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Intercontinental likely to manage Ruposhi Bangla

SAYEDA AKTER

The government is likely to sign a deal with leading international hotel chain Intercontinental this month to manage and operate Ruposhi Bangla Hotel, previously known as Dhaka Sheraton.

The deal will initially be effective for 30 years, and can be extended depending on performance, with each expansion period spanning five years.

Now the civil aviation and tourism ministry and state-owned Bangladesh Services Ltd (BSL), which owns the hotel, are finalising the terms and conditions of the deal, said a senior official of the ministry yesterday.

Issues like renovating the hotel without shutting it down, the cost of renovation, and retaining all present BSL employees are being prioritised in negotiations, he said.

"The ministry has approved the appointment of Intercontinental to manage and operate the hotel. And within the third week of this month, we are going to sign a letter of intent (LoI)," he said.

"Once the LoI is signed, a team from the international hotel chain would come to finalise the terms and conditions with BSL. We hope the chain will start operations within three months," added the official, preferring not to be named.

A LoI is an agreement that describes in detail a corporation's intention to execute a corporate action.

Intercontinental ran the state-owned

hotel before Sheraton took over management in 1983.

Sheraton ended its operation in Bangladesh after a long stay of 27 years, and BSL took over operations and management from May 1, and named it Ruposhi Bangla.

The government started looking for an international hotel chain to operate and manage the hotel soon after failing to reach an agreement with Starwood Hotels and Resorts, the parent company of Sheraton.

Meanwhile, Ruposhi Bangla Hotel earned operating revenues worth Tk 8.9 crore in May from Tk 8 crore in April, said a hotel official.

However, current hotel employees fear Intercontinental may shut down the hotel during renovation, and they lose their jobs.

Starwood Hotels and Resorts that operated under the brand name of Sheraton had a 25-year-deal with BSL that expired on December 31, 2008. The company had since extended its contract nine times -- three months each time.

Starwood had been pressing for a complete renovation of the hotel's rooms, kitchens, conference rooms, bathrooms, lobbies and bars since 2009. The estimated cost of such a refurbishment stood at \$20 million.

Sheraton earned a revenue of around Tk102 crore in 2010, up from Tk 80.5 crore in 2009. The hotel made an operating profit of nearly Tk 50 crore, a sharp rise

Banks' profits beat expectations

REJAUL KARIM BYRON

Most private banks clocked up significant growth in profit in the six months to June despite a fall in contributions from the stockmarket although they claimed a liquidity crisis over the period.

Data from 23 private commercial banks shows that 16 of them logged profit growth ranging between 8 percent and 125 percent. Thirty private commercial banks operate in the country.

Three banks retained the same profit growth, while five profited less than in 2010 but they are still in the positive territory.

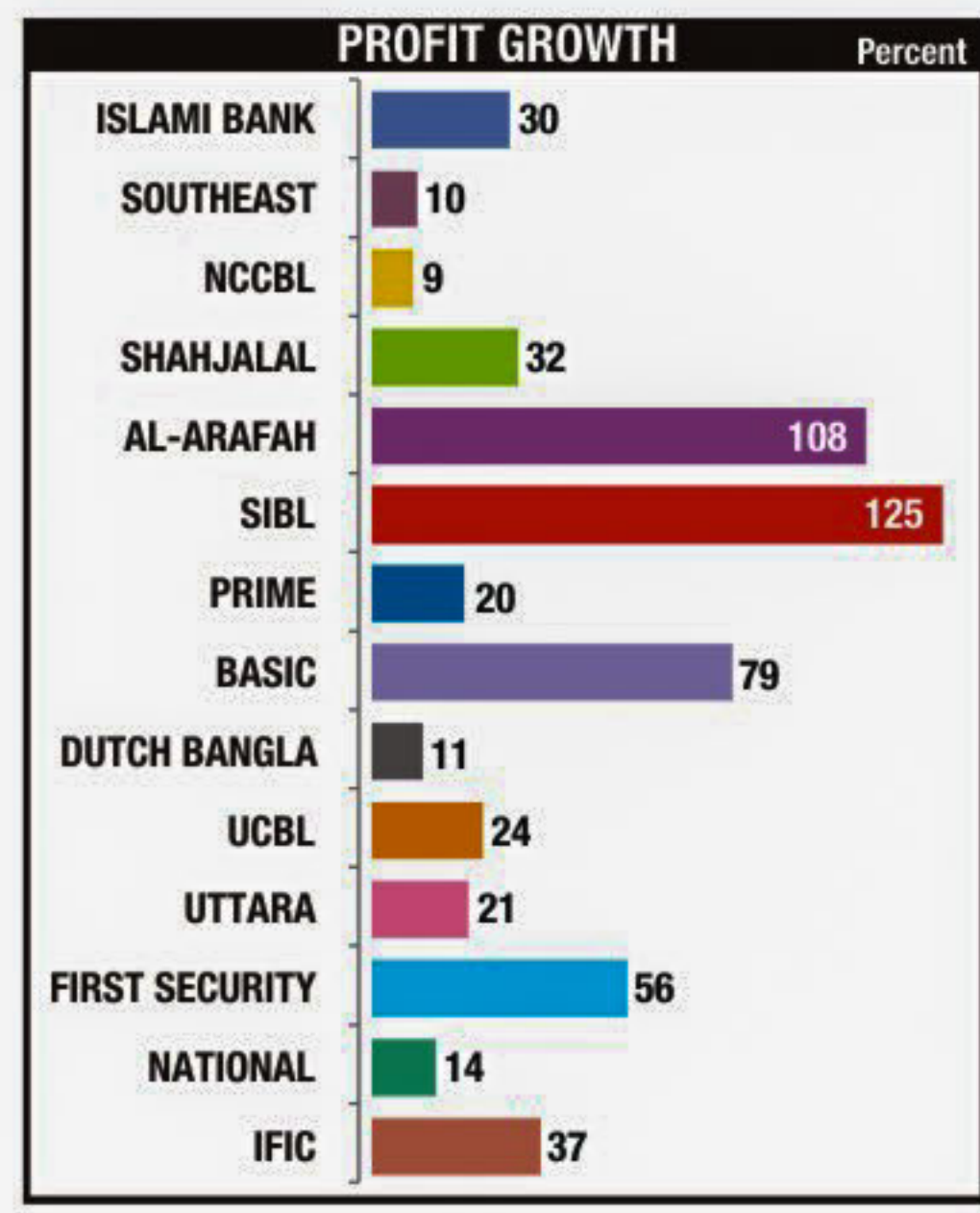
In the same period of last year, most banks made profit ranging from 30 percent to 90 percent.

In the final count, the percentage of profit growth may be a little higher or lower, said officials of different banks.

Although banks' earnings from the stockmarket dropped, their growth was led by high imports and credit growth.

The central bank's decision to withdraw the lending rate ceiling helped many banks charge high interest rates, fattening up their coffers in the process.

Shahjahan Bhuiyan, managing director of United Commercial Bank Ltd, said banks have increased both deposit and lending rates. The lending rate rise came into effect immediately,



This year's figures are satisfactory compared to the banks' high profit base in 2010, said a banker, asking not to be named.

A senior official of Pubali Bank said the profits of some PCBs may edge down, as the central bank enforced rules against various irregularities strictly.

Last year 47 banks made a total profit of Tk 16,000 crore. Of them, 28 banks made Tk 2,497 crore from the share market.

In the last six months, Social Investment Bank posted the highest profit of Tk 135 crore, up 125 percent from a year ago. Al-Arafah Bank's operating profit rose to Tk 177 crore from Tk 85 crore last year.

Islami Bank logged Tk 650 crore in profits, National Bank Tk 415 crore, Prime Bank Tk 405 crore and South East Bank Tk 325 crore.

UCBL made a profit of Tk 280 crore, while Basic Bank's profit stood at Tk 136 crore. Dutch Bangla Bank earned Tk 245 crore.

IFIC Bank posted a profit of Tk 185 crore, Uttara Bank Tk 170 crore, Shahjalal Bank Tk 156 crore, NCC Bank Tk 201 crore, First Security Bank Tk 78 crore and Dhaka Bank Tk 195 crore.

Bank Asia made a profit of Tk 215 crore, BRAC Bank Tk 230 crore, and AB Bank Tk 200 crore. The three banks earned the same amount in the first six months of 2010.

Five banks saw their profit growth decline between 1 percent and 50 percent.

but the new deposit rate was enforced later, which may have contributed to widening the profit margins.

Bhuiyan said the banks whose profit base was smaller last year recorded high profit growth this year.

He however said as banks' profit from the share market fell their operating profit was also lower than last year.

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