

SEC digs up violation of margin rules by broker

Manipulation pushes up price of Z-category share by 90pc in 2 months

STAR BUSINESS REPORT

Securities and Exchange Commission (SEC) has unearthed a price manipulation practice in a brokerage house, which pushed the price of a Z-category company shares by over 90 percent in two months.

The price manipulation came to light on Saturday when an SEC inspection team made a surprise visit to Md. Shahidullah (Shyamol) Company, the brokerage house at Dhaka Stock Exchange (DSE).

At first declining to co-operate with the two-member SEC inspection team comprising deputy directors Rezaul Karim and Ripon Kumar Devnath, the brokerage house officials later gave some papers that showed that the house is executing buy and sale orders flouting netting and margin rules.

The inspection team uncovered that one investor Sayeed Ahmed, later identified as an assistant engineer of Bangladesh Water

Development Board, bought some 35,000 shares of Rasmit Data Management Ltd and sold 31,000 to his wife Husne Ara during January 1 and March 3 through Shahidullah (Shyamol) Co.

Taken aback by the SEC team's visit and enraged at the unearthing of the manipulation, the officials of the brokerage house and Sayeed Ahmed, who was present at that time, verbally abused the SEC officials and threatened of dire consequences.

Due to internal transactions between the two family investors, price of Rasmit Data soared from Tk 3 to Tk 5.5 during the two-month time. SEC sources said there is no logical reason for over 90 percent rise of shares of Rasmit Data, which did not hold any annual general meeting and declare any dividend in last few years.

SEC sources said the brokerage house allowed such big transactions though the two investors of the same

family had no trade account and never maintained required monetary balance with the house for such transaction.

Sayeed Ahmed maintains a beneficiary owner's (BO) account with the number F0007 and his wife Husne Ara's number is F0004.

According to SEC rules, an investor must have trade account with brokerage house to buy or sell shares.

Anwarul Kabir Bhuiyan, executive director of SEC and in-charge of SEC's surveillance department, said besides abusing SEC inspection team, the brokerage house officials asked them to cover up the price manipulation issue. The brokerage house through some 'influential' people also threatened the executive director that he may lose his job if he does not stop the investigation.

Talking to The Daily Star, SEC Chairman Mirza Azizul Islam said the commission revealed the price manipulation involving a brokerage

house. DSE President Shahiq Khan also said an unfortunate incident took place. He, however, said according to his knowledge it was some investors not officials of the brokerage house who created the incident.

He said the brokerage house later conveyed apology to the SEC officials and the issue was mutually solved. About violating margin and other SEC rules by the broker, DSE president said he was not informed about the issue.

When tried, no one attended the phones at office and residence of Sajeda Begum, the owner of Shahidullah (Shyamol) Company.

Sources said Shahidullah (Shyamol), a low-level official of Bangladesh Bank, bought membership of DSE in the name of his wife after the 1996 stock market collapse. SEC sources said the brokerage house is involved in price gambling taking recourse of influential quarters.

Bangladesh gets \$2.5m orders in Guwahati fair

UNB, Dhaka

Bangladesh received confirmed and prospective export orders worth US\$ 2.5 million from Guwahati International Trade Fair-2005 in the eastern Indian State of Assam.

Bangladeshi manufacturing-exporting companies and associations, numbering 26, participated in the two-week fair with their exportable items. The trade-show concluded on March 7.

Mutual Trust Bank recommends 20pc dividend

Mutual Trust Bank Limited has recommended a 20 percent dividend in the form of bonus share for the shareholders for the year 2004.

The dividend was recommended at the 53rd meeting of the Board of Directors of the bank with Chairman Syed Manzur Elahi in the chair on Thursday in Dhaka, says a press release.

The recommendation will be approved at the 6th annual general meeting of the bank scheduled for May 15, 2005.

Reebok outlet opens at Bashundhara City

Trend Setters Ltd, the distributor of Reebok, has opened the third exclusive Reebok store at Bushandhara City shopping mall in Dhaka.

Subhinder Singh Prem, managing director of Reebok India Company and head of company's Saarc region, inaugurated the store on Friday along with Bangladesh national cricket team's coach Dav Whatmore, captain Habibul Bashar and all-rounder Mohammad Rafique, says a press release.

Reebok is the worldwide designer and marketer of sports footwear and equipment.

This new store offers the latest range of 40 SKUs (stock keeping units) including Premier series, the latest international collection from the US.

Managing Director of Trend Setters Ltd Athar Ali Khan, who is also a selector of Bangladesh national cricket team and a cricket commentator of ESPN and Star Sports TV channels, was also present at the inauguration function.

More investment needed in infrastructure to woo FDI

BEA dialogue told

STAR BUSINESS REPORT

Speakers at a dialogue yesterday stressed the need for increasing investment in infrastructure to attract more foreign director investment (FDI) in the country.

Investment in infrastructure will also help build the capacity of the country and facilitate transfer of knowledge and technology, they said.

Bangladesh Economic Association (BEA) organised the dialogue on 'Development Challenges of Bangladesh' at CIRDP auditorium in Dhaka with BEA President Qazi Kholiquzzaman Ahmad in the chair.

Director General of the International Food Policy Research Institute (IFPRI) Joachim von Braun spoke on different issues of global

trade including agriculture at BEA Strategic Development Dialogue.

Braun said FDI can help generate employment and cut poverty, which are the major targets of millennium development goals.

Bangladesh could not achieve a higher GDP growth like India mainly because of its low level of education and human resource quality, the DG added observing Bangladesh's level of education and human resource is not fit for high economic growth.

Braun said Bangladesh is a densely populated country and it can benefit from the Information and Communication Technology (ICT) including software by developing its strength in this area.

Speaking at the dialogue, BEA president said required FDI is not

coming to Bangladesh. "The country has a population of around 140 million but the market is limited due to low level of income."

Research Director of the Centre for Policy Dialogue (CPD) Professor Mustafizur Rahman said skill and technology based education is a crucial factor that can help accelerate the economic growth.

Bangladesh needs a lot of resources in order to achieve MDG but overall aid is on a declining trend for the last few years and rich countries are not fulfilling their commitment in this regard, he felt.

Professor MM Akash of Dhaka University said agriculture and small and medium enterprises are the major contributors to the present growth whereas the large industries are stagnant.

Agrani Bank incurs Tk86.94cr operational loss

UNB, Sangsad Bhaban

Agrani Bank incurred operational loss of Tk 86.94 crore while three other nationalised commercial banks (NCBs) made profits last fiscal year, Parliament was told yesterday.

In fiscal 2003-04, three NCBs -- Sonali, Janata and Rupali -- made profits totalling Tk289.63 crore while the Agrani Bank incurred operational loss of Tk 86.94 crore, Finance Minister M Saifur Rahman said, replying to MA Hashem (BNP).

He, however, said that if the deficit provision is co-ordinated, then all the state-owned banks might have incurred losses.

The finance minister said a total of Tk529.45 crore still remained unrealised as import duties from government and non-government sectors.

Cargo forwarders seek compulsory licensing to stop excess charge

STAFF CORRESPONDENT, Ctg

International Freight Forwarders' Association of Bangladesh (IFFAB) yesterday called upon the government to bring all the freight forwarders under compulsory licensing from National Board of Revenue (NBR) to check overcharge.

The IFFAB leaders at a press conference in Chittagong said following persuasion of the association NBR took move to bring the freight forwarding business under law in 2001 by introducing rules making licence and IFFAB membership mandatory for all freight forwarders.

In this regard NBR issued a statutory regulatory order which was gazetted but fell short of getting implemented until now, they said.

IFFAB President Amirul Islam Chowdhury and Secretary General Amiya Sanker Barman spoke at the press conference.

Govt offers 3 gas price rate options for Tata

UNB, Dhaka

The government has offered the Indian Tata Group to pick up any of the three existing modes of fixing gas price that have been applied while providing gas supply to three foreign plants -- KAFCO, Lafarge Surma Cement and Meghnaghat power plant.

"We have these three models of gas supply agreements with foreign companies... one of these can be followed in supplying gas to Tata's proposed projects in Bangladesh", State Minister for Energy AKM Mosharraf Hossain told reporters

after a meeting with a Tata delegation here yesterday.

During the meeting, the state minister assured the Tata delegation of ensuring adequate gas supply to their proposed projects which will use natural gas as raw material or fuel.

Executive Director of Tata Group Alan Rosling led the three-member Tata delegation which also included S. Manzer Hussain, who will be the head of the proposed Tata operations in Bangladesh.

The Tata delegation also discussed infrastructure facilities in Bangladesh including roads, railways and shipping which would be

required to ensure smooth supply of raw materials as well as for exporting the finished products from the proposed Tata plants.

The India-based industrial conglomerate has been studying pre-feasibility for investing nearly US\$ 2 billion in three projects in Bangladesh a 2.4 million ton capacity steel plant, a 1000 mw power plant and a one million ton capacity fertiliser factory.

The Tata delegation also met State Minister for Power Iqbal Hassan Mahmood yesterday at his office to discuss the proposed Tata investment in Bangladesh.

Privatisation reshaping Pak telecoms landscape

8 cos pre-qualify for 26pc stake in Pakistan Telecommunication Company

ABU SAEED KHAN

Pakistan took a giant leap towards further privatisation and competition in its telecommunications sector when on Saturday eight international telecoms providers pre-qualified for a bid for acquiring 26 percent stake in the state-owned Pakistan Telecommunication Company Ltd. (PTCL).

The Pakistan government owns 88 percent of PTCL and the remaining shares belong to minority investors. The government sold 12 percent of the company in 1994 and in 2003 revealed plans to sell further shares in December that year.

The pre-qualified companies include SingTel (Singapore), Etisalat (UAE), Telecom Malaysia, Mobile Telecommunication

Company (Kuwait), Saudi Oger Ltd, Turkcell (Turkey), China Mobile Communication Corporation and Saudi Telecom Company. Pakistan's Privatisation Commission has also conditionally short-listed a consortium of Almal & Detecom for the bid.

PTCL is Pakistan's leading provider of basic telephone services with over 4.4 million telephone lines in service out of 5.27 million installed capacity. It also owns Pakistan Telecommunication Mobile Limited, one of the five GSM cellular providers and Paknet, a countrywide internet service provider.

Analysts believe this planned sale in June will renew the investors' confidence in the government's

commitments to further deregulating the telecoms sector as the management control of PTCL's fixed and mobile telephony along with internet services will be also handed over to the new buyer. The exchaquer is expected to make around 2 billion dollars out of this deal.

PTCL demonstrated strong financial results during FY 2004 as revenues stood at Rs 74.12 billion--operating profit Rs. 41.93 billion, profit after tax Rs. 29.17 billion, total assets Rs. 141.60 billion, and total equity Rs. 83.60 billion.

The operator, however, fears sharp decline in its cash flow due to the emerging competition from new entrants in the international calling business.

Pizza Hut announces 'Swadhinata Offer'

International chain restaurant Pizza Hut has announced a special discount offer to mark the 34th anniversary of Bangladesh's independence.

Under this offer, called 'Swadhinata Offer', customers can get a personal pan pizza from favourite's line at Tk 99 only inclusive of VAT instead of the original price of Tk130. The favourite line includes four popular varieties of pizza named Barbecue Chicken, Beef Lover, Simply Veg and Cheese lovers, says a press release.

In just over a year since its launch by its franchisee Transcom Foods Limited, Pizza Hut has become a popular celebration point for all occasions for its unique service and ambience.

IBM to buy Ascential for \$1.1b

REUTERS, New York

International Business Machines Corp has agreed to buy software maker Ascential Software Corp for \$1.1 billion to bolster its information integration business, the companies said on Monday.

The deal values Ascential at \$18.50 a share, an 18 percent premium to its closing price of \$15.70 on the Nasdaq on Friday.

Ascential shares jumped to \$18.35 in pre-open trading.

Ascential, based in Westboro, Massachusetts, provides systems that help companies integrate complex data to streamline operations.

Armonk, New York-based IBM said the acquisition would complement and strengthen its information integration business, a unit that produced triple-digit growth in 2004.

"Information integration is an important enabler of an on-demand business strategy, and customers are increasing their investments in software that allows them to rapidly analyze, consolidate and extract value from the business data," IBM software executive Steve Mills said.

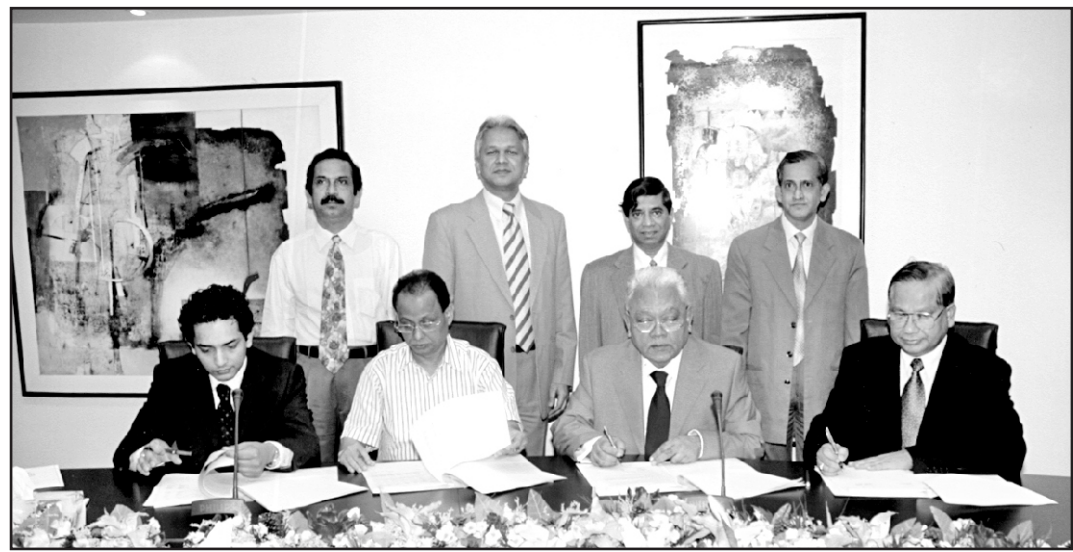


PHOTO: MUTUAL TRUST BANK
Syed Manzur Elahi, chairman, Hedayetullah, vice-chairman, Abu Sufian, director, and Mosharraf Hossain, managing director of Mutual Trust Bank Limited, sign the balance sheet of the bank for the year of 2004 at a board meeting in Dhaka on Friday. The meeting has recommended a 20 percent dividend in the form of bonus share for the shareholders for the year 2004.