

CONCEALMENT OF IMPORTANT INFO

Leasing firm tried to swindle Tk 3.5cr out of capital market DSE investigation reveals

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A newly commissioned leasing company in the capital market intended to swindle Tk 3.52 crore by concealing important information in its prospectus published for authorities and general shareholders, a DSE investigation reveals.

The company, People Leasing and Financial Services Ltd (PLFSL), published its prospectus on March 31, 2005 to float initial public offering (IPO) worth Tk 6.36 crore and got approval from the Securities and Exchange Commission (SEC).

But the company board at its ninth annual general meeting (AGM) held on March 7, 2005 approved 18.85 percent stock dividend for its sponsors and pre-IPO placement holders for the year 2004, the information which was not mentioned in the prospectus.

If approved, the holdings of the company sponsors and pre-IPO placement holders would have increased to Tk 20.49 crore from Tk 17.24 crore while the IPO participants' holding position would have reduced to 23.7 percent instead of 27 percent as proposed and declared in the prospectus.

"Concealment of such material information in the prospectus carries a wrong signal to the capital market. An issuer cannot hide such information from its shareholders," a member of the Dhaka Stock Exchange (DSE) listing committee said yesterday.

He said the SEC should take stern action against the initiative.

The PLFSL applied for the SEC nod for approving stock dividend for its sponsors on April 7, 2005. But the SEC declined to approve stock dividend saying, "If the stock divi-

dend is approved, there would be material changes in the prospectus already issued for public offering".

The paid-up capital of the company after IPO floating is Tk 23.60 crore divided into 23.60 lakh ordinary shares of Tk 100 each, out of which Tk 13.0 crore has been subscribed by the sponsors, Tk 4.24 crore allocated under pre-IPO placement and Tk 6.36 crore for IPO of general shareholders.

The public subscription for IPO of the company was Tk 38.26 crore with 56,289 applicants during May 14 to May 18, 2005 period.

Earlier in the pre-assessment, the DSE recommended to the SEC that PLFSL should not be allowed to float IPO as 'the company's prospectus does not contain sufficient interest for the investors'.

The DSE recommendation also said the ratio of the company's

earnings and interest expenses to long term debt is very high and will be devastating for shareholders if there is any further decline in net profit.

It further mentioned that long-term liquidity or solvency of the company is also under question as total debt to asset ratio shows an increasing trend, with the ratio already going over 78 percent as of September 30, 2004.

The leasing company, which started operation in 1997, became a profitable one in 2002 and posted Tk 20.5 million as net profit in 2003. It declared 20 percent stock dividend in 2003 although it did not declare any cash dividend since its operation started, according to DSE findings.

Bangladesh fair in Nepal in Sept

BDNEWS, Dhaka

A five-day 'Bangladesh Single Country Fair 2005' will be held in Kathmandu from September 29 to October 3 to promote local products in the Nepalese market.

Bangladesh Embassy in Kathmandu in association with the Export Promotion Bureau of Bangladesh (EPB) will organise the fair, sources said.

A wide range of locally-produced products, including ready-made garments, sarees, home textiles, leather goods, jute products, pharmaceuticals, fertiliser, light engineering products, frozen fish, paper products, toiletries, food products, melamine and ceramic products, electrical equipment, sanitary wares, will be displayed in the fair.

IRAN GAS PIPELINE

India, Pakistan to appoint consultants

PALLAB BHATTACHARYA, New Delhi

Officials of India and Pakistan wrapped up their talks on a natural gas pipeline from Iran taking another step towards implementing the multi-billion dollar project by deciding to appoint separate financial consultants by September this year.

A two-day meeting of the Joint Working Group ended on Wednesday expressing their "serious commitment" to the project and agreeing to start work on the project in 2006 with gas supplies to begin from 2010, according to Pakistan's Energy Secretary Ahmad Waqar.

He said Pakistan would begin facing gas shortage by 2010 and it wants to ensure the proposed 2600km pipeline from Iran takes off before that. The Asian Development Bank has described the project as feasible but its economic viability would go up if India joins, he added.

Pakistan is estimated to earn 150 million dollars as transit fees from India per year if the gas pipeline is extended to Indian border. Waqar said "we have agreed that the transit fee would be based on international standards".

Waqar said the Iran-Pakistan-India pipeline was essential for "sustainable and affordable" energy to meet the needs of the two South Asian countries' high economic growth. The two sides agreed to appoint separate financial consultants for the project by September 15 this year who will submit their reports by November-end this year.

Political wrangling, poor infrastructure retard investment in Bangladesh

Japanese entrepreneurs say

UNB, Tokyo

Japanese entrepreneurs see Bangladesh as a country of high investment potential after China, but they pointed out hurdles such as hartal and political instability, power shortage and port inefficiencies that hold them back from undertaking investment schemes in the country.

The businesspeople here also pointed out delays in decision-making process and lack of transparency that hinder investment process.

"Those aspects are needed to be improved to attract foreign direct investment," JBCCEC (Japan-Bangladesh Joint Committee for Commercial and Economic Cooperation) Chairman Koji Nojima told the 14th meeting of the committee here yesterday, stressing the need for continuous dialogue between the two countries to clear the roadblocks.

Co-chairman of the JBCCEC Abdul Awal Mintoo also spoke, inviting the Japanese businessmen to take advantage of Bangladesh's

investment environment as also its access to markets of the developed countries.

Prior to the business seminar, Prime Minister Khaleda had an exclusive meeting with the CEOs of top 15 companies of Japan when she assured them of all cooperation to facilitate Japanese investment in Bangladesh, Nojima told the closing session of the seminar.

Nojima noted that the South Asian countries have been making economic progress where Bangladesh has an important role to play. It has also important role in Saarc, and it attracted many industries due to labour forces and other reforms that took place in the recent years.

In the opening session of the JBCCEC meeting, he said Japanese corporations operating in Bangladesh were facing on daily basis impediments such as shortage of power and water supply.

He however pointed out that Bangladesh has strong ground to claim FDI because of its fiscal incentives, less-expensive skilled labour and the location as a gate-

way to South Asia.

"Bangladesh is a country of high investment potential after China," he told the meeting of business magnets from both sides.

Addressing the opening session, Mintoo said the joint committee could play a vital role in encouraging Japanese entrepreneurs to invest in Bangladesh in a significant way taking advantage of the favorable conditions.

Replying to a question from Japanese investors at the seminar, Energy Ministry Advisor and Bol Executive Chairman Mahmudur Rahman said Bangladesh is now exporting RMG, leather shoes and leather products, knitwear, frozen foods and other products to Japan maintaining Japanese quality, as the manufacturers do for the EU and US markets as well as for world-renowned brands.

He, however, called upon the businessmen from both the countries to join hands and the government of Bangladesh would welcome their initiatives with proper support.

New corporate banking head of HSBC



Mahbub-ur-Rahman has been made corporate banking head of HSBC Bangladesh, says

a press release. Prior to joining HSBC in 2002, Mahbub was a senior relationship manager at Standard Chartered Bank.

Rejoinder

GCC Approved Medical Centres' Association (Gamca) has protested a report run by The Daily Star on July 11 under the headline "Monopoly on medical of migrant workers" and said the report is not based on facts.

In a rejoinder, it said its member medical centres do not indulge in such heinous activities mentioned in the report.

Our Reply

We stand by our report.

AUGUST 21 POLLS

FBCCI announces voter list

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) published the final voter list Wednesday for its biennial election to the Board of Directors scheduled for August 21.

As per the final list, the country's apex trade body has now 1357 voters -- 322 from chamber group and 1035 from association group -- eligible to exercise franchise for the sessions 2005-06 and 2006-07.

At the outset, 1347 members were enrolled as voters. Later ten more were included on the list.

Now, a total of 220 associations, 67 chambers and ten joint chambers are affiliated with the FBCCI. In the final voter list, 1020 members have been enlisted from 204 'A' class associations and 15 from five 'B' class associations. Besides, 174

members have been enlisted from 29 'A' class chambers and 144 members from 36 'B' class chambers and four from one joint chamber.

Following a court order, the federation enlisted the Bangladesh-Thailand Chamber of Commerce and Industry as a voter and also upheld the name of Nitol Group Chairman Abdul Matlub Ahmed as an eligible voter, rejecting a plea of some chamber leaders.

The FBCCI appeal board found no violation of election rules with the enlistment of Matlub Ahmed, nominated by Meherpur Chamber.

The three-member electoral board of the apex trade body reinstated membership of Pirojpur and Kurigram chambers, Bangladesh Frozen Foods Exporters Association, Film Importers

Association and By-cycle Exporters' Association.

On the contrary, the election board cancelled membership of Bangladesh Sugar Merchant Association and Bangladesh Film Producers and Distributors Association for wrong documentation.

According to the FBCCI election schedule, candidates for directorship must submit their nomination paper by July 20.

Among the 38 executive members of FBCCI, 12 will be elected from chambers, 12 from associations, 7 from local chambers and the rest 7 from local associations. As per FBCCI constitutional provision, the president will be elected from chamber group this time as the present president was elected from association group.



PHOTO: BIFC

Inamur Rahman, managing director (current charge) of Bangladesh Industrial Finance Company Limited (BIFC), and Md Iftikhar-Uz-Zaman, chief executive officer of ICB Capital Management Limited (ICML), sign an agreement on behalf of their companies in Dhaka recently. Under the deal, ICML has been made manager to the issue of BIFC's proposed initial public offering (IPO).