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CIVIL SERVICE LAW

M Abdul Latif Mondal discusses pros and cons

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BANGLADESH FUND

SEC approves Tk 5,000 crore open-ended mutual fund

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RURAL CRAFTSMANSHIP

BSCIC Baishakhi Fair at Bangla Academy to go on till April 24 with nearly 100 stalls

PAGE 10

Steps taken not to follow through

10 initiatives to tackle tailbacks fizzle out soon after

SHARIFUL ISLAM

At least 10 steps taken by the government in the last two and a half years to improve the capital's traffic situation and road safety had fizzled out within a few days.

The measures came to nothing because they were ill-conceived in the first place. The slackness of the implementing agencies too did not help things either, experts observe.

The same people who follow traffic rules in Dhaka cantonment area do the opposite elsewhere in the city. It is because the cantonment authorities strictly enforce

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Traffic situation on Kazi Nazrul Islam Avenue remains the same because of government failure to take effective measures to ease congestion in the capital. The photo was taken around 12:30pm yesterday.

PHOTO: SK ENAMUL HAQ

Country rating stable

Discloses US-based credit rating agency

STAFF CORRESPONDENT

Moody's Investors Service, a US-based credit rating agency, has rated Bangladesh Ba3, the third non-investment grade rating, for the second consecutive year and termed the country's outlook stable.

A track record of steady growth, macro-economic and policy stability and the

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EC wary of politics

Warns of major turmoil before next JS polls if culture of confrontation continues

STAFF CORRESPONDENT

The country might face another political turmoil before the next parliamentary elections if the culture of confrontation politics does not stop, observed the Election Commission (EC).

The culture would have a negative impact on holding of free and fair elections, the EC yesterday said in a statement on its five-year strategic plan.

The plan has five goals -- building on the existing strong trust and independence of the EC, maintaining an

authentic electoral role, conducting free and fair elections, strengthening professional capacity to perform all assigned tasks and supporting the democratic culture.

Unveiling the plan at Bangabandhu International

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BSF kills 1 in Satkhira

OUR CORRESPONDENT, Satkhira

A cattle trader was killed and another injured when Indian Border Security Force (BSF) opened fire on them early yesterday near Gazipur border in Satkhira.

The deceased, Refatul Gazi, 26, was from

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Rajapaksa calls for strong political ties

Hasina seeks connectivity as 2 leaders hold official talks; 5 deals inked

UNB, Dhaka

Sri Lankan President Mahinda Rajapaksa yesterday said his country wants "strong political relations" with Bangladesh.

He made the remark during the official talks with Prime Minister Sheikh Hasina at her office in the afternoon.

The two leaders had a 30-minute bilateral

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BEXIMCO RESPONDS

Beximco expresses deep concern about the misleading and false claims made in the stock market probe report (available online), with regard to Mr. Salman F Rahman and some Beximco companies. This has caused serious distress amongst our over 300,000 shareholders, 45,000 employees and other stakeholders.

After carefully studying the report, it is evident that the report has not brought any allegation of manipulation against any Beximco company or Mr. Salman F Rahman which led to the recent stock market crash. This is further substantiated by remarks made by Mr. Ibrahim Khaled, the probe committee chief, in one of his recent interviews where he has clearly mentioned that Mr. Salman F Rahman was not found to be involved or associated in the secondary market.

In spite of the above, names of some Beximco companies and Mr. Salman F Rahman have been mentioned in certain sections of the report unnecessarily and completely out of context. We believe this was done deliberately with the sole intention to malign and tarnish the image of Mr. Salman F Rahman and Beximco and to confuse and divert the attention of the general public in order to protect the identity of the actual culprits.

Under the Broad Caption "Second Part: Pre IPO Manipulation, Curb Market" the report has included *Shinepukur Ceramics Limited (SCL)* in the list of companies which were listed under Direct Listing method and *Beximco Pharmaceuticals Limited (BPL)* in the list of companies that have raised capital through issuance of Preference Shares. Although there is absolutely nothing mentioned about "Pre-IPO manipulation" either by SCL or BPL, still they have been put under this broad category, which is very misleading and their inclusion is a clear example of improper representation.

In the case of *Shinepukur Ceramics Limited* it is mentioned that the shares were listed at a high valuation. Under direct listing method, the company does not fix any premium. Rather it is the result of the market forces that determine the market price and consequently the premium; therefore there is no scope of this so called "high valuation". Also, in the report nothing is stated on how or why it was deemed as high-valuation. This appears to be a reckless comment without any substantive evidence and lack of understanding about the direct listing procedure. SCL was listed in 2008 during the caretaker period. Although it is inconceivable that there can be any connection between the recent stock market debacle and the listing of a company way back in 2008, yet the name of SCL has been included in the report willfully with the sole purpose of tarnishing Beximco's image.

In the case of *Beximco Pharmaceuticals Limited* it is mentioned that usually preference shares are converted over a longer period. The fact that BPL preference shares are subject to a one year lock-in period is not mentioned anywhere. This is again a deliberate attempt to misrepresent the facts. Also how can preference shares which are locked in and have not even entered the market contribute towards the crash of the stock market? Inclusion of BPL's name in the report is another example of how the authors of the report have deliberately misrepresented facts in order to malign Beximco.

Moreover, the share prices of both SCL and BPL, like other shares of Beximco companies, were among the most stable shares in both DSE and CSE during 2009 and 2010. In the report it is mentioned that the share price of RAK Ceramics did not fall below the issue price and hence the investors were not losers. Similarly share price of both BPL and SCL also never fell below issue price but no comment was made in their case to the effect that investors did not lose. On the contrary, aspersions have been cast on them as described above. This clearly indicates the bias the authors of the report have against Beximco.

In the Case Study section of the report, *GMG Airlines Limited (GMG)*, another Beximco company has been included. GMG is yet to be listed and we fail to understand what relevance an un-listed company can possibly have with the crash of the stock market.

After obtaining permission from the SEC to raise its capital, GMG issued shares at the rate of Taka 50 per share. It then complied with all legal reporting requirements of the Registrar of Joint Stock Companies and the SEC. GMG then issued an Information Memorandum (IM) where the indicative price was fixed at Taka 150 and held a road show as part of the book building process.

The report mentions that the indicative price of Taka 150 is very high. Whether the price is high or not would have been determined by the eligible institutional investors during the bidding phase of the book building process. This could not happen since SEC suspended the book building process. As a consequence no price discovery took place and not a single share has been issued at the indicative price of Taka 150.

The report has also cast doubt on certain aspects of the accounts in the IM. In this regard, it is regrettable that the committee did not bother to seek clarification from either the Company, the Auditor or the Issue Manager before coming to any conclusion. Had they done so the doubt expressed by them would have been easily dispelled.

Be as it may, it is evident that GMG's inclusion in the report has no relevance whatsoever with the share market crash. No one in their wildest imagination can ascribe the mere issuance of shares at Taka 50 per share in an unlisted company to have influenced the share market in any way whatsoever. This is another glaring example of the bias the authors have against Beximco.

We have also noted with deep concern that the report concluded, without any evidence whatsoever, that Mr. Salman F Rahman might have influenced the appointment of the SEC Chairman and the extension of service of Member SEC. This is a blatant lie. Mr. Salman F Rahman never discussed this matter with any one in authority even remotely connected with the decision making process. The committee should have verified the matter with the Finance Ministry, the appointing authority of SEC. They also could have directly asked Mr. Salman F Rahman during his meeting with the committee in his capacity as President of Bangladesh Association of Publicly Listed Companies (BAPLC) or subsequently at any time prior to finalizing the report.

The Chairman of the probe committee in a TV interview stated that in this connection, of the two persons mentioned in the report, one person in response to his query had admitted that he had recommended the appointments since he was of the opinion that the concerned officials were competent. We find it perplexing and mysterious that instead of similarly clarifying this matter from Mr. Salman F Rahman, the committee relied purely on assumptions and hearsay and made such a serious allegation.

The other allegation made against Mr. Salman F Rahman which borders on the absurd, is that he took the Managing Director of BD Thai Aluminum Ltd to meet with the Governor Bangladesh Bank and that this amounted to his trying to influence the Governor. BD Thai Aluminum Ltd is a member of BAPLC and Mr Salman F Rahman is the lawfully elected President of the association. It is the responsibility of the President to assist the Association's members and at the request of the Managing Director he accompanied him to Bangladesh Bank. Every day various trade bodies' representatives hold meetings with government officials, at times, at the highest level. The fact that the committee concluded that this constituted improper behavior on the part of Mr. Salman F Rahman proves the level of bias and animosity this committee has against Mr. Salman F Rahman and Beximco.

Finally, the Chairman of the probe committee in a TV interview alleged that Mr. Rahman "might" have been involved in IPO irregularities. In this regard, we would like to categorically state that no Beximco company has gone for IPO in 2009 or 2010. No where in the report is there any mention of Beximco or Mr. Salman F Rahman's involvement with any IPO. We therefore find the Chairman's remark surprising and take it as yet another attempt to malign, slander and defame Beximco and Mr. Salman F Rahman.

It is regrettable that we have been subjected to the worst possible form of character assassination in such a motivated and blatant manner.

