

Stocks

DGEN ▲ 0.53%
3,075.06

CSCX ▲ 0.34%
6,739.33

(Sunday closings)

Asian Markets

MUMBAI Closed

TOKYO ▼ 2.50%
10,009.52

SINGAPORE ▼ 1.26%
2,629.25

SHANGHAI ▼ 2.65%
2,763.53

Commodities

Gold ▼
\$990.00
(per ounce)

Oil ▼
\$65.44
(per barrel)

SOURCE: AFP

(Midday Trade)

News in Brief

New 18 power plants by 2011

BSS, Faridpur

The government will set up 18 power plants in different parts of the country by 2011 to add 1,350 MW additional power to the national grid, according to a Power Development Board (PDB) official.

Of the total power plants, eight will be set up on rental basis by private companies and their collective power generation will be 530 MW, while 10 plants will be set up by public sector to generate 820 MW of electricity.

The government will have to purchase power from the private companies at a higher rate but will sell it to the consumers at a subsidised price to keep the pace of development unhindered.

The rental power stations will be set up in Thakurgaon, Syedpur, Jamalpur, Katakali (Rajshahi), Bheramara, Madanganj (Narayanganj), Noapara (Jessore) and Barisal.

New German govt to boost economy: Observers

AFP, Frankfurt

German Chancellor Angela Merkel's new right leaning coalition will likely boost Europe's top economy, analysts said Monday but faces hurdles including a rising jobless rate and tough fiscal reforms.

The DAX index of German blue-chip stocks gained 0.88 percent to 5,630.68 points in early Frankfurt trading after conservative Merkel won re-election and a parliamentary majority with the pro-business Free Democrats (FDP).

The German Association of Chambers of Commerce and Industry called the result "a clear vote for courageous reform."

ING senior economist Carsten Brzeski hailed the result saying: "It gives a clear direction, which is good for the economy."

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Realtors now eye suburbs



The success story of satellite township at Bhuigar off Dhaka-Narayanganj link road launched by Rupayan Housing Estate Ltd has encouraged many realtors to go with such projects outside the capital.

KAWSAR KHAN

Real estate companies are opting for more housing projects outside Dhaka, as the soaring land price and its scarcity in the capital have pushed apartments beyond the purchasing capacity of many potential buyers.

Industry people said some realtors have recently embarked on projects in different areas surrounding Dhaka, including Narayanganj, Comilla, Gazipur and Mymensingh, to provide flats at affordable prices.

They also said as these places are comparatively nearer to the capital, many customers have now made up mind to find a permanent housing in these places due mainly to price advantage.

Apartment price outside Dhaka ranges from Tk 2,000 to Tk 3,000 per square foot, while it is not less than Tk 3,500 in the capital, said the sector insiders.

A few months ago Rupayan Housing Estate Ltd has launched a satellite township at Bhuigar off Dhaka-Narayanganj link road with 784 ready flats at comparatively

lower prices.

Upon receiving a good response from the customers, the company now plans to go for another project at a nearby place there, but this time for high-end customers, said an official of the company.

"We received a very good response from the customers due to the lower prices we offered and now we are planning a new project near the satellite town," said Ehsanur Rahman, general manager of Rupayan Housing.

Inspired by the "Rupayan Town" success, another two companies have initiated move to start projects in that area, he added.

Sensing such successes earlier, Advanced Development Technologies Ltd launched a project last year to build the largest private housing estate with over 2,000 apartments in 100 buildings in Savar.

The company officials said the project targeted middle-income people offering almost half of the present market price in the capital.

Another prominent real estate company, Concord Group, has also plan to develop both apartments

and plots at two locations outside the capital -- one on Dhaka-Chittagong highway and the other on the bank of the Brahmaputra river, said SK Lala, managing director of the company.

"Many retired officials want to buy apartments at comparatively lower prices outside Dhaka to settle in," said Tanveerul Haq Probal, president of Real Estate and Housing Association of Bangladesh (REHAB), adding that this trend will grow in the days to come.

He also said mobile internet accessibility has already made staying outside the capital easier as now people can meet their information need with the cellular technology from outside Dhaka.

Many real estate companies at the REHAB annual housing fair last year showcased their housing projects that are located outside the capital.

Real estate firm Bangladesh Development Company Ltd at the fair came up with at least four projects comprised of both apartments and office spaces in Narayanganj and Gazipur.

At the same fair, Artisan

Apartments Ltd showcased project in Comilla, City Technologies Ltd in Chuadanga, Jamuna Builders Ltd in Gazipur and Natore.

Some others also exhibited their projects located in Cox's Bazar, Chittagong and Sylhet.

Constructing buildings in major cities like Sylhet and Chittagong began quite a long time ago due to a huge demand pushed by a large population and growing purchasing capacity created by remittance inflow in the regions.

The sector people have urged the government to make a good transportation link between Dhaka and the surrounding areas so people can live outside the capital with ease.

Besides the private sector, the government also wants to develop massive housing projects outside the capital to reduce the pressure in the overpopulated city.

The government plans to build four satellite townships on the outskirts of the capital and announced this year to develop 22,800 plots and construct 26,000 apartments in the next three years.

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Open sky for Ctg airport likely



Photo shows the front driveway of Chittagong Shah Amanat International Airport. The government now mulls opening up the airport for international destinations.

SOHEL PARVEZ

The government considers opening up Chittagong Shah Amanat International Airport to international flights, aiming to make it a regional hub in future.

"Adoption of an open sky policy for the Chittagong airport is now under our active consideration. We want that it turns a major aviation hub in South Asia," Hedayetullah Al Mamoon, civil aviation and tourism secretary, told The Daily Star yesterday.

He said a feasibility study is underway to evaluate the policy.

He expects that such a policy will have a positive impact on trade and commerce at the port city besides attracting foreign tourists to visit the world's longest unbroken sea beach in Cox's Bazar.

The airport in Chittagong, which was modernised earlier this decade at a cost of more than Tk 500 crore, has a capacity to handle

as many as 3 million passengers and nearly 6,000 tonnes of cargo a year, as its runway allows wide bodied aircraft to land.

But much of its potential remains untapped due to scanty air movement at the port city.

Analysts linked the under-utilisation of the airport to a lack of infrastructure and poor air traffic, which discourages airlines to fly.

They said problems with Departure Control System (DCS), refuelling, cargo handling and flight catering remain.

Domestic carriers -- Biman, GMG, United -- and two foreign airlines -- Air Arabia and Oman Air -- are presently operating flights from the airport. Thai Airways once began flights from the port city but discontinued operations in 2008.

Officials of the Civil Aviation Authority, Bangladesh (CAAB) however said it will improve facilities to lure more airlines to use the

port.

"We will remove all the shortcomings at the airport to attract airlines. We are also receiving positive responses from airlines to operate from there," said CAAB Chairman Air Commodore Sakeb Iqbal Khan Majlis, citing the interests of carriers like Dubai based budget airline Fly Dubai to operate flights from the Chittagong airport.

He said opening up the airport for all carriers will not only help reduce pressures on Zia International Airport in Dhaka but also increase Chittagong airport's viability.

"It will attract more airlines to use the airport, as there will be no restrictions on flight operations once the open sky policy came into force," he said.

Majlis said CAAB will draft an open sky policy for Chittagong, if the results of the feasibility study are positive.

"Opening up the Chittagong skies will help increase government revenue earnings because of an increased movement of carriers," he said.

This policy for the Chittagong airport will be effective after a final approval from the cabinet, Majlis added.

Kazi Wahidul Alam, editor of aviation and tourism fortnightly 'The Bangladesh Monitor', hailed the plan, but said the port suffers from inadequate infrastructure to lure carriers.

"It is a good move, but the government needs to develop infrastructure facilities to attract carriers," he said.

Traffic from Chittagong remains at low levels and efforts should be made to develop markets to lure airlines, said Alam. "If there are facilities, people will come to avail services."

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GP launches IPO Sunday

SARWAR A CHOWDHURY

Leading mobile phone operator Grameenphone is set to open its initial public offering (IPO) subscription to the public next week to raise Tk 486.08 crore.

Subscription will begin next Sunday and close on Thursday (October 8). However the opportunity will remain open to non-resident Bangladeshis up to October 18.

Raihan Shamsi, chief corporate affairs officer of Grameenphone, said: "We are optimistic about the launch of the GP IPO next week. Our IPO subscription period for investors will begin nationwide on October 4 and run till October 10 for resident Bangladeshis and October 18 for the non-resident Bangladeshis."

"We are honoured to be a part of the largest IPO in the history of the Bangladesh capital market and would like to thank SEC, DSE and CSE for their on-going commitment and support to our transaction throughout the process," he said.

Despite concerns over liquidity outflows from the market during subscription period, market insiders anticipate no such impacts.

"Those who intend to bid for Grameenphone shares have already withdrawn money from the market by selling stocks from their portfolios," Sheikh Mortuza Ahmed, head of merchant banking division of Prime Bank, told The Daily Star yesterday.

It means, he said, the market has already absorbed the first shock and it did not observe any major fall.

Grameenphone, which received the final approval from the Securities and Exchange Commission (SEC) on August 20, will float 69,439,400 ordinary shares worth Tk 10 each, in addition to a Tk 60 premium per share.

As the market lot has been fixed at 200 shares, a prospective investor will have to deposit Tk 14,000 to any of the 15 selected banks and the state-run Investment Corporation of Bangladesh for Grameenphone shares.

Citigroup Global Markets Bangladesh Private Ltd is the issue manager of the IPO, the largest of its kind in the history of the Bangladesh market.

The market has been waiting for the Grameenphone IPO for a long time now, but it was delayed several times.

Although Grameenphone finalised its plan to raise \$300 million from the capital market in July 2008, it cut the IPO and pre-IPO size to \$125 million, as the company's valuation dropped to \$3.2 billion from a previous \$3.75 billion and the foreign institutional investors did not participate in pre-IPO bidding due to the global economic slowdown.

The pre-IPO or private placement was later completed with local participation in December last year. The final prospectus was submitted in January this year.

But the Dhaka Stock Exchange in March this year decided not to list the securities with a face value of Tk 1 and urged Grameenphone to increase its share price to Tk 10.

Later, with direction from SEC, Grameenphone increased share prices to Tk 10. sarwar@thedailystar.net

Profits roll in for AKTEL

MD HASAN

AKTEL, the market's third largest mobile operator, has returned to profitability in the second quarter of 2009, after a gap of two years, putting its financial position second to the largest operator, Grameenphone.

The company's profit after tax and minority interest (PATAMI) was Tk 618 million at the end of June 2009, which was a deficiency of Tk 214 million in June 2008, according to the financial report of Axiata, the Malaysia-based controlling company of AKTEL.

In the six operator mobile market, Grameenphone (GP), which is controlled by Norway-based Telenor, was the only profitable operator till March 2009. GP's operating profit stood at Tk 569.63 crore at the end of June 2009.

Cost management and lowering subscriber acquisition costs mainly helped AKTEL return to breakeven.

Initially, the company made profits until June 2007, after which it faced massive financial losses for two years because it had to compensate the telecom regulator with Tk 145 crore for involvement in illegal call termination through VoIP (voice over internet protocol) technology.

AKTEL's EBITDA (earnings before interest, taxes and depreciation) improved by 44 percent to Tk 3,539 million in June 2009, up from Tk 2,459 million a year ago.

"The EBITDA improved significantly mainly from lower subscriber acquisition and related costs, and reduced interconnect tariff for calls between operators by the telecom regulator," says the Axiata report.

Mobile phone operators in Bangladesh used to pay Tk 800 as connection taxes on behalf of new customers. However, from July last year, some operators, including AKTEL, decided not to bear the tax anymore to minimise losses.

The telecom regulator at the end of 2008 also cut interconnection tariff between mobile to landline or mobile-to-mobile from Tk 0.40 to Tk 0.25.

Axiata Group Berhad (formerly known as TM International) is controlling interests in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India and Singapore.

Presently, Axiata controls 70 percent shares of AKTEL, while the Japanese NTT DoCoMo is controlling the remaining 30 percent.

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