

# PM urges all to build Bextex loan repayment plan

## graft-free society

BSS, Tungipara

Prime Minister and Awami League President Sheikh Hasina yesterday called for concerted efforts to free the society from corruption for achieving desired progress at all levels.

"The BNP-Jamaat-led alliance government has corrupted the country. Now we have to come up to free the society from their corruption," she said while exchanging views with local AL leaders and its associated bodies and local administration at Bangabandhu Bhaban here.

Hasina who arrived here by a helicopter yesterday morning to offer munajat at the mazar of Father of the Nation Bangabandhu Sheikh Mujibur Rahman also talked to the cross-section of people of the

district and enquired about their well-beings.

Later, PM's Press Secretary Abul Kalam Azad briefed the newsmen.

When a young man requested her to arrange jobs for deprived people only for being the inhabitant of Gopalganj during the BNP-Jamaat-led alliance government, Hasina asked them to get prepared to compete in written test for job.

"You will get job proving your talent and on the basis of educational qualifications. We will not politicise any institution like the BNP-Jamaat alliance government," she said.

The PM called upon all to be self-sufficient by reducing dependency on import of goods.

"You can be self-reliant by producing various kinds of

crops apart from paddy and using each inch of cultivable lands."

In this context, she asked them to boost fish cultivation in the open water bodies and poultry industry for ensuring balanced development of the country.

Referring to different development initiatives of the government, Hasina said, not for a particular zone but for all regions her government is working relentlessly to achieve equal development across the country.

The PM directed the local administration to help ensure balanced development of the country to ensure ultimate welfare of the people.

About her One farm in One Homestead project, she said, her government will provide support in selling their pro-

duces on cooperative basis.

Mentioning the government's river dredging programmes, Hasina told the local people that a project has already been launched to re-excavate the Modhumati river to ensure navigability of the river.

The entire situation would be changed if the river is dredged, she added.

Later, the PM conveyed the holy Eid and Durga Puja greetings to the locals.

Commerce Minister Faruk Khan, Shipping Minister Shahjahan Khan, Awami League Religious Affairs Secretary Sheikh Mohammad Abdullah, among others, attended the meeting.

PM's Principal Secretary M A Karim, Press Secretary Abul Kalam Azad, ambassador M Ziauddin were present on the occasion.

## Talks with Pakistan depend on tackling cross-border terror

Says India

INDO-ASIAN NEWS SERVICE, New Delhi

Ahead of the Indian and Pakistani foreign ministers' meeting in New York next week, Foreign Secretary Nirupama Rao Saturday made it clear that the resumption of dialogue, stalled after the 26/11 Mumbai attacks, depends on Islamabad tackling cross-border terror 'squarely'.

Talking to reporters here, Rao also stressed that while New Delhi wants better ties with Pakistan, it cannot shut its eyes to cross-border terror and ceasefire violations from across the border.

Engagement between India and Pakistan works in the long-term interest of both countries. But we cannot shut our eyes to the threat of terrorism from across the border," Rao replied when a Pakistani journalist said that the suspension of dialogue benefited enemies of peace in South Asia.

Underscoring the link between Pakistan's action

against anti-India terror infrastructure on its soil and the resumption of composite dialogue, Rao said: "The dialogue process is contingent on creating an atmosphere free from violence."

"The first step we need to take is to squarely address the issue of terrorism," she stressed.

External Affairs Minister SM Krishna will meet his Pakistani counterpart Shah Mehmood Qureshi on the sidelines of the UN General Assembly in New York. "We are in the process of finalising the dates," said Rao, as the meeting could take place Sep 26, reliable sources said.

Krishna will head for New York Sunday to represent India at the high-level segment of the UN General Assembly.

This will be the first high-level formal meeting between India and Pakistan since the prime ministers of the two countries met at Sharm el-Sheikh, Egypt, July 16 and agreed to the meeting between their foreign ministers in New York during the

64th UN General Assembly.

Rao is also expected to meet her Pakistani counterpart Salman Bashir in New York to review Islamabad's action against the perpetrators of the Mumbai terrorist attacks that will also dominate the agenda for the foreign ministers' meeting.

Pakistan has pitched for an unconditional resumption of talks, but India has made it clear that meaningful dialogue will not be possible unless Islamabad takes action against the masterminds of the Mumbai mayhem.

"Our expectation from Pakistan is to deal seriously and in a meaningful manner with terrorism directed towards India from their side. This has been communicated to them," Rao said.

"It's our hope that Pakistan will address these concerns of terrorism, which is targeted at India, so that an outcome can be reached," she said.

Alluding to recent incidents of ceasefire violations apart from infiltration, Rao asked Pakistan to prevent a

repetition of such acts. "It's the responsibility of Pakistan to see that those who are responsible for it don't have the licence to destabilise the situation," Rao said.

"Rockets have been fired from across the border. DGMOS have been in touch," she said.

With Washington and New Delhi intensifying pressure over the Mumbai attacks, Pakistan police Thursday lodged two first information reports (FIRs) against suspected Mumbai terror mastermind and Jamaat-ud-Dawa (JuD) chief Hafiz Saeed. The police in Faisalabad said they plan to arrest Saeed soon.

But given the kind of clout Saeed wields in Pakistan's political establishment, it's unlikely Islamabad will give the go-ahead to arrest him.

If Pakistan is able to convincingly demonstrate that it has arrested Saeed, it could be critical in thawing the deepening freeze in bilateral ties between the two estranged neighbours.

FROM PAGE 1

The three lenders have nominated a Bangladeshi company, named New England Equity Limited, as their assignee. The issuance of new shares to a company with an unknown track-record has raised questions among businessmen.

A Daily Star investigation found that the assignee company was incorporated only on May 26 this year, 13 days after Bextex's announcement for loan repayments.

Mohammed Lutfar Rahman, one of the two owners of the company, is a close friend of Beximco Group's vice-chairman. Shoma Alam Rahman is the other owner.

The local creditors are all sister concerns of Beximco: Beximco Ltd, Shinepukur Ceramics, Bangladesh Online, New Dacca Industries and Beximco Holdings.

Now the deal throws up a host of questions because Bextex is a publicly listed company.

Why does the company not want to reflect the proper market price while it repays loans in shares? Why should the company push for issuing more shares to repay loans while it could do the same by issuing half the number and selling at market prices? Why are the shares being given to a company which was unknown even weeks earlier, and not to the creditors, to repay whose loan the exercise is purportedly being carried out?

Shareholders are concerned how their share value is being protected in such a case.

The regulators approved Bextex's plan for issuing shares which keep the prices low after some queries emerged: who the assignee is and what kind of deals the company had cut with its creditors and assignee.

**UNUSUAL PRICING OF SHARES AT HALF THE MARKET RATE**

Bextex said it owes Tk 635 crore to foreign and local

creditors. Its Tk 315.18 crore foreign loans include Tk 43.78 crore from CDC. Bextex owes Tk 39.44 crore to DEG and Tk 231.96 crore to Marubeni.

It owes Tk 320 crore to local lenders.

Bextex felt that it should repay the loans to relieve itself of the interest payment obligation and push its profitability up. But the repayment is not in cash, but in shares.

Accordingly, it sought permission from the SEC to issue more than 19 crore shares at Tk 32 each to repay the loans while Bextex shares are currently trading at over Tk 60.

Why Beximco priced shares at half the market rate raised questions among investors.

Beximco argued that it fixed the price in line with weighted average price for the last six months from the announcement of the issuance of equity shares on May 13.

The company had also asked the SEC to lift any lock-in on its equity shares against loans but the SEC rejected the request.

The SEC rules say the lock-in will apply to shares against loan or debt securities without any predetermined conversion feature if such equity security is not issued at a price equal to last six months' weighted average market price on the stock exchange (s).

If the weighted average price of last six months had been determined from the SEC's consent date, Bextex shares would have been priced at Tk 50 at least. In such a case, it could pay off its loans by issuing a smaller number of shares. At this rate, the value of 19 crore shares that Bextex will issue to pay off its Tk 635 crore loans will be Tk 950 crore. And if the same number of shares had been sold to the market, they would have fetched Tk 1,140 crore, with prices remaining at Tk 60 each share.

Bextex could issue rights shares with premium, based on market prices -- an easy option to raise capital -- but it did not go for this.

According to the Bextex proposal, a third party called "assignee" will receive the shares meant for loan repayment. "CDC, DEG and Marubeni will assign the loan to third parties to whom the shares will be issued against payment of the outstanding loan amount and interest which will be remitted to CDC, DEG and Marubeni through Standard Chartered Bank which is the designated bank for this purpose," the Bextex proposal reads.

"CDC, DEG and Marubeni have agreed that shares will be issued only to their assignees and that such assignees will be Bangladeshi and not foreigners thereby ensuring that in the future sale proceeds of these shares including capital gain (if any) will remain in Bangladesh and cannot be remitted abroad," it further said.

**WHERE DO SHAREHOLDERS STAND?**  
If the Bextex plan gets through, its share base will almost double to 40.56 crore shares from the existing 20.71 shares.

It will have a two-way impact -- first, as the company claims, it will free itself of loan repayment obligations, and secondly, as experts say, it will create dilution in market prices, the company's earnings and net asset value.

The company said the foreign loans carry interest and exchange fluctuations at an average rate of 16 percent a year. Except for the Bangladesh Online loan, which is interest-free, other Beximco Group companies loans carry interest rates at 10-15 percent a year.

Such high-financing costs squeeze the company's net profit, and consequently, earnings per share. Further, repayment of foreign loans causes a cash-flow strain. Higher loans also deteriorate the debt/equity ratio, the company said in the proposal.

Current earnings per share of Tk 3.08 will come down to below Tk 2. So it will divide the company's profit

further. It means smaller profits, if any, to shareholders. A deeper analysis is needed to see if interest repayment is a better option or profit and price dilution for the shareholders.

**BEXIMCO EXPLAINS**  
Beximco Group Vice-chairman Salman F Rahman told The Daily Star that Bextex had to find a way to pay the debts as it defaulted on repaying the foreign creditors, who were now pressuring Bextex to repay the secured loans.

"Even the foreign creditors had cautioned that they might sue us to realise their loans," he said.

"After negotiations, the foreign creditors have agreed with debt conversion. In the conversion process, we will issue new shares against loans to an assignee, nominated by the foreign creditors, and the assignee will take the loan liability. It means the assignee will take the risk and responsibility of the loan repayment," Rahman said.

Rahman added that it would be a kind of investment for the assignee.

The assignee would be Bangladeshi so any capital gain from the sale of converted shares remains in the country. "The foreign creditors will just receive their loans," he said.

"We will be able to make our company loan-free. The deal will not only strengthen the company, but will benefit every shareholder, as the company's earnings will be increased," Rahman said.

"It will be a win-win situation for all -- the company, the creditors and the shareholders," Rahman said.

Asked why Bextex did not go for issuing rights shares, he said the company might not get the price of Tk 32 from issuing rights shares.

"The price would be far below Tk 32," he said.

He also said he did not lobby for lifting the lock-in system.

Eid Greetings  
to our valued Customers  
and Wellwishers

EID  
Mubarak

Eid  
Mubarak

RATUL  
PROPERTIES LTD.

MITUL  
PROPERTIES LTD.

RUPAYAN  
FURNITURE LTD.

RUPAYAN  
Desh Bhraman Ltd.

RUPAYAN  
Trade Fair International Ltd.

RUPAYAN  
ENGINEERING & ASSOCIATES LTD.

RUPAYAN  
Art View

RUPAYAN  
Holdings

RUPAYAN  
HOUSING ESTATE LTD.

RUPAYAN  
Real Estate Ltd.

RUPAYAN  
CONSTRUCTION LTD.

RUPAYAN  
CNG & FUEL STATION LTD.

RUPAYAN  
Knit Composite Ind. Ltd.

RUPAYAN  
Shipbuilding & Engineering Ltd.

RUPAYAN  
Design & Interior Services

RUPAYAN  
Rental Services & Consultants

RUPAYAN  
Land Development Ltd.

RUPAYAN  
Port & Logistic Service Ltd.

RUPAYAN  
Power Ltd.

RUPAYAN  
Bazar Ltd.

RAMBO  
Fabrics

RUPAYAN  
GROUP  
www.rupayangroup.com

HEAD OFFICE: Rupayan Centre (3rd-4th, 5th, 7th, 9th, 13th, 14th floor), 72, Mohakhali C/A, Dhaka-1212. Phone: 8822526, 9862573, 8827591, 8835913

In this celebration of Eid, Aktel is entwined with  
the sparkle of joy of million hearts ...

an axiata company

AKTEL  
CLEARLY AHEAD  
এক খান এপিলিট