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Battle for Bashundhara Group heats up

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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, Safiyyah 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.



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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 to run Bashundhara Group, due to the group's importance to the national economy.

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 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.

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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.

Other business leaders said the government should come forward to run Bashundhara Group, due to the group'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.

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