

Another global player departs Bangladesh

Bharti Airtel to buy NTT DoCoMo's stake in Robi

MUHAMMAD ZAHIDUL ISLAM

Japan's largest mobile firm NTT DoCoMo is set to leave Bangladesh by selling its entire stake in Robi Axiata to Bharti International, raising questions about the country's telecom policies and regulatory regime.

Once it secures DoCoMo's stake, Bharti will hold 31.31 per cent of the second largest mobile phone carrier of Bangladesh. Axiata retains the controlling stake of 68.95 per cent.

With the departure, DoCoMo will join a list of telecom players such as Orascom Telecom Holding, SingTel and Dhahi Group (Warid Telecom) that wounded up operations in Bangladesh in the past.

The Japanese firm has been with Robi for 12 years after entering the country in 2008 by acquiring 30 per cent stake in the carrier, which was then called Aktel. At the time of exit, it had only 6.31 per cent shares.

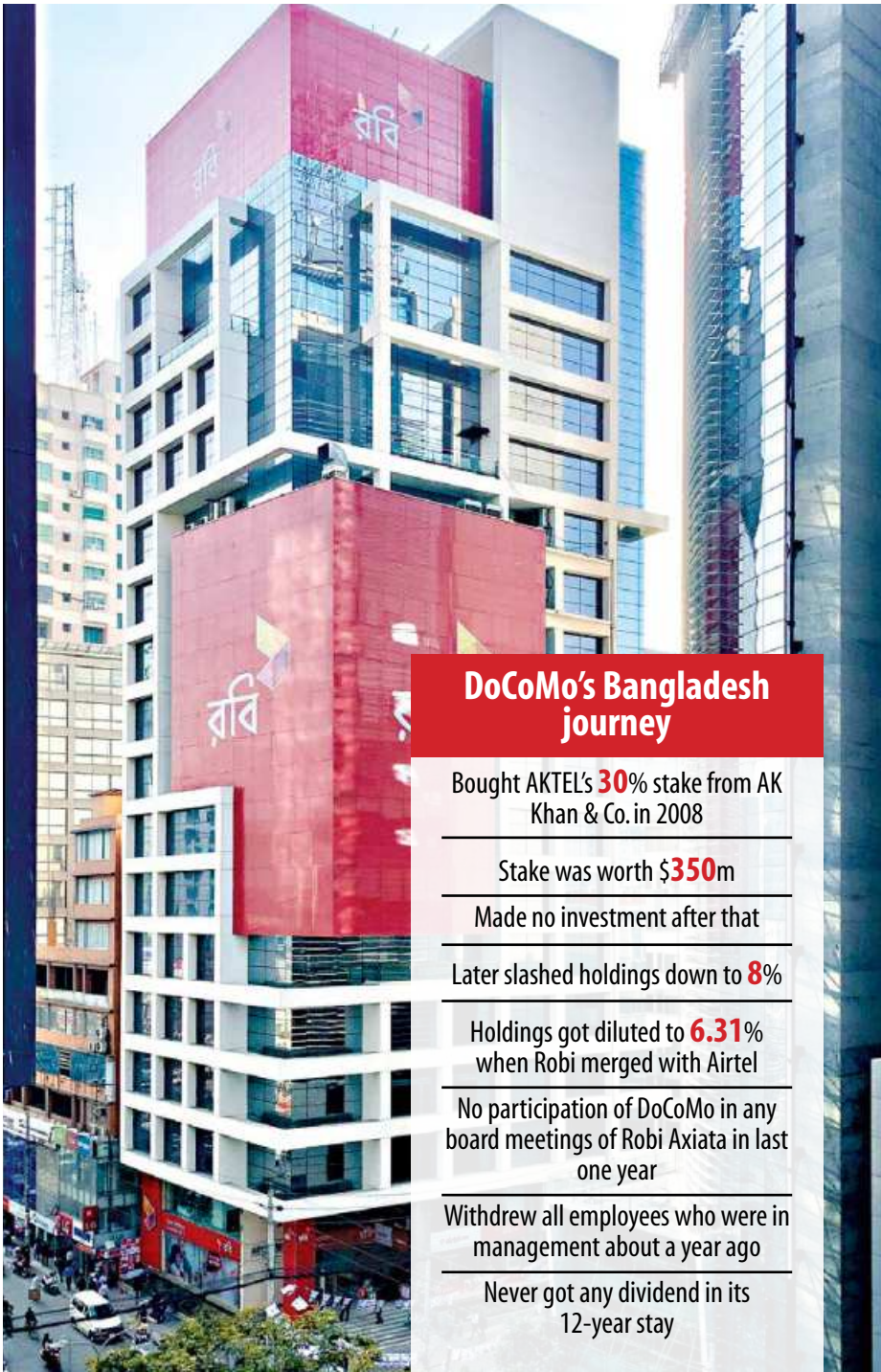
The Bangladesh Telecommunication Regulatory Commission has approved the proposal and sent its recommendation to the telecom ministry with a positive note for the government's final nod, said Md Jahurul Haque, chairman of the regulatory body.

The proposal, which did not mention anything about the value of the transaction, has been given the consent under the condition that the responsible company would have to assume the dues of DoCoMo, he told The Daily Star yesterday.

Although the government is not getting anything from the transaction, there are regulations that 5 per cent of the total value of the transaction must be shared with the state.

DoCoMo had paid the sum when it acquired 30 per cent stakes from local investor AK Khan and Company for \$350 million in 2008.

Similarly, when Bharti International acquired Warid in 2013 and renamed it



DoCoMo's Bangladesh journey	
Bought AKTEL's 30% stake from AK Khan & Co. in 2008	
Stake was worth \$350m	
Made no investment after that	
Later slashed holdings down to 8%	
Holdings got diluted to 6.31% when Robi merged with Airtel	
No participation of DoCoMo in any board meetings of Robi Axiata in last one year	
Withdrew all employees who were in management about a year ago	
Never got any dividend in its 12-year stay	



downsizing its stake, but the situation kept worsening.

"Now it is finally leaving Bangladesh at such a time when the world is nervously waiting for a severe economic downturn."

Not just that, any global player will rethink before entering Bangladesh due to the departure of NTT DoCoMo, said Khan, also a former secretary general of the Association of Mobile Telecom Operators of Bangladesh.

The departure will also impact the 5G roadmap of Bangladesh as NTT DoCoMo is ranked the world's leading operator in terms of applications for candidate standard-essential patents and the number one in terms of 5G technical proposals in 2019, according to Khan.

However, the BTRC chairman begged to differ.

"Bangladesh is a huge market and all the top global players are running business here. You will never find so many customers in a very small cell like Bangladesh," Haque said.

For DoCoMo, it was a strategic investment, one that never yielded the company any returns of note, insiders say.

In the last one year, DoCoMo has not sat in the board of Robi Axiata and withdrawn all of its employees who were in the management team of Robi more than a year ago.

"We believe that global telecom giant Bharti Airtel's decision to increase its shareholding in Robi is reflective of its confidence in the future of the company as a leader in the digital era as well as the long-term prospect of the Bangladesh economy," Shahed Alam, chief corporate and regulatory officer of Robi, told The Daily Star in a statement.

In February, Robi announced that it wants to get listed on the stock market and has applied to the Bangladesh Securities and Exchange Commission, in a testament of the operator's foreign owners' commitment to the market.

Once the issue becomes mature, the stakes of both Axiata and Bharti will be diluted and shareholding structure will change again. Robi has 4.96 crore active users as of February, trailing behind market leader Grameenphone.

More brokerage house licences on the way

AHSAN HABIB

The stock market regulator is set to award new licences for brokerage houses to any firms, including foreign ones, in order to attract more investors to the market.

But the move comes at a time when the existing brokerage houses are already struggling to stay afloat amid bearish markets and market concentration.

According to the Demutualisation Act 2013, the Dhaka Stock Exchange and the Chittagong Stock Exchange were not allowed to issue TREC (trading right entitlement certificate), or brokerage licence for five years.

On March 24, the draft of the Bangladesh Securities and Exchange Commission (Trading Right Entitlement Certificate) Rules, 2020 was published by the stock market regulator to get public opinion on issuing certificates.

It has sought feedback by April 15 although the country has been observing a lockdown from March 26 to April 11 to stem the spread of the coronavirus.

"If new stock brokers join the battle, they will bring new investors and this will benefit the market," said a top official of the BSEC.

Five years have passed since the demutualisation of the exchanges but the rules have not been put in place. Officials say they are committed to approving the rules very fast.

Presently, there are 250 TREC-holders in the DSE and 148 TREC-holders in the CSE. Of them, some are ineffective.

The existing TREC-holders are also the shareholders of stock exchanges. The fresh TREC holders, if allowed, will only be allowed to get licence to carry out trading operations in the capital market.

According to the draft rules, a firm with technical infrastructure and human resources, among others, should have a paid-up capital worth Tk 3 crore.

The firm will have to keep security money of at least Tk 2 crore, or any amount that will be fixed by the regulator in future.

The audited net asset value of the company must be 75 per cent of its paid-up capital. No directors of the firms can be loan defaulter.

The bourses will get Tk 6 lakh by issuing a new TREC, whereas the DSE sold the last 12 memberships for Tk 32 crore each.

But analysts and some brokers question the utility of awarding more brokerage licences and even on flexible terms and lower prices.



The average paid-up capital for the existing brokerage houses is more than Tk 30 crore, said a stock broker.

A firm can take the TREC by spending only Tk 6 lakh but this is not the real market value of the licence, he said.

The price should be fixed through auction, he said, adding that the new licence-holders will keep only Tk 2 crore in security deposit, which is too small.

"If they swindle investors, then how will they be held responsible with such a small amount of security deposit?"

The rules have been published at a time when the country has been locked down. "Then how will we express our opinion? So, the time should be extended," the broker added.

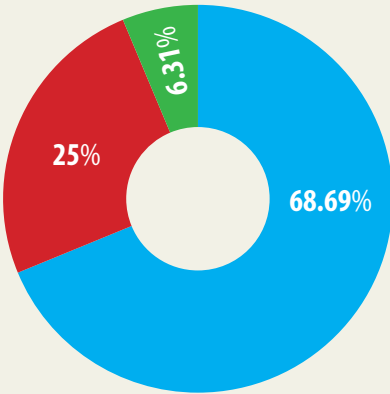
The bourse has been on the slide for the best part of the past six months now. Just when it was propping up -- be it organically or through intervention -- came the blow of coronavirus pandemic that is bringing the world down to its knees.

On March 18, DSEX, the benchmark index of the DSE, shed 168.60 points to end at 3,603, the lowest since May 12, 2013, as the fast-spreading coronavirus kept investors at bay.

Between March 11 and March 18, stocks lost 627 points, or 14.83 per cent.

The index ended at 4,008 on March 25, the last trading session before the closure.

Robi Axiata's current shareholding structure



AXIATA GROUP
BHARTI INTERNATIONAL
NTT DOCOMO

SOURCE: BTRC

as Airtel, it had to share 5 per cent of the transferred value, said industry insiders.

NTT DoCoMo's exodus from Bangladesh caps a frustrating 12 years for the Japanese telecom giant.

Soon after coming to Bangladesh, exasperation set in the operator about the policies on fibre optical cable, interconnections and telecommunication transmission.

Mobile operators are allowed to lay fibre optic in other countries. But in Bangladesh, they have to take the service from other companies.

Similarly, the carriers have to go through interconnection exchange operators and international gateway operators before connecting subscribers at home and abroad. Thus, apart from sharing revenues, mobile operators have to rely on others to provide service.

High tax is also another reason, say industry people. At 54 per cent, Bangladesh's mobile industry has one of the world's highest taxation rates.

As a result, after making the initial

investment, DoCoMo has not brought in any money to Bangladesh save for some requisite technological support, sources said.

In the first half of 2013, the predominant mobile operator of Japan decided to squeeze its stake to 8 per cent from 30 per cent -- a move that highlighted the unfriendly regulatory environment and business uncertainties in Bangladesh and possibly warding off potential investors.

And when Robi and Airtel merged in November 2016, DoCoMo's share was diluted and came down to 6.31 per cent.

"When NTT DoCoMo contracted its shareholding from 30 per cent to 8 per cent in 2013, the Bangladesh government should have taken it as a wakeup call," said Abu Saeed Khan, a senior policy fellow at LIRNEasia, an information and communication technology policy and regulation think-tank based in Colombo.

At that time, the Japanese behemoth had squarely blamed regulatory uncertainty for

Saudi company to invest in Ctg Port's Bay Terminal

JAGARAN CHAKMA

Red Sea Gateway Terminal (RSGT), one of the largest container terminal operators of Saudi Arabia, is keen on investing in the construction of Chattogram Port's Bay Terminal under the public-private partnership model.

The Saudi company has already submitted a proposal to the shipping ministry.

"RSGT knows that this terminal is an integral part of Bangladesh's future and that's why they have decided to invest here," said a senior official of the shipping ministry, adding that the company has already signed a letter of intent a few months back.

Chattogram Port is the largest in Bangladesh, handling more than 80 per cent of the seaborne cargo coming in and out of the country.

As a partner to RSGT for the development of Bay Terminal, the shipping ministry will provide land and bear the costs of dredging and water breaking for the project, according to the official.

RSGT is known internationally for its world-class port terminal services. The company recently help build a new flagship container terminal at the Jeddah Islamic Port.

A feasibility study is being conducted

to ascertain just how much expansion is required at Chattogram Port by 2030, he added.

In the meantime, RSGT will prepare plans for investment in multiple port-related infrastructure projects in Bangladesh while also sharing their operational expertise.

It is paramount for Bangladesh to expand its port facilities as the amount of import and export trade conducted by the country will only increase in the next decade.

More Saudi investment could follow as the Bangladesh Investment Development Authority is trying to attract large amounts of foreign investment, said its Executive Chairman Md Sirazul Islam.

In an article on Container Management, an online portal, RSGT Director of Global Investments Gagan Seksaria said Bangladesh's recent economic growth through trade proves that the country's ports and transport infrastructure are highly utilised.

"This makes Bangladesh an ideal market for investment in advanced port systems and technology," he added.

Foreign investment will definitely help improve the port's infrastructure, which needs expansion to accommodate the country's growing export and import activities, said Mohammed Zafar Alam, member of Chattogral Port Authority.



Freshly harvested watermelons have started to arrive at the wholesale market in Sadarghat, Dhaka. A hugely popular fruit during the blistering summer months, traders this time are dreading the produce would rot given the thin presence of customers in the market.

FIROZ AHMED