

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week-on-week		As of Friday		Friday Closings				As on Thursday			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 7.75%	▲ 7.45%	\$1,941.00	\$44.80	▼ 1.13%	▲ 0.17%	▼ 0.56%	▲ 1.19%	83.95	98.12	108.71	11.89
4,703.32	8,072.93	(per ounce)	(per barrel)	37,877.34	23,289.36	2,581.32	3,360.10	BUY TK	SELL TK	84.95	101.92
										112.51	12.50



Star BUSINESS

DHAKA SUNDAY AUGUST 16, 2020, BHADRA 1, 1427 BS • starbusiness@thedailystar.net

Little progress in recovering the Tk 18,253cr lost in financial scams in recent years

AKM ZAMIR UDDIN and REJAUJ KARIM BYRON

The financial regulators and the government organisations are still struggling to resolve the much-talked five financial scams in the country as the embezzled fund worth Tk 18,253 crore are yet to be recovered.

High officials of three banks and two multilevel marketing (MLM) companies -- Sonali, BASIC, Farmers, Destiny and Jubok -- were involved with the corruption.

In some cases, the prime accusers of the scams were not even the main accused in the lawsuits due to strong links with influential quarters.

The three lenders are yet to get back both their previous business image and restore financial health due to the wide range of the financial scams while clients of the two multilevel marketing companies did not return their hard-earned money.

For instance, BASIC Bank, which was once one of the top-rated banks until Sheikh Abdul Hye Bacchu was appointed board chairman in 2009, has been facing reputation crisis at home and abroad after the financial scams that took place between 2009 and 2014.

In December 2009, the bank's soured loans accounted for only 4.81 per cent of its total distributed loans amounting to Tk 2,926 crore. In June, default loans made up 50 per cent of its total outstanding loans.

Since 2013, the state bank has been in the red.

The bank has yet to get a turnaround from the disaster, said its Managing Director Md Rafiqul Alam, adding that foreign banks show reluctance in doing business with the lender.

The board of directors and management then had helped nearly 100 little-known and non-existent companies swindle about Tk 4,500 crore from the state-owned bank.

"We have yet to trace out 8 per cent of the companies, which has harmed our recovery process," Alam said.

The bank is now running after the plunderers to recover the funds and regularised Tk 2,100 crore last year under the central bank's relaxed rescheduling loan facility that offered a 10-year repayment tenure with 2 per cent down payment of the outstanding loans.

"We will be unable to make a profit in the



BASIC BANK

Bet'n 2009 and 2013, Tk 4,500cr was swindled
Amount siphoned off to 100 companies
Of the companies, 8% remains untraceable
No allegation raised against the prime accuser and the then-board chairman Sheikh Abdul Hye Bacchu
Soured loans may be written off by taking regulatory forbearance

HALL-MARK GROUP

Bet'n 2010 and 2012, Tk 3,547cr embezzled by Hall-Mark Group and five other companies
Sonali Bank has yet to recover any money
Lender filed 16 cases with Artha Rin Adalat
ACC filed 11 cases, of which 2 are in final stage
More than 60 auctions have been so far arranged to sell the mortgaged assets but found no takers

FARMERS BANK (NOW PADMA BANK)

Bet'n 2014 and 2016, Tk 3,500cr was given out breaching banking norms
Since Jan'17, bank has an embargo on loan disbursement
Lender filed nearly 1,000 cases under the NI Act, 1881 to recover loans
About 400 cases filed with Artha Rin Adalat
The then-audit committee chairman Md Mahabubul Haque Chisty now in jail

JUBOK

Bet'n 1994 and 2006, scammers embezzled Tk 2,588cr from clients
Two commissions were formed, but their recommendations never materialised
"It's a dead issue and there's no scope to do anything about it afresh," said the then-Finance Minister AMA Muhith in 2016

DESTINY GROUP

Embezzled Tk 4,118cr by way of engaging MLM business
Tk 96 crore was laundered abroad
Clients have not gotten any fund back
ACC filed 2 cases against 53 people in 2012
Cases are still pending

able to recover by selling the assets, he said the value of the properties could be Tk 500 crore to Tk 700 crore.

This means the asset value is much less than the amount swindled. So far, Sonali has arranged more than 60 auctions to sell off the assets but has yet to find a taker.

The state lender is trying to recover the fund by way of using different methods, but the process is highly tough as Hall-Mark's MD Tanvir Mahmud and Chairman Jasmine Islam are now in jail, Prodhhan said.

"The group had earlier deposited Tk 86 crore with Janata Bank. And we wrote a letter to the lender in the first week of this month to transfer the fund to our account," he said.

While both the lawyer and Janata have reached a consensus to transfer the fund, the process is yet to take place.

"If we get the fund, this will become a positive matter for us," Prodhhan said.

The ACC also filed 11 lawsuits against the involved persons with the scam, of which two cases are now in the final stage.

It was not just the state banks where financial irregularities were taking place. Established in 2013, Farmers Bank became a hotbed for financial irregularities in less than three years of operation.

The scammers plundered more than Tk 3,500 crore from the bank with the help of the other board of directors, according to an investigation carried out by the central bank.

Muhammad Khan Alamgir and Md Mahabubul Haque Chisty, the then board chairman and chairman of the audit committee respectively, were forced to resign from their respective posts in November 2017.

The ACC filed 15 cases against the connected persons with the irregularities, but Alamgir was not accused in any of the lawsuits due to his strong connection with influential quarters.

As of June, defaulted loans in the bank stood at about Tk 3,300 crore, up from Tk 723 crore at the end of 2017.

So dire did the bank's financial health become that it needed to be bailed out by the government in 2018. State-owned financial institutions Investment Corporation of Bangladesh, Sonali, Janata, Agrani and Rupali banks bought 60 per cent stakes in the bank that got a licence in the first place on political consideration. The stakes were valued at Tk 715 crore.

Then in January last year, it changed its name to Padma Bank with the hope of shaking off the image crisis.

The beleaguered lender has so far filed nearly 1,000 cases under the Negotiable Instruments Act, 1881 to recover funds from the plunderers, said its MD Md Ehsan Khasru. It has also filed about 400 cases in the Artha Rin Adalat.

READ MORE ON B3

days ahead due to the burden of the large amount default loans," Alam said.

The lender will try to write off its defaulted loans within a month or two by way of taking regulatory forbearance from both the central bank and the government, said an official of the bank wishing not to be named as he is not authorised to speak with the media.

If the government allows it, the local businesses and its foreign lenders might get their confidence back on the bank, Alam said.

Under the regulatory forbearance, the bank should be allowed not to keep any provisioning against the written-off loans. Multiple investigations found that Bacchu had plundered

public funds from the lender with the help of other board of directors.

The Anti-Corruption Commission (ACC) has so far filed 60 cases in connection with the scam, but ironically Bacchu was not accused of the lawsuits.

"It is highly frustrating that the ACC has yet to finalise any charge sheet of the cases. This means the organisation has not taken the issue much importance," the official added.

While Bacchu and his co-conspirators were indulging in all sorts of malpractices at BASIC Bank, a little-known Hall-Mark Group was up to similar mischief at another state bank.

Both the then board and the management of Sonali Bank were largely responsible for the scam that caught the imagination of the nation.

Based on forged documents, Sonali's

Ruposhi Bangla Hotel branch lent Hall-Mark Group and five other companies Tk 3,547 crore between 2010 and 2012 on fake documents.

Of Tk 3,547 crore, Hall-Mark Group alone took away Tk 2,686.1 crore, T and Brothers Tk 609.7 crore, Paragon Group Tk 146.6 crore, Nakshi Knit Tk 66.4 crore, DN Sports Tk 33.3 crore and Khanjahan Ali Tk 5 crore.

But the bank has yet to recover a single penny from the scammers.

Sonali has filed 16 cases at the Artha Rin Adalat (also known as the money loan court) to recover the fund, said its MD Md Aatur Rahman Prodhhan.

The state lender will be able to get back a portion of the swindled funds if the courts allow it to sell the Hall-Mark Group's mortgaged assets, he said.

Asked how much fund the bank would be

ACI Motors lands Tk 126cr in foreign investment

AHSAN HABIB

ACI Motors is set to secure an equity-based foreign investment of Tk 126 crore from two companies as it landed its first foreign investment.

The fund from the Netherlands and Singapore would be used to accelerate business growth and expand existing manufacturing facilities of ACI Motors.

"ACI Motors has huge growth potential. So, we want to go for further investment where equity investment is better than debt," said Pradip Kar Chowdhury, executive director for finance and planning at ACI, which owns the company.

The fund will be raised through the issuance of 23.33 lakh convertible non-cumulative preference shares of Tk 100 each at a premium of Tk 440.

In the case of non-cumulative preference shares, the dividend is only payable from the net profits each year. If the company makes no net profits in a year, the arrears of dividend can't be claimed in the subsequent years.

The shares will be issued to Bangladesh-managed account CV, a limited partnership of the FMO and SDI Pte, the two investors.

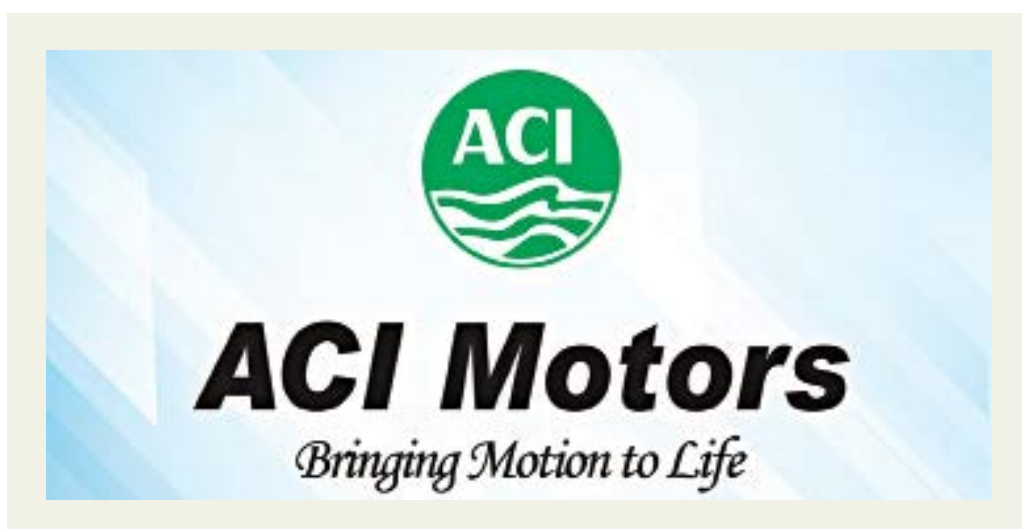
The FMO is a Dutch development bank structured as a bilateral private-sector international financial institution based in Hague.

Based in Singapore, Solutions Design & Integration Networks Pte specialises in customised design, fabrication and deployment of an automated and interactive kiosk and public display solutions.

The arrangement will reduce ACI's shareholding in ACI Motors to 52.7 per cent from 65 per cent.

"The investment will allow ACI Motors to go further," Chowdhury added.

ACI Motors sells products such as agricultural machinery, construction equipment and motorcycle.



It offers a complete line up of high horsepower agricultural machinery, bringing in tractors, power tiller, reaper, mini combine harvester and rice transplanter.

It introduced the Sonalika tractor, which is specially designed for Bangladesh making it suitable for small land size and roads.

ACI Motors became the distributor of Yamaha Motorcycles in 2016.

The company represents some of the world's leading construction equipment manufacturers, providing backhoe loader, soil compactor and tandem roller, among others.

In 2017, ACI Motors added China's leading brand Lovol's construction equipment to the wheel loader and mini excavator segment.

It brought Japanese brand Kobelco in the segment of the premium brand excavator. In 2019, it added pick and carry crane from India's Indo Farm Equipment.

"The new shareholders' expertise, especially that of the FMO will help us to a great extent," said Chowdhury, also the chief financial officer

of ACI. The foreign investors will sit on the board of the company and will thus play a role in improving the corporate governance further, he added.

ACI Motors' revenue stood at Tk 954 crore in the three quarters of the 2019-20 financial year. The full year report is yet to be published.

Assets were valued at Tk 1,407 crore and liabilities Tk 1,115 crore as on 31 March.

ACI Motors logged a profit of Tk 98.6 crore from 19 July 2019 to 20 March this year.

However, ACI incurred a loss of Tk 119.5 crore during the same period owing to higher operating costs and finance cost.

In the last three quarters, ACI's total finance cost was Tk 352.6 crore and the operating cost totalled Tk 1,264.2 crore.

As of 31 March, the group's long-term bank loan stood at Tk 826 crore and the short-term loan Tk 2,978 crore.

The stocks of ACI, listed on the Dhaka Stock Exchange since 1976, rose 2 per cent to Tk 273 on Thursday.

Another sign of economic rebound: sales of commercial vehicles springing back

JAGARAN CHAKMA

Sales of commercial vehicles like trucks and pickups have started to bounce back as economic activities are finally gaining momentum following a two-and-a-half-month-long government-enforced pause amid the pandemic.

On average, 20 units of trucks and 45 pickups were sold each day in July, while the numbers were 32 and 40 units respectively in the pre-pandemic period, according to market players.

Nitol Niloy Group, the sole distributor of Indian automobile giant Tata Motors, shifted more than 800 units of trucks and pickups in July from its inventory.

In normal times, the sales would be in the neighbourhood of 1,000 units, according to Abdul Matlub Ahmad, chairman of Nitol Niloy Group.

So promising is the rebound seeming that Ahmad is now fearing there might be a shortage of pickups because of the supply side disruptions in India.

"We can't import vehicles from India as per our requirements due to a massive outbreak of coronavirus in West Bengal," he said, adding that the inventory of trucks is sufficient at this moment.

Between 2010 and 2019, trucks and pickups, which provide major logistic support in export and import activities,

COMMERCIAL VEHICLE MARKET AT A GLANCE



- ▶ Market size: Tk 42,000cr
- ▶ In Jun-Jul, 20 trucks and 45 pickups sold per day
- ▶ Annual growth 10%
- ▶ Truck sales each year Tk 3,000cr
- ▶ Pickup sales each year Tk 13,000cr
- ▶ Direct employment: 5.5 lakhs (drivers + helpers)

worth about Tk 42,000 crore were sold, with 10 per cent average growth per year, industry insiders said.

Now, a total of 1.6 lakh trucks and 1.4 lakh pickups ply the country's roads.

Ahmad, also a former president of the Federation of Bangladesh Chambers of Commerce & Industries, hopes the economy will revive sooner rather than later seeing that the businesses are reopening even though there is no sign of the rogue pathogen slowing down anytime soon.

Sales of commercial vehicles depend on the existing market situation of the cement and steel sectors as well as export and import activities, said Taskeen Ahmed, managing director of Ifad Motors, the sole distributor of Indian automaker Ashok Leyland.

Migrant workers who have come back from abroad for good are purchasing pickups as an income source, which is also contributing to a rise in sales of commercial vehicles, according to Ahmed.

"We were at our wits' end during the government-announced general holidays. But as economic activities have begun to pick up gradually, we breathed a sigh of relief. I believe the sector will be able to survive the shocks and recover the losses in phases," he added.

READ MORE ON B3