

Star BUSINESS

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2,00,266 UNSOLD RIGHTS SHARES

Distribute proportionately among 8 underwriters

SEC asks Southeast Bank

STAR BUSINESS REPORT

As the Southeast Bank Limited offered a less number of unsold rights shares to the underwriters, the Securities and Exchange Commission (SEC) yesterday directed the bank to distribute the all undersubscribed shares proportionately among its eight underwriters.

The SEC also requested the eight underwriters to subscribe for the total of 2,00,266 shares, which were not purchased by the bank's shareholders, in proportion with the amount underwritten by each of the underwriters.

Earlier last week, some of the underwriters accused the Southeast Bank of violating the securities laws in offering the unsold rights shares of the bank to the underwriters.

Earlier the Southeast Bank offered 1.06 crore rights shares at

Tk 200 each (including a premium of Tk 100 per share) amounting to some Tk 211.27 crore on the basis of one new share for one existing share.

The subscription of rights shares opened on October 15 and closed on October 31. But 2,00,266 rights shares worth Tk 4.53 crore remained unsubscribed during the period. And the bank merely offered about 30,000 shares to eight underwriters, although the bank had to offer the all undersubscribed shares to the underwriters as per regulation.

According to the SEC directive, the Southeast Bank informed the commission that the issuer [Southeast Bank] passed a resolution in its 239th board meeting to offer the underwriters 30,000 shares out of 2,00,266 undersubscribed shares and also to distribute remaining 1,70,266 shares to the shareholders, others and members of the

staff.

"Whereas, the commission in the interest of the securities market considers it to be expedient to abstain the issuer from implementation of the board decision and exercise compliance of the Securities and Exchange Ordinance, 1969 and Securities and Exchange Commission (Rights Issue) Rules, 2006 by the issuer," the directive said.

Market sources said the bank offered 710 undersubscribed rights shares to Bangladesh Mutual Securities Ltd against legal requirement of 4,739 shares. Capital Market Services Limited was offered 1,065 rights shares against 7,109 shares. IDLC and Prime Finance and Investment were offered to buy 3,550 shares each against 23,697 shares.

The other underwriters are Bay Leasing and Investment Limited, Export Import Bank of Bangladesh

Limited, Fidelity Assets and Securities Co Ltd and Swadesh Investment Management Limited.

Earlier, the bank in a letter to an underwriter explained its position saying the decision of offering 30,000 shares taken by the board with regard to disposal of undersubscribed shares as per Section 155 (1) (c) and (2) of the Companies Act - 1994.

An official of the underwriter, however, said this is a clear violation of the Rights Issue Rules.

Section 6 (2) of the Rights Issue Rules reads: "The issuer shall call upon the underwriter(s) within ten days of closing of the subscription lists for subscription of the undersubscribed shares, if any, by the underwriter, and the underwriter shall subscribe to such undersubscribed shares within fifteen days of calling thereof by the issuer."

Tk432m term loan for Maksons Spinning arranged

Southeast Bank Limited (SEBL) as lead arranger & agent along with The City Bank Limited, National Credit & Commerce Bank Limited and EXIM Bank Limited has arranged a syndicated term loan of Tk 432 million for Maksons Spinning Mills Limited.

An agreement to this effect was signed among the four banks and Maksons Spinning Mills Ltd in Dhaka recently, says a press release.

Neaz Ahmed, managing director of SEBL, DH Chowdhury, managing director (CC) of The City Bank Ltd, Nurul Amin, managing director of NCCBL, Mohammed Lohiotullah, managing director of EXIM Bank Ltd, and Mohammad Ali Khokon, managing director of Maksons Spinning Mills Ltd, initialled the deal on behalf of their organisations.

In the syndication, Southeast Bank extends Tk 132 million while The City Bank, NCCBL and EXIM Bank extend Tk 100 million each totalling Tk 300 million.

In addition, the project is also financed by ICB for Tk 40 million (as equity finance) and Bay Leasing and Investment Ltd for Tk 109 million as lease finance.

The 45000 spindled capacity mill will be set up at Savar, Dhaka, named - Maksons Spinning Mills Limited.

Ziaul Haque Khondker, managing director of ICB (as equity financier), and Mahabub Rashid, managing director of Bay Leasing & Investment Ltd (as lessor), also signed the 'Pari Passu Security Sharing Agreement' with all the MDs of the banks. Among others, Abdul Ali, chairman of Maksons Group, and senior level executives of all the lenders and the borrowing company were present.

Vietnam to join WTO January 11

AFP, Hanoi

Communist Vietnam will formally join the World Trade Organisation on January 11, becoming the body's 150th member, officials said here Tuesday.

The southeast Asian nation has informed the WTO that it has ratified its membership agreement, and will take up its seat one month hence, the global trade body said in a statement.

The move followed the approval last month by Vietnam's Communist-dominated national assembly, finalising Hanoi's almost 12-year-long drive to join the WTO.

Vietnam, in line with other developing countries, has been eager to join the WTO in order to gain easier access to foreign markets and further boost its already booming economy.

Under the new rules -- negotiated over more than a decade with the United States and other trade partners as well as the WTO itself -- Vietnam must scrap a range of tariffs, subsidies and other barriers that protect local industries.

Myanmar to earn \$400m from fish exports

AFP, Yangon

Impoverished Myanmar will earn up to 400 million dollars from fish exports this fiscal year, state media said Tuesday, labeling the sector the country's fourth largest source of foreign currency.

"With the leadership of the ministry, the sector will boost exports to reach 400 million US dollars in 2006-2007 fiscal year (and) raise its contribution to the GDP," the New Light of Myanmar newspaper said.

Myanmar's fiscal year starts from April 1 and ends on March 31.

The newspaper said that Myanmar's fishery sector was the fourth largest contributor to GDP and had been the fourth largest source of foreign exchange earnings for the country since 2001.

The military-ruled nation said in June that its trade surplus shot up 67 percent last year to 1.6 billion dollars, the highest level since 1989.

The government also claimed that exports had jumped to 3.55 billion dollars in fiscal year 2005-2006, up from 2.9 billion dollars the year before.

However, Myanmar's official statistics are notoriously unreliable, with large amounts of cross-border trade taking place in frontier regions outside the military government's control.

MEETING DEMAND FOR POWER PLANTS

Coal India eyes acquiring Bangladesh's mines

PALLAB BHATTACHARYA, New Delhi

Bangladesh is one of the four countries short listed by state-owned Coal India Limited (CIL) for acquiring coal mines to meet India's growing domestic demand for power plants.

"We have short listed Bangladesh, Indonesia, Mozambique and Zimbabwe for acquiring coal mines and they are under consideration," India's Minister of State for Coal Dasari Narayan Rao told reporters here on the margin of a seminar.

He said a total of 35 million tonnes of coal were likely to be imported in the financial year ending on March 31, 2007.

He said cement, steel and power plants can feel now assured about coal supply as India is planning to tap coal mine abroad.

A report prepared by an official committee on Public Sector Undertakings noted the huge gap in demand and supply of metallurgical and low-ash grade coal in India and suggested CIL be allowed to invest in prospective mining opportunities abroad.

Along the lines of overseas investment arm of India's state-owned Oil and Natural Gas Corporation, CIL, the largest coal company in the world, too has set up a separate Coal Videsh wing to explore acquisition of coal mines abroad.

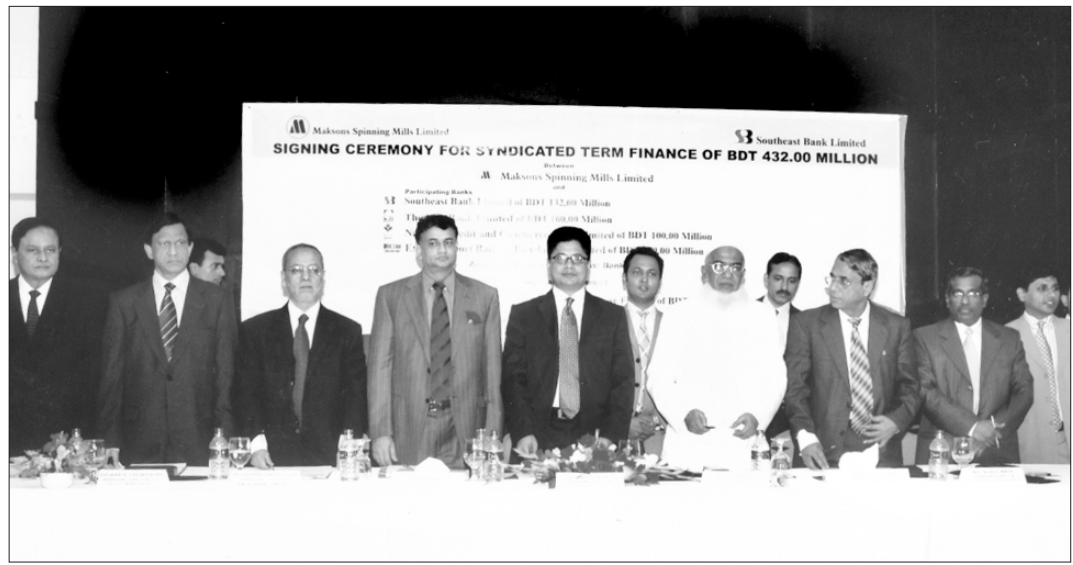
To help make CIL globally com-

petitive and establish footprints across the world, the committee suggested it be given greater functional autonomy.

At present, 50 percent of the total commercial energy needs of India is met by coal and this scenario is likely to prevail for the next two decades or so, the committee's report notes.

Since nationalisation of Indian coal mines in 1973, the resource has been dominated by the public sector.

To allow private participation in coal excavation through captive mining, the government had introduced a bill in the year 2000 to amend the Coal Mine Nationalization Act but it ran into tough opposition from trade unions.



Managing Directors of Southeast Bank Limited, The City Bank Limited, National Credit & Commerce Bank Limited, EXIM Bank Limited and Maksons Spinning Mills Limited sign a Tk 432 million syndicated term loan agreement on behalf of their organisations in Dhaka recently. Chairman of Maksons Group and other senior executives of all the lenders and the borrowing company were also present.

PHOTO: SOUTHEAST BANK



M Shamsul Alam



Nizam Uddin Ahmed

New chairman, vice chairman of insurance association

M Shamsul Alam, deputy chairman of Reliance Insurance Ltd, has been elected chairman of Bangladesh Insurance Association for 2007-2008, while Nizam Uddin Ahmed, chairman of Meghna Life Insurance Co, has been elected its vice-chairman, says a press release.

They were elected following the formation of the executive committee (EC) of the association.

The EC members are Abdul Matlub Ahmad, chairman of Nitel Insurance Co Ltd, AKM Rafiqul Insurance Bangladesh Ltd, M Tajul Islam, chairman of Fareast Islami Life Ins Co, and M Kamal Uddin, chairman of Executive Committee of Mercantile Insurance Co Ltd.

The other members include Ahasanul Islam, vice chairman of Sandhani Life Ins, AR Bhuiya, managing director of Prime Insurance Co, PK Roy, managing director of Rupali Insurance Co, Kazi Md Mortuza Ali, managing director of Prime Islami Life Insurance, Md Ataur Rahman Mazumder, managing director of Provat Insurance Co, ABM Nurul Haq, managing director of Global Insurance Ltd, Shah Abul Kashem, managing director of Asia Pacific General Insurance Co, and ATM Saiful Islam, managing director of Sunflower Life Insurance Co.

Asian financial markets face volatility in '07

Says S and P

AFP, Singapore

Asia-Pacific financial markets will remain generally strong but face greater volatility and higher risks in 2007, Standard and Poor's said Tuesday.

The US-based credit watchdog said in a statement that the regional economic outlook remained positive despite an expected US slowdown next year.

But higher financing costs, increased corporate borrowing and a frenzy of mergers and acquisitions (M and A) will fuel market volatility and add to the risks faced by investors, it warned.

"Although the trend is still broadly positive for the year ahead, there will be some negative credit stories too," said Ian Thompson, chief criteria officer for S and P's Ratings Services in the

Asia-Pacific region.

S and P predicted a "slight rise" in corporate defaults and more "fallen angels" -- debt issuers moving off an investment-grade credit rating.

"At the same time, a continued boom in M and A in the region will increase share price volatility and the credit profile of potential acquirers and target companies, raising new uncertainties for debt and equity investors," it said.

Lorraine Tan, vice president at Standard and Poor's Equity Research, said that after a spectacular performance by regional stock markets in 2006, tighter liquidity will have a "dampening effect" next year.

Economic growth in Asia will again be faster than in other regions in 2007, underpinned by Japan's recovery, continuing momentum in China and India and

intra-regional trade, which will offset a US slowdown, the statement said.

The potential for a housing "bubble" to burst remains, but property prices should continue to be supported by pent-up demand and rising middle class incomes, it added.

"We believe earnings growth in 2007 and beyond will feel the pinch from rising input costs, wage growth, a heavier debt burden, and higher interest rates," said Thompson.

S and P said labor constraints could also be a problem.

"Wage pressures are expected to build in Asia because of higher living costs, increased pension and healthcare costs, skills shortage, rising employment levels, and slower growth in the labor pool," the statement said.

Opec ministers gather for talks on oil output

AFP, Abuja

Opec ministers were set to arrive in Nigeria on Tuesday ahead of an official meeting later this week when the oil export group is expected to announce a further cut to its production quota.

Before leaving for the Nigerian capital Abuja, Iranian Oil Minister Kazem Vaziri Hamaneh again stressed that Iran supported an output cut to keep oil prices around the 60-dollar mark.

"Like most of Opec members, Iran does not consider oil prices lower than 60 dollars a barrel appropriate. Given the considerable oil oversupply, we will try to have a production cut," he was

quoted as saying by the Shana agency.

Delegations from Indonesia, Kuwait, Libya, Qatar and the United Arab Emirates were expected on Tuesday, while kingpin Saudi Arabia as well as Algeria, Iran, Iraq and Venezuela were scheduled to arrive on Wednesday.

As is customary at Opec meetings, ministers will hold informal talks in their hotel rooms over the next few days before announcing a formal decision on their output quota on Thursday.

The 11-member Organisation of Petroleum Exporting Countries produces about a third of global oil supplies. Members meet regularly to fix their output quota to control

prices and maximise their oil revenues.

Nigeria has never before hosted an OPEC conference and security in and around Abuja has been stepped up for the event.

The Nigerian oil industry, based in the Niger Delta in the south of the country, is regularly targeted by militants, who sabotage oil facilities and kidnap workers.

A militant group notorious for previous hostage-takings claimed responsibility last Friday for kidnapping four foreigners from an oil installation belonging to Italian group Agip.

The group also threatened to launch further attacks in "the following days".



PHOTO: STANDARD BANK

Standard Bank Ltd Chairman Kazi Akramuddin Ahmed inaugurates the 25th branch of the bank in Brahmanbaria on Thursday. Among others, director, sponsors, managing director and senior officials of the bank were present.

Dollar drops

AFP, London

The dollar fell against other major currencies on Tuesday ahead of the Federal Reserve's latest decision on US interest rates.

The euro benefited from data out of Germany, while sterling gained from record-high British inflation data, analysts said. In early European trading, the euro rose to 1.3258 dollars from 1.3236 dollars in New York late on Monday.