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Battle for Bashundhara Group heats up

MD HASAN

A battle has broken out for control of the Bashundhara Group, one of the country's largest industrial conglomerates, that is presently mired in a corruption scandal.

On the one side is the fugitive Bashundhara Group Chairman Ahmed Akbar Sobhan who is trying to maintain power over his company from London. On the other, a nine-member committee in Dhaka, who have been running the company on a day-to-day basis since Sobhan fled.

Relations between the two sides have soured and committee members say they are facing legal barriers in trying to reform the company and pay back taxes to the government.

They also claim to have been threatened by Sobhan, who was sentenced in September to eight years imprisonment for tax evasion. His wife Afroza Begum and their sons Sadat Sobhan, Safiyat Sobhan Sanbir and Sayem Sobhan also received eight years imprisonment.

Now, with large parts of the group's business struggling to operate, members of management and some of the Group's customers are calling on the government to help sort out the legal tangle.

Bashundhara Group's interests range from paper mills to land development, shipping, steel and cement production.

Its flagship shopping mall, Bashundhara City, is the country's largest.

In recent weeks the battle over the group has intensified following Sobhan's decision to withdraw the power of attorney from four company officials who were official nominees for Bashundhara Bank accounts.

Bangladesh Bank has advised the concerned banks to take measures so that the company can run as usual.

However, managers are concerned they now lack a legal framework to operate.

"The problem is absence of 'legal procedure'-----we are worried about our own activities as there is no legal acceptance of what we are doing to run the group," a high official of the Group told The



Above: Ahmed Akbar Sobhan, the fugitive chairman of Bashundhara Group; right: Bashundhara City Shopping Mall in Dhaka, the flagship of the conglomerate.

Daily Star.

He said the nine-member committee follows the government's rules and regulations and has already paid Tk220 crore to the government exchequer as compensation for dodging earlier taxes. This had been done despite the opposition of Sobhan.

"In these circumstances, we are very concerned over the Group's projects and industrial units because we don't know how long we can continue our activities legally," the official said.

Citing one example, he said the nine-member committee decided to announce a 25 percent dividend for the shareholders of Meghna Cement Mills Ltd, a concern inside the Bashundhara group. When the present management contacted the chairman in London, he refused to approve the dividend.

"Later we announced the dividend with help of the government authorities concerned, but this is all on an ad hoc basis. We don't know how long we can continue like this," he said.

While Sobhan and his family have been sentenced in their absence, the continued investiga-



tion into corruption and tax dodging at Bashundhara has made it difficult for parts of the group to function, especially the Group's two large land projects Bashundhara Baridhara and Bashundhara River View, where about 30,000 plots are waiting to be handed over to customers.

After the launch of the corruption investigation the Group stopped selling any new plots. However officials said they were under pressure to hand over the plots to the customers who had already made down payments.

Officials said two of the major concerns in the group, Bashundhara Steel Complex Ltd and Bashundhara Paper Mills have been suffering from lower sales. Moreover the Group has had to abandon its Bashundhara Multipurpose Port, a private port project at Karnaphuli in Chittagong due to a lack of financial support.

"Although we spent more than Tk200 crore on the project we had to abandon it recently as we could no longer pay the monthly land rent of Tk8 crore to the government," a concerned project official said.

Initially named East-West

Property Development Ltd, Bashundhara Group started its venture in late 1980s and grew rapidly in the past decade. Officials of the group said they did not expect Sobhan or his family to return to Bangladesh, especially as they had substantial property and wealth in London.

Other business leaders said the government should come forward to run Bashundhara Group, due to the conglomerate's importance to the national economy.

"I don't know about the group's corruption. But I was a customer of the group and bought a significant amount of steel for my housing business," a developer said.

The developer said the housing industry mostly depends on the local steel and cement industry, so any disruption in the normal functioning of a big company affects the whole industry.

"We are not concerned about the fate of the group's owner, it's the court's jurisdiction now. But so far as a matter of huge employment is concerned, the government should go for a proper solution to the Bashundhara Group issue," said a business leader.

Finance adviser gives conditions to donors for funding

UNB, Dhaka

Finance Adviser Dr Mirza Azizul Islam yesterday asked the donors to make the procedure simple and reasonable for funding.

"It is widely believed that donors often attach tough conditions for funds... but now I am giving conditions for funding. The condition is to make funding procedures more simple and reasonable," he said.

He was addressing a workshop on 'Creating a National Strategy for Trade and the Enhanced Integrated Framework'. UNDP, European Commission, World Bank, DFID UK, CIDA and IFC jointly organised the workshop.

The adviser also advised the donors not to mix up aid with market access. "Any assistance must not be tagged to market access. The two are different," he said.

He opined that global aid must be increased to accelerate development process in the developing countries.

Dr Aziz sought assistance from the donors in trade related infrastructure, improvement of existing products, identification of new products, new markets exploration and improving skills.

UNDP Country Director Manoj Basnyat, and Ambassador and Head of Delegation of European Commission Stefan Frowein attended the inaugural session of the workshop as special guests.

Additional Commerce Secretary Golam Mustakim moderated the discussion session.

ULLAPARA PLANT Summit Power subsidiary signs deal to buy equipment

Summit Uttaranchol Power Company Limited, a subsidiary company of Summit Power Limited, signed a contract with GE Jenbacher GmbH & Co OHG, Achensestraße 1-3, 6200 Jenbach, Austria ("GE Jenbacher") to buy equipment for its 11 MW power plant to be set up in Ullapara, says a press release.

The signatories were Eugen Laner, sales & service director of GE Energy, Wolfgang Berger, sales leader of GE Energy, and Muhammed Aziz Khan, chairman of Summit Power Ltd. The signing was done recently in London for purchase of 11MW power plant to be set up at Ullapara in Sirajganj.

The project will be implemented within one year. This is part of 110MW power plants that Summit Power Ltd is implementing, of which 33MW each in Narayanganj, Comilla and Gazipur and 11MW in Sirajganj.

Oil hovers under \$90

AFP, London

World oil prices paused close to 90 dollars a barrel Tuesday on the eve of a crucial Opec production meeting in Abu Dhabi.

New York's main contract, light sweet crude for January delivery, eased six cents to 89.25 dollars per barrel.

Brent North Sea crude for January slipped by 19 cents to 89.61 dollars.

The Organization of the Petroleum Exporting Countries (Opec) was due to hold a production meeting in the United Arab Emirates capital on Wednesday.

However, uncertainty hangs over the outcome, despite a prediction by analysts that the 13-nation cartel would keep production unchanged because of lower crude prices.

Gulf states stick to plan for single currency

AFP, Doha

Leaders of the Gulf Cooperation Council (GCC) have decided at their annual summit to stick to a 2010 date to launch their single currency, the GCC chief told reporters on Tuesday.

"The leaders have decided to continue to work towards achieving the monetary union... and confirmed keeping the date of 2010," Abdulrahman al-Attiyah told reporters.

Banglalink hopes to reach 10m users by next year



PHOTO: STAR

Banglalink CEO Rashid Khan speaks at a presentation of the company's third quarter results in Dhaka yesterday. In three months to September 31, the mobile phone company's revenues rose by 18 percent on the previous three months to Tk327 crore. Year-to-date revenue for 2007 was Tk926 crore, an increase of 113 percent, the CEO said.

STAR BUSINESS REPORT

Banglalink, the mobile telephone operator, will have 10 million subscribers and start making profits by the end of next year, according to the Egyptian owned company's chief executive officer, Rashid Khan.

However, Khan said banglalink has no plans at present to follow the move of its main rivals Grameenphone and AKTEL, who are expected to list their shares on the Dhaka Stock Exchange next year.

Khan made his comments at a presentation of the company's third quarter results.

In the three months to September 31, banglalink's revenues rose by 18 percent on the previous three months to Tk327 crore. Year-to-date revenue for 2007 was Tk926 crore, an increase of 113 percent, the CEO said.

Measured by earnings before

interest, taxes, depreciation and amortisation, banglalink made a loss of Tk147 crore in the three months to September 31, compared to a loss of Tk97 crore in the previous quarter.

Yesterday Khan said that the company is planning to have positive results by next year.

"Telecom is a most investment-oriented industry. It is not that your investment immediately starts giving return," he said, adding that the company will invest Tk2000 crore by 2008 to expand its network as well as provide better services to its customers.

Banglalink CEO explained that the company has to spend Tk1100 in selling its SIM (subscriber identification module) cards but it takes on average only Tk75 a month from customers.

"Therefore, it needs many months to recover the initial sum," Khan said.

The banglalink CEO also claimed that company's financial status is better than their planned

results.

Asked if the banglalink had any plans to list its shares on the Dhaka Stock Exchange, the CEO said the matter was being explored and that discussions on the matter had been held with the government.

However, such a move was not being planned at the moment as the company, which only started operations in Bangladesh three years ago, was still recording losses.

By the end of September, banglalink had 6.02 million subscribers, up 123 percent on the same date a year earlier. This gave it a market share of 18.9 percent, according to the CEO. During the time around 10.09 million people newly subscribed with different market operators. Of that banglalink added 2.7 million, the CEO said.

To provide more services for the grassroots customers, banglalink is planning to set up 150 more service points in the Thana level, thereby the number of service point will reach 500 by end of 2008.

HSBC launches Saturday banking at GEC branch in Ctg

The Hongkong and Shanghai Banking Corporation (HSBC) Ltd in Bangladesh has launched Saturday banking for the bank's customers at its GEC branch in Chittagong, says a press release.

This service will be available at GEC branch from 10.00am to 12.00pm on Saturdays.

Shafquat Hossain, head of Personal Financial Service of HSBC Bangladesh, said HSBC always seeks to offer a high quality service. He expressed hope that the new service will ensure the needs of target customers in the GEC area.

HSBC Bangladesh currently has Saturday Banking at its Main Office, Gulshan, Uttara, Agrabad and Sylhet Branches.



Fazle Hasan Abed, founder and chairperson of Brac, Osman Morad, CEO of Standard Chartered Bank Bangladesh, Ahmed A Shah, head of Client Relationships of Standard Chartered Bank Bangladesh, Hiren Singharay, head of Syndications (Europe, Africa and South Asia) of Standard Chartered Bank, and Sameer Ahmad, partner of RSA Capital, among others, are seen at a function for the formal announcement of US\$ 55 million facility to Brac.

India vs Pak for top job at Citigroup?

STAR BUSINESS REPORT

A face-off is tipped to be developing between two bankers with origins in the two countries for the position of CEO at the world's largest bank Citigroup, reports Indian website rediff.com.

The list of contenders for this job includes Vikram S Pandit, currently Citigroup's investment banking head and a former Morgan Stanley investment banker, and Shaikat Aziz, formerly the bank's global private banking business head and most recently the prime minister of Pakistan, according to various media reports.

According to a report in The New York Times this weekend, Citigroup board expects to name a new CEO next week and Pandit's name has emerged as a favourite, although no clear choice has emerged so far.

Meanwhile, reports have been

surfacing in the United States and international media that Aziz, who resigned as Pakistan's prime minister last month, could also be a potential candidate and has already sent his feelers to Citigroup board.

Queries sent by PTI on the candidature of Pandit and Aziz to Citigroup spokesperson Christina Pretto remained unanswered.

The CEO position fell vacant after Charles Prince resigned as Citigroup's chairman and CEO at an emergency board meet on November 4 on the back of losses worth billions of dollars suffered by Citigroup in the subprime crisis.

After Prince's departure, Citigroup named its Europe Chairman Win Bischoff as an acting CEO and its executive committee chairman and former US Treasury Secretary Robert E Rubin as chairman on interim basis.

Brac signs \$55m unsecured loan deal with int'l lenders

In a bid to increase further its micro finance activities in rural areas, Brac, a leading micro finance institution in Bangladesh, has completed the closing of a new US\$ 55 million equivalent taka loan facility from a group of international lenders.

The facility was structured by Standard Chartered Bank and RSA Capital as mandated co-lead arrangers, and subscribed and arranged by FMO of Netherlands, Norfund of Norway and KfW Bankengruppe of Germany, says a press release.

This is the first time that a 7-year international unsecured syndicated term loan facility has been structured and subscribed by

international lenders for a micro finance institution in the country.

FMO and Norfund are lending US\$ 25 million in equivalent taka and US\$ 10 million in equivalent taka respectively.

Standard Chartered Bank is lending US\$ 20 million in equivalent taka under guarantee from KfW. Standard Chartered will also act as the account bank for the facilities.

This facility will assist Brac to further expand its micro finance activities in the rural areas providing much needed impetus for the progress of small and medium enterprise, and agriculture during the post-flood and cyclone reconstruction period.

Medexpo-2007 kicks off tomorrow

STAR BUSINESS REPORT

The three-day long fifth Medexpo-2007, an annual exposition of medical services and equipment, kicks off in the city tomorrow.

National Professor M R Khan is scheduled to inaugurate the event at Dhaka Sheraton Hotel.

At a press conference yesterday, Medexpo-2007 Chairman Kazi Wahidul Alam said a total of 45 local and foreign companies will showcase their products and services at 57 pavilions in the fair.

The foreign companies are from India, Singapore, Thailand, Japan, Germany, China and USA.

The Daily Star and Channel-i are media partners of the annual mega event.

Wahidul Alam said the participating organisations include hospitals from home and abroad, manufacturers and distributors of medical equipment, surgical equipment and accessories, laboratory equipment, rehabilitation equipment, laboratories and diagnostic centres, tele-medicine companies as well as other organisations involved in various medical professions.

The exhibition will remain open for all without any fee from 10am to 8pm everyday.



PHOTO: STAR

Kazi Wahidul Alam, chairman of Medexpo-2007, an annual exposition of medical services and equipment, speaks at a press conference in the capital yesterday to announce the schedule of the fair that begins tomorrow at Dhaka Sheraton Hotel.