

Corporate governance a priority in portfolio companies

Ekuiti Nasional Bhd (Ekuinas) came under the spotlight after top officials of Icon Offshore Bhd were remanded by the Malaysia Anti-Corruption Commission (MACC) on April 21 to facilitate and assist in investigations.

This, unfortunately, has not reflected well on Ekuinas as Icon Offshore was formerly an 80%-owned subsidiary in its investment fund.

Icon Offshore is the result of a merger between Tanjung Offshore Bhd's offshore support vessel (OSV) division Tanjung Kapal Services Sdn Bhd and mid-sized Omni Petromaritime Sdn Bhd.

Ekuinas had acquired Tanjung Kapal from Tanjung Offshore in 2012 and Omni from its then financial investors Ethos Capital One Sdn Bhd and Arab-Malaysia Private Equity. The entities were merged to form Icon Offshore with Ekuinas holding an 80% stake and Tanjung Offshore's minority shareholders and founder Dr Jamal Yusof – who became the CEO of Icon Offshore – holding the rest.

Currently, Ekuinas is the single largest shareholder of Icon Offshore with a 42.3% stake after its listing last year.

The nature of the investigation is still vague and neither Icon Offshore nor Ekuinas would comment on the matter.

Ekuinas CEO Datuk Abdul Rahman Ahmad says the event was “regretful” but reiterates that the government-linked private equity fund always emphasises enhancement of corporate governance and promotion of ethical practices in all its portfolio companies.

Rumours that Icon Offshore had allegedly falsified certificates, inflating the bollard pull capacity of its vessel, resurfaced following the remand of its top executives. Icon Offshore had previously released a press statement denying all the allegations.

Rahman's conscience is clear. Ekuinas, he says, had done everything necessary to verify the truth of the matter.

As a financial investor in Icon Offshore, Ekuinas does not manage the company but leaves it to the CEO and management team to deal with daily operations, he explains.

“It's their job to continue to perform and run it in a proper manner. We sit on the board but we rely on the management to run the business.”

Entrepreneurial or mid-sized companies that Ekuinas acquires could, in some cases, lack the corporate governance framework found in bigger corporations.

That is where Ekuinas comes into the picture.

“Post-entry, what we try to put in is better governance, apart from growing the company through injecting more capital. We try to put in an executive committee. If we think that it is important for the company to prepare for listing, we try to put in corporate governance risk management and independent board members, among other measures,” says Rahman.