**ASIAN MARKETS** 



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COMMODITIES

## SEC sets new rules for issuing debt securities through private placement

SARWAR A CHOWDHURY

**STOCKS** 

The Securities and Exchange Commission has formulated a new rule on issuance of debt securities through private placement, aiming to bring the fund raising process under regulation.

The stockmarket regulator recently debt securities and sought public opinion before finalising the rule -- Securities and Exchange Commission (Private Placement of Debt Securities) Rules, 2012.

Presently, there is no specific rule or guideline on the issuance debt instrument. The SEC has so far been giving permission for the issuance of debt securities under its capital issue rules.

Debt securities or debt instruments evidence the indebtedness of the issuer to the investors in the form of bond, debt, or any other instrument of indebtedness, whether secured or not, according to the definition set by the SEC in the draft rule.

To issue debt instruments, an issuer company will have to have a good track record of profitability and liquidity or its forecast financial position will have to indicate a significant profitability, liquidity and ability to pay back with reasonable basis of making such forecasts.

Total debt of the issuer, including the proposed issue, will not exceed 80 percent of its total tangible assets.

However, the debt-equity or capital adequacy ratio of an issuer will be determined by its primary regulator, and the commission may consider the variation of the ratio.

The issuer company will need to describe the purpose of issuance of the debt securities and the plan to use of the proceeds, according to the draft rule.

The issue will have to be rated by a credit rating company, and its periodical surveillance rating shall be done by the rating company up to the full and final

redemption or conversion of the debt securities.

However, the draft rule said, credit rating may not be required if the investors ensure that they will be comfortable to invest in the debt securities without a credit rating.

The issuer will have to have valid approved a draft rule on the issuance of enforceable interest over its assets and the right to create charges in course of issuance of the debt instruments.

The issuer will also need to obtain necessary permission from its primary regulator to issue debt securities.

The draft rule said the financial statements of the issuer company will be prepared as per Bangladesh Accounting Standards, and audited as per Bangladesh Standards of Auditing.

A board approval will also be needed. In case of a listed company, shareholders' consent will be required in a general meeting in addition to the board approval.

The board's decision on the issuance of debt securities, in the case of a listed company, will have to be disseminated as price sensitive information. An issuer intending to issue debt securi-

ties will make an application with Tk 10,000 as fee for consent to the commission.

If the commission decides to accord consent to the issue, the applicant will have to pay, within fifteen days of issuance of the letter of intent, a 0.10 percent fee on the total face value of the securities to be issued.

If the applicant fails to pay the fee within the specified time, the consent will not be accorded.

On receipt of the application, the commission will examine it, and if all the requirements are fulfilled, the commission will accord consent in writing to the issue of debt securities within seven working days of receipt of the application.

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# Tax receipts double

The week-long fair ends, brings in Tk 839cr in tax



People flock to a booth of Sonali Bank to pay tax on the concluding day of the week-long income tax fair at Officers' Club in Dhaka yesterday.

STAR BUSINESS REPORT

The weeklong income tax fair ended yesterday, with calls for extending the fair's opening hours in future, as the show generated a handsome amount of revenue.

**CURRENCIES** 

**BANGLADESH BANK** 

The fair, which attracted 3.46 lakh taxpayers, allowed the National Board of Revenue to log Tk 839 crore in tax, more than double the last year's Tk 414 crore at a similar show.

"It has turned into a fair in real sense. I feel very proud that people are paying taxes to the government happily," said Finance Minister AMA Muhith at the closing ceremony at the Officers' Club in Dhaka.

This year, the fair was held at seven divisional cities and eleven districts, and was open from 10am to 5pm every day. "It is our responsibility, especially as income tax officials, to

encourage people to pay tax," said Muhith.

The minister said the fair should remain open in the evening as well, to give the officegoers the opportunity to visit the show. The fair, in its third year, aims to create a

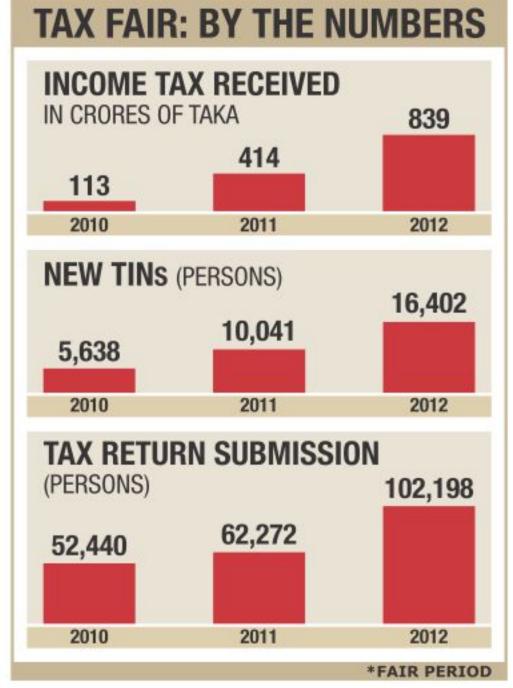
tax-paying culture in the country, where tax evasion is rampant and less than 1 percent out of 15 crore population pay tax. Referring to the country's population, Muhith said the number of taxpayers should

be 75 lakh if only 5 percent people pay tax. "We have a huge task."

The tax-GDP ratio, the indicator of a country's strength to finance its expenditures, rose to 10.6 percent in fiscal 2011-12, from the previous year's 8.2 percent.

"The NBR aims to take the ratio to 13 percent by 2015," said its Chairman Nasiruddin Ahmed.

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## Nasir Group changes strategy for energy-saving bulbs

SAJJADUR RAHMAN

Intense competition from dozens of importers and assemblers has forced Nasir Group to revise its strategy for its locallyproduced energy saving light

make complete bulbs will now only sell burners to local assem-"I've talked to some importers

The company that used to

and assemblers who have agreed to buy burners from us," Nasir Uddin Biswas, chairman and managing director of the Group, told The Daily Star.

Nasir Group is investing an additional Tk 10 crore to produce burners so that the local businesses can assemble them easily.

"A full automatic machine worth Tk 10 crore is on the way and will be installed in a couple of weeks," Biswas said.

Nasir Group, one of the largest conglomerates in Bangladesh, has invested Tk 500 crore to manufacture energy-saving bulbs at Sohagpur under Mirzapur upazila of Tangail district.

The factory started commercial production in April this year, but its hope for a strong market share was quashed by the importers-assemblers' presence.



**NASIR GROUP** 

Women work at an energy bulb making factory of Nasir Energy

Although the factory's installed capacity is 40,000-50,000 pieces of bulbs a day, at present it is producing only 10,000 pieces a day -- and only half of that is being sold in the market.

"After a few months of production, I understood that I won't be able to market my products in the traditional way," Biswas said.

He met importers and assemblers several times to convince them to buy burners from him instead of importing them.

"Finally, they agreed."

The energy-saving light bulbs, also called compact fluorescent lights or lamps, use one-fifth to one-third of electric power, and last eight to fifteen times longer.

According to market players, there are 60-70 importers, who bring different parts of such bulbs from China and assemble them in Bangladesh.

The market size of energysaving bulbs is on the rise, thanks to increasing awareness among consumers to be environmentally friendly.

But the businesses predict the market will boom once the government makes its use mandatory.

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### Clarification

In a rejoinder to a report, "Ctg customs seizes falsely declared cars," published in The Daily Star on September 19, Etacol Bangladesh Ltd said it had never imported such items.

"We are very much surprised by this report, as we never imported any such container of lifts. We are into interlining manufacturing business and we have no reason to import lifts as our building is already built," the company's Managing Director Peter Seah said in the statement.

"We also did not import any car," said the official of the company that has operations in Dhaka Export Processing Zone.

Etacol did not receive any letter from Chittagong Customs House regarding import of the cars in false declaration, Seah said.

"Hence, we do not know as a matter of fact what documents have been filed before the customs authority and who filed these documents."

"The culprit ... has filed fabricated documents using our name falsely."

#### Ourreply

The report was based on first-hand information provided by the officials of Chittagong Customs House.

## Asian Tourism Fair ends today

STAR BUSINESS REPORT

Four large vivid festoons welcome visitors at the colourful entry decorated with balloons and flowers to the second Asian Tourism Fair at Bangabandhu International Conference Centre.

Inside, well-spaced installations of around 70 stalls also maintain a festive mood, and remain ready to serve travel lovers of the town.

Some students and other visitors were querying about services and packages offered by different tour operators, airlines, hotels, craft shop and other service providers from Bangladesh, Sri Lanka, Indonesia, Vietnam, the Philippines, Japan, China and Nepal at the show.

The three-day event ends this evening.

Honeymoon Tours and Travels offers packages for Thailand, Malaysia, Nepal, Dubai, Singapore and Switzerland on discounts. Also, the company will not impose any amount as service charge if someone orders for advance bookings for theses packages and for 31st night celebration, Roy said.

Apart from that, some students were busy querying about scholarships and exchange programmes between Bangladesh and other participating countries.

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