be offloaded

STAR BUSINESS REPORT

Shares of state-run mobile operator TeleTalk and Bangladesh Telecommunications Company Ltd (BTCL) will be offloaded in the stock market to ensure people's ownership in the state-owned entities, the posts and telecommunications minister said yesterday.

The telecommunications ministry is working to this effect, Rajiuddin Ahmed Raju told journalists after a meeting with the Dhaka Stock Exchange authorities at the Secretariat.

A delegation of the DSE led by its President Rakibur Rahman met the minister on a courtesy call.

The minister said people are the owners of the state-run enterprises. If the people's ownership in the government entities can be ensured, accountability and development of these organisations will increase, he said.

Referring to reducing the per-minute call charge to Tk 0.25 for BTCL land phone customers from July 1 this year, Raju said the government has cut down the tariff to reach the telephone service to more people and help realise the dream of a digital Bangladesh.

Welcoming the government decision of offloading shares of TeleTalk and BTCL, the DSE president said it will positively impact the stock market.

There is no alternative to investing in the stock market to create employment and industrialise the country within a short span, he said.

## Ctg gas supply to improve

### Sangu compression project installation to complete by July 1

REFAYET ULLAH MIRDHA Back from Sangu, Chittagong

Installation of the compression project at the Sangu gas terminal in Chittagong is to be completed by July 1, to improve gas supply in the region, said an official of Cairn.

Ian Wright, director operations and engineering of Cairn Energy Companies in Bangladesh, a multinational oil and gas exploration company, said commissioning of the onshore gas compression project is in its final stage.

Under the current onshore project, Cairn and its joint venture partners have selected and ordered two compressor units to maintain the supply of gas to the Chittagong region, Wright told reporters during his visit to the Sangu platform of Cairn, about 50 kilometres away from the Karnaphuli river at Chittagong Port.

The cost of completing the project has been fixed at \$6 million and is part of ongoing efforts to extend the economic life of the Sangu gas field, he said. Three successful well intervention programmes were recently completed, resulting in a 60 percent improvement in production rates.

He said construction at Sangu started in February 2009 involving 50 local contract workers, preparing the site for arrival of the compressor packages.

"The fabrication of the compressors in Singapore was completed in April and the compressor packages in Chittagong are now ready for installation at site by this month," he said.

He said the onshore gas compression project installation and



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### A view of the Sangu gas field

start-up will be achieved without disrupting the vital Sangu gas supply to Chittagong.

The Sangu gas field in the Bay of Bengal has produced in excess of 450 billion cubic feet (BCF) of gas since production commenced in 1998 with Cairn being one of the first international companies to start operating in Bangladesh, he added.

"To date, Cairn and its joint venture partners have invested approximately \$1 billion in the country," Wright said.

He said the economic life of the Sangu gas field will finish by 2012. If the government signs an agreement with Cairn to connect Sangu with Magnama, the economic life of the Sangu could be extended, he added.

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# New guideline sought to attract FDI



SARWAR A CHOWDHURY

Economists, experts and business leaders want to see some new directions and continuation of previous policies on foreign direct investment (FDI) in the fiscal year 2009-10 national budget, announcement of which is due next month, as fresh FDI inflow to Bangladesh is in a state of decline, mainly because of the global financial trauma.

Only US\$ 54 million worth of foreign investment proposals were registered with the Board of Investment (BoI) in the first two months of 2009, while the investors desired a \$ 165 million investment during the same period a year ago.

2008 was also a gloomy year for FDI proposals. The BoI registered only \$ 60 million proposals in FDI covering 13 projects in the year against \$ 326.85 million worth proposals covering 141 projects in 2007, an 81.64 percent drop, according to BoI statistics.

The current recession has put

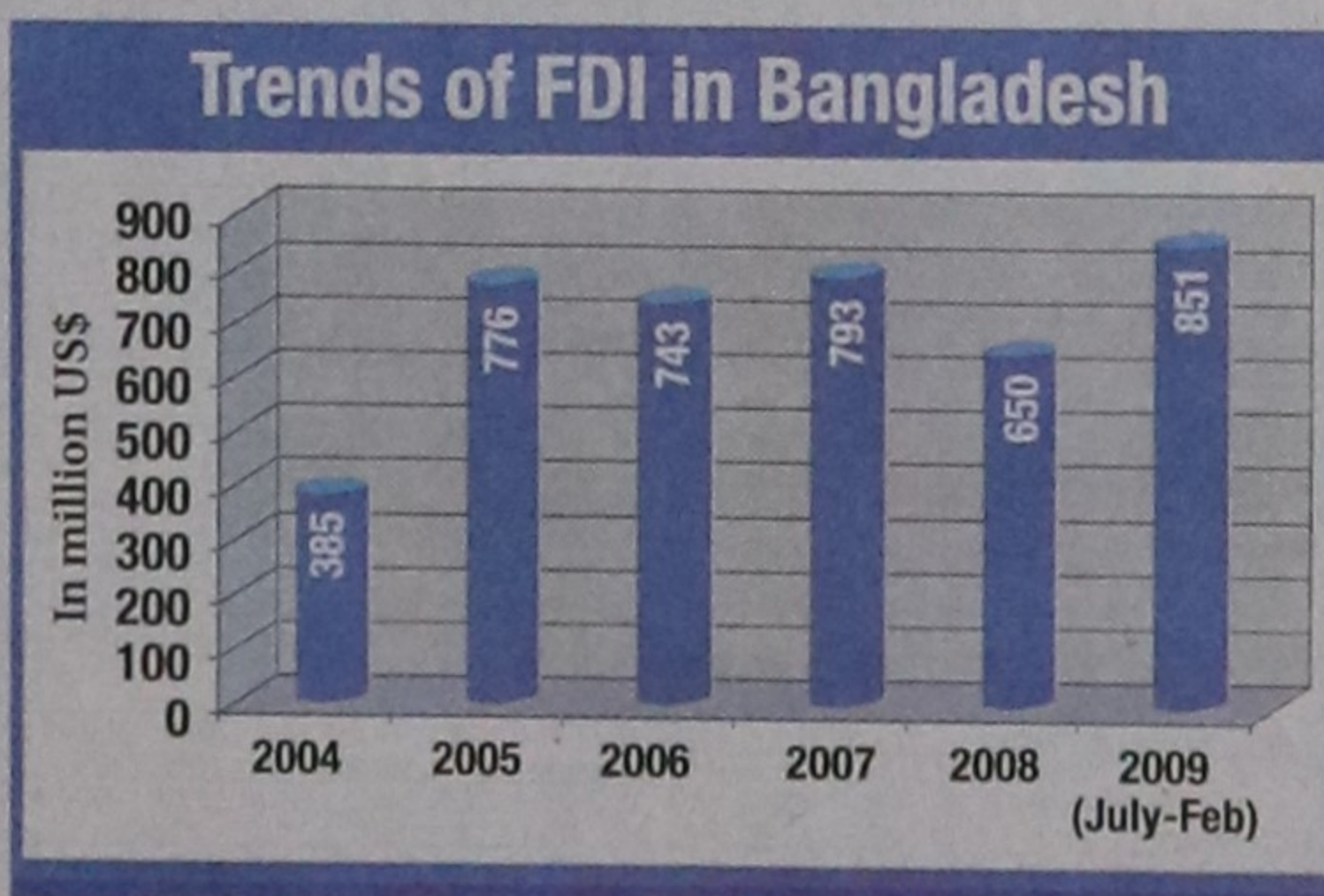
the FDI inflow at low ebb, as most investors are much concentrated on utilising their existing capacity to face the financial crisis, rather than initiating new ventures.

The Institute of International Finance (IIF), an association of the major global financial institutions, in its latest report pointed to the recent significant decline in private capital flows to emerging markets. The IIF also forecast such a flow of \$165 billion for 2009, down from \$ 466 billion in 2008.

However, the actual foreign investment in Bangladesh witnessed an upturn in the first eight months of the current fiscal year, backed by Japan's NTT DoCoMo's purchase of 30 percent stake in AKTEL for \$ 350 million from local AK Khan and Company.

During July-February of 2008-09 fiscal, \$ 851 million in FDI was received, which was \$ 446 million in the same period of the previous fiscal, according to Bangladesh Bank statistics.

The portfolio or foreign investment in the country's capital market also dropped significantly amid global finan-



cial crunch, as selling pressure by foreign fund managers or investors continue.

During July-February of 2008-09 fiscal, net withdrawal by foreign investors was \$ 76 million, while net investment in the same was \$ 70 million by the same period of the previous fiscal.

Many market experts however opine that at this stage of global recession portfolio investment should not be encouraged here.

Salahuddin Ahmed Khan, professor of Finance at Dhaka University, said, "Portfolio

investment can be encouraged in the form of equity and there must be certain lock-in period in sell-shares."

Meanwhile, advocating continuation of the budgetary measures, such as tax holiday benefits for new industries, reduction in capital machinery and spare parts import, and reduction in corporate tax to encourage FDI, experts said the next budget should have some specific directions to resolve the problem of gas and power, as the utility is considered basic facilities for

investment.

Pointing to the decline in investment flow worldwide due to the recession, impact of which is feared to linger up to early 2010, Mustafizur Rahman, executive director of Centre for Policy Dialogue, said, "It's not expected that the FDI to Bangladesh will rise dramatically in the coming days."

On the other hand, he said, this year's budget will be a big deficit budget, for which the government will have to depend on domestic borrowing and foreign aid.

"We have to think about public-private partnership to attract FDI to the country," he said.

Annisul Huq, president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said, "Assurance of utility such as gas and electricity is the prerequisite for any kind of investment, while the country is facing a severe problem to provide those services."

He said adequate infrastructure facilities and an investment-friendly environment will have to be ensured.

On tax holiday, Huq said, "The

facility should be for 10 years for setting up industries inside the export processing zones (EPZs) and five years for new industries outside the EPZs."

Ifty Islam, managing partner of Asian Tiger Capital Partners, a financial institution focusing on private equity and venture capital, said while public-private partnerships are clearly going to feature prominently in the budget "we should also adopt a similar mindset in outsourcing some of the functions of investment promotion to the private sector."

At a minimum, he said, there should be a joint venture approach between the government and the FBCCI in 'Brand Bangladesh' and investment promotion strategy going forward.

Islam said the BoI needs substantially increased funding.

"Every dollar spent on effective investment promotion would see at least a potential tenfold return to Bangladesh. The budget for the BoI should at least be trebled in the upcoming budget," he suggested.

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