

Star BUSINESS

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SEC INVESTIGATION

BD Welding shares manipulated by false Saudi investment plans

SARWAR A CHOWDHURY

Officials of Bangladesh Welding Electrodes Ltd manipulated the share price of the company through spreading fictitious and fabricated information claiming a Saudi businessman was to invest in the company, the Securities and Exchange Commission said yesterday.

The false information caused shares in Bangladesh Welding Electrodes Ltd (BD Welding), a Z category share on the Dhaka Stock Exchange to rocket 615 percent in the 10 weeks between January and March, up from Tk 6 to a high of Tk 50.

During the period, the normally lightly traded share recorded huge turnover levels, with transaction values reaching more than Tk 17 crore.

According to a two-member SEC committee investigating the incident, BD Welding officials sent copies of emails allegedly from a Saudi company, the Al Awad Group to the SEC and the Dhaka Stock Exchange. The emails claimed that the chairman of the Al Awad Group was to visit BD Welding with the intention of investing in the company.

The information was then published on the DSE website and followed up by several newspapers. However the SEC investigation found no evidence that Al Awad Group exists.

SEC Executive Director Mansur Alam said: "After check-

ing the IP (internet protocol) addresses (from where the email originated), the investigators came to the conclusion that the email correspondences was conducted from within the country not from abroad or from the Al Awad Group in Saudi Arabia."

He said this showed that the persons behind the emails wanted to either manipulate the market, or cheat general investors through spreading fictitious and fabricated information.

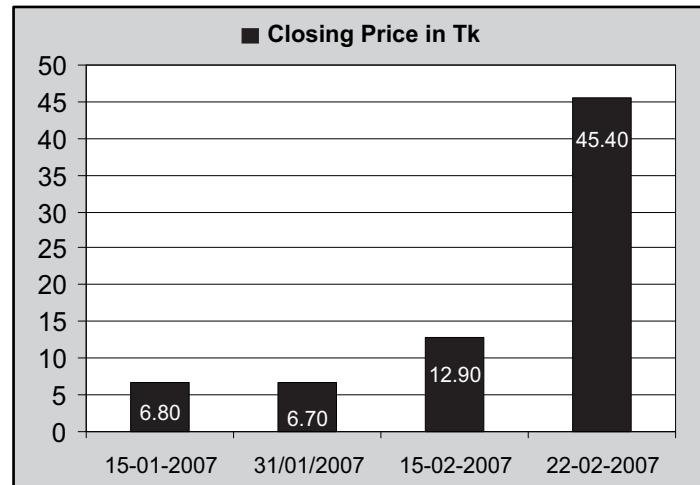
Mansur Alam said the investigating committee had asked the Consul Office of Bangladesh in Jeddah for information on Al Awad Group's investment proposal and its existence in Saudi Arabia.

"But, the Consul office said that there is no registered company in the name of the Al Awad Group in Saudi Arabia."

He said the report will be placed at the next commission meeting where a decision will be made on the legal actions to be taken against the suspects. The punishment for spreading fictitious and fabricated information is five years in jail or Tk 5 lakh fine or both.

"The signing of a memorandum of understanding (MoU) will depend on the visit of our factory by Nagi Al-Awad which is now rescheduled," the company said in the note sent both to the DSE and SEC said.

In response to questions from the SEC about the investment proposal, BD Welding said a Saudi business tycoon, Nagi Al-Awad,



chairman of Al Awad Group, was scheduled to visit its factory in Chittagong from 8 to 12 March. The company submitted another clarification to the SEC on March 3 saying that the visit was deferred as the Saudi tycoon had been hospitalized.

"Since the net asset value will be the basis of determining the price of the share, the floating rate of the company share in the stock market will have no relevance as neither the proposed sellers nor the proposed buyers will look into the stock market price," the company said.

Then the SEC formed a two-member committee headed by its Director ATM Tariquzzaman on March 8 to investigate the investment. The other committee member was Tania Sharmin, assistant director. Its report was submitted to the SEC chairman yesterday.

of the joint valuation by both the Bangladeshi and Saudi companies concerned.

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The operating profit increased by 34 percent to Tk 1,071 million in 2006 from Tk 801 million in 2005.

After making all requisite provisions, there remained a surplus of Tk 475 million, out of which the declaration of stock dividend at the rate of 25 percent was approved by the shareholders.

Farhana Haque Choudhury, Shamim Chowdhury and Shafique Uddin were elected new directors of the bank from the sponsors' group in the meeting.

Bank Asia declares 25pc stock dividend

Bank Asia Limited has declared a 25 percent stock dividend for the shareholders for the year ending December 31, 2006.

The dividend was approved at the 8th annual general meeting of the bank held in Dhaka yesterday, said a press release.

Chairman of the bank M Syeduzzaman presided over the meeting. Vice Chairman A Rouf Chowdhury and Arifur Rahman Sinha, other directors and President and Managing Director Syed Anisul Huq were also present.

The accounts of the bank for the year ending December 31, 2006 were placed in the meeting and the shareholders were happy to note that the activities of the bank increased significantly during the year under review.

The deposit of the bank increased 37 percent from Tk 18.50 billion in 2005 to Tk 25.28 billion in 2006, while the loans and advances increased by 25 percent to Tk 22.25 billion in 2006 from Tk 17.86 billion the previous year.

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He said the challenge for Bangladesh would be its ability to implement proper risk management procedures, educate the market and gain the confidence of all participants.

"As new products are introduced, the issuers and investors must have the proper tools and confidence to handle them. This is initially a slow, gradual process as regulators, issuers and investors are all cautious, but once a few products are introduced and well managed, market confidence will increase and market development will gather pace."

"With the introduction of more products, the market will not only deepen, but customers will also have more choices. We are very positive," he added.

Bhanda said Standard Chartered Bank after its huge potential and human resources.

"We have a long history in Bangladesh and are committed to its future development," he said, adding that the bank increasingly invested in people, technology and premises as its business grew in step with the country's thriving economy.

Bhanda said GDP growth of over six percent for the last few years, robust growth in exports, a monumental increase in wage earners' remittances and the highest-ever foreign exchange reserve of over US\$ 4 billion, were strong positive indicators by which to attract financial institutions as well as local and foreign investors.

"We at Standard Chartered believe in leading the way in all our market by delivering continuous product innovation. Striking the first forex derivatives deal in the local market is a testimony to our commitment in market development," he said.

StanChart sees strong capital market growth in Bangladesh

Bank's South Asia top official tells *The Daily Star*

SARWAR A CHOWDHURY

Bangladesh's strong economic growth will increasingly force companies to look to capital markets to finance their expansion, said Sundeep Bhandari, managing director, head - global markets, South Asia, Standard Chartered Bank.

In an interview with The Daily Star, Bhandari said traditional methods of borrowing, such as standard bank loans and loans from friends and family would need to be supplemented by new sources.

"This will open up the capital market to a number of products, which will in turn galvanise the market participants to take part in the trading, origination and management of these products," he said.

"To say the least, market volumes will pick up as the Bangladeshi economy develops steam and surges ahead."

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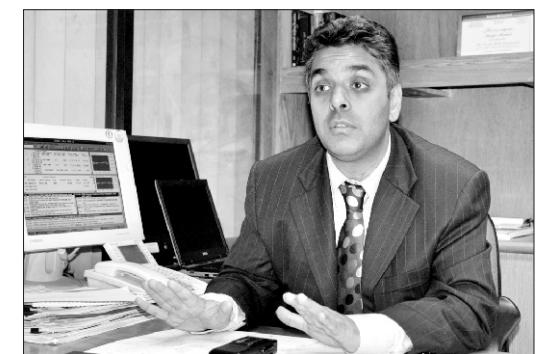
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Sundeep Bhandari

largest market for Standard Chartered Bank after India, due to its huge potential and human resources.

UBICO declares 4pc cash dividend

The UAE-Bangladesh Investment Company Limited (UBICO) has approved a four percent cash dividend for shareholders for 2006.

The approval of the dividend came at the 19th annual general meeting of the company held in Dhaka recently with its chairman Mohammed Al Mazroui presiding over, says a press release.

The dividend will be distributed on 60:40 basis between UAE and Bangladeshi governments.

UBICO is a joint venture financial institution established by Abu Dhabi Fund for Development (ADDF) and the government of Bangladesh on 60:40 ownership basis.

In 2006, the company enjoyed a significant growth in term of revenue and net profit. Same in line, the return on equity has also increased from 23 percent to 24 percent. The share value of the company has increased by 249.89 percent since its inception.

The investment portfolio of UBICO consists of 25.99 percent in garments sector, 21.93 percent in capital machinery & infrastructure development sector, 16.45 percent in healthcare & medical sector, 10.96 percent in SME sector, 13.71 percent in agriculture sector and 10.96 percent in micro-enterprise development sector. Out of the total investment, term loan comprises 13.10 percent, lease finance 7.13 percent and equity 79.77 percent.

Prime Finance okays 20pc cash, 10pc stock dividends

Prime Finance and Investment Limited has approved a 30 percent dividend comprising a 20 percent cash and a 10 percent stock dividend for the shareholders for the year 2006.

The approval of the dividend was given at the 11th annual general meeting of the company held in Dhaka on Sunday with its Chairman Md Aminul Haque presiding, says a press release.

The company enjoyed a strong growth in operating profit during the fiscal year 2006 representing a 20.6 percent growth over the last year.

Total investment of the company stood at Tk 3.47 billion in the fiscal year 2006 as against Tk 2.93 billion in the fiscal year 2005 showing 18.43 percent increase over 2005.

Earning per share (EPS) has increased to Tk 34 in the FY 2006 as against Tk 32.09 of the previous year.



M Syeduzzaman (7-R), chairman of Bank Asia, presides over the 8th annual general meeting of the bank held in Dhaka yesterday. Vice-chairmen A Rouf Chowdhury and Arifur Rahman Sinha, other directors and President and Managing Director Syed Anisul Huq were also present.

S'pore firms take big stake in India's property boom

ANN/ THE STRAITS TIMES

India is in the middle of a red-hot property boom, with Singapore designers and developers in the thick of the action, having landed millions worth of high-profile projects across the continent-sized country.

Companies such as RSP Architects, CPG Group and JTC Corp's Jurong International are sitting on projects totalling more than 500 million sq ft of floor space.

These include a 80ha township in Amritsar designed by Jurong, a 1 million sq ft IT park designed by RSP Architects in Bangalore and a 13,000ha special economic zone designed by CPG Group in Mundra, Gujarat.

To get a sense of the scale of Singapore's involvement, picture all the commercial space in

just beginning."

In some places such as Hyderabad in the south, almost all the significant projects in the city appear to be in the hands of Singapore architects.

India is the middle of an unprecedented property boom, thanks in part to new rules in 2005 that permit foreign investment in the construction industry.

According to some estimates, some US\$45 billion worth of projects are under construction across India, more than three-quarters of it residential.

"What we are seeing is the tip of the iceberg that is to surface in the next 10 to 15 years," said Gopi Bhawani, managing director of RSP (India).

"In the long run, a lot more is going to be happening. China has gone through enormous growth; in India, the infrastructure story is

Emirates gets Airfinance Journal's award

PTI, New Delhi

Dubai-based Emirates airline has received Airfinance Journal's "Middle East Deal of the Year" award for the Singapore dollar bond, says a press release.

The issue size was SGD 400 million (USD 252 million) and was the first issue by a non-Asian airline and the first by any Middle Eastern carrier.

The issue was lead managed jointly by Singapore-based Citicorp Investment Bank (Singapore) Ltd, DBS Bank Ltd and Standard Chartered Bank.

Now in its 27th year, the Airfinance Journal's Deal of the Year Awards are widely recognized as the most prestigious finance awards in aviation. The Emirates Singapore dollar bond is a testament to the ingenuity of the airline's bond financing team and its ability to accurately measure the capital markets' appetite for airline bonds, according to the leading industry publication.

IIDFC okays 22pc dividend

Industrial and Infrastructure Development Finance Company Limited (IIDFC) has approved 22 percent (12 percent cash and 10 percent stock) dividend for its shareholders for 2006, says a press release.

The dividend approval came at the 6th annual general meeting (AGM) of the IIDFC held on Saturday. Md Matiul Islam, chairman of IIDFC, presided over the AGM.



The 6th annual general meeting of the Industrial and Infrastructure Development Finance Company Limited IIDFC was held on Saturday. Md Matiul Islam, chairman of IIDFC, presided over the AGM.



Md Aminul Haque, chairman of Prime Finance and Investment Limited, presides over the 11th annual general meeting of the company in Dhaka on Sunday.