

Discard the word 'impossible', rather say 'why not?'

Says Arif Khan, CEO and managing director of IDLC Finance Ltd, at The Daily Star's The Chief Executive Show powered by Marico

DWOHA CHOWDHURY

As the scars of the prolonged coronavirus pandemic are deepening, experts are expressing concerns that the global economic recovery will be fragile and patchy.

But some financial leaders of the world still believe in hope and Arif Khan, CEO and managing director of IDLC Finance Ltd, the country's largest multi-segment non-banking financial institution, is one of them.

He believes that people will not be defeated, the world will never be stopped and optimistic vision during crisis times will bring solutions.

To be negative, 99 per cent start the process by saying it is not possible, he said. "Normally clerks start by saying no and leaders say 'why not?'"

Drifting through the dilapidated roads of crisis was challenging for a CEO as 70 per cent of IDLC's regular clients were failing and the business almost halved.

The most obvious thing to increase profitability was to cut jobs and salaries. But Khan had a lot of discussions and logical struggles not to dismiss a single one.

"We all were nervous in the early days, but I thought and still believe that these people were in the team when we made a good profit. So, why ditch them in hard times?" Khan expressed.

Despite the Covid-19 outbreak, IDLC Finance was successful in declaring profits for the nine months to September this year. "The company seems to have a good year and regained its market share impeccably."

Founded in 1985 as a lease finance company with five staff, IDLC Finance is now operating with 40 branches with around 1,500 employees.

For the last 35 years, the company is 'Financing Happiness' with a vision to become the best financing brand of the country.

To IDLC Finance's CEO, everyone of the company must know and understand the vision and purpose of the organisation.

"When I can align my values with the organisation's purpose, my job will become my passion," said Khan, who joined IDLC Finance in April 1996 as a senior officer.

As IDLC's purpose is to spread happiness through financing, Khan always makes sure that the colleagues are happy first to understand it.

It also gives comfort to depositors that their funds would be protected and makes the shareholders happy by giving 35 per cent cash dividend, one of the highest in the entire financial sector.

"When everyone believes in the vision, they all participate to make it a shared vision, which helps in achieving the ultimate result," he said.

To Khan, structured process is the heart of



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an organisation, which is not an individual but an engine. Every successful organisation works in detail on small things and that is the process.

"It's like nature. Everything is running in a well-defined process without collision."

There is a strong belief that only older and experienced people are great in taking decisions on loans. But at IDLC, 70 per cent of the loans are approved by the people having only 4-5 years of work experience.

Khan said it took 10 years to establish a structured process.

"Every employee knows the programme guideline, which explains when to give a loan and when not to."

"Not in writing, but the practice of a solid structured process by the entire team will

bring better success than person-oriented organisations," he said.

The former commissioner of the Bangladesh Securities and Exchange Commission believes that converting learning into knowledge through years of practice and being great in people management are vital in becoming a CEO.

In an orchestra, the audience see that the conductor is doing nothing but swinging his baton. But in reality, that is the key to orchestration.



A CEO's job is similar. He manages an entire team by bringing out their best to make the company successful.

"To become a great leader, listening to colleagues is a must. If I start talking too much, then I don't belong to people management."

"The more I listen, the more I can touch their heart," said the managing director, who previously worked for AB Bank, BAT Company Bangladesh, Beximco Fisheries and Zenith Investments.

He also thinks kindness is a rare and a must-have quality of a leader, who forgives his colleagues' mistakes and always takes all responsibilities in his shoulder first.

When they see these features in a leader, their trust is achieved and things will then move much faster, Khan said.

But in conglomerates, it is hard to manage

all departments to follow a definite vision. But constant coaching by the leaders can help in reaching the goal.

A transparent debate among the leadership is also mandatory to make everyone realise whether their key performance indicators are aligning with the company's vision or not, Khan said.

Born and brought up in Dhaka, Khan wanted to become a doctor or engineer. But suddenly he changed his course of life by deciding to study commerce.

Later at Dhaka University's finance department, his career goal was set into investment banking and he started his career at Arab Bangladesh Bank Ltd (now AB Bank) in 1991.

After becoming IDLC Finance's chief financial officer, an esteemed position for any finance professional, Khan decided to start his journey toward becoming the CEO.

"It was not an easy task. They were not supposed to give me the position just because I wanted to be there. But I had to work hard to achieve the skillset so that it comes automatically," he said.

With a plan to face new challenges, Khan convinced the company and started a new division—Emerging Corporates—with a small team. It was hard, but he realised that in sales and relationship, one must have patience.

Over the years, the Emerging Corporates division becomes Small and Medium Enterprise Finance Division, which is now IDLC's largest finance division since the launch of the division 15 years ago.

That big leap in career also boosted Khan's position inside IDLC. In 2009, he was promoted as deputy CEO.

"No visible results are seen in the corporate world unless you silently and very dedicatedly work for at least five years. That's the missing link of becoming a top leader someday," he said.

Govt moves to make raw cashew nut imports cheaper

STAR BUSINESS REPORT

The agriculture ministry has initiated a move to reduce the import duty on raw cashew nuts from 90 per cent to around 7 per cent in a bid to boost the country's non-traditional agro-processing industries.

"The National Board of Revenue (NBR) has already consented to the proposal of the significant duty reduction on the import of cashew nuts," said Abdur Razzaque, the minister of agriculture.

Razzaque made this comment while speaking at a virtual meeting on 'Food Value Chain: in the time of Covid-19', organised by the Dhaka Chamber of Commerce and Industry (DCCI).

"Gradually, cashew nuts imports will be made duty-free," the minister said, adding that the government distributed 50,000 cashew nut saplings among various farmers.

The government also helped private sector importers bring in five tonnes of a hybrid variety of raw cashew nuts from Cambodia, with which six lakh units of cashew nut saplings can be produced.

Besides, the government also facilitated private sector investors in the processing of non-traditional food items so that the products can add value to the local food chain and processed food industry, according to a statement from the agriculture ministry.

Bangladesh is doing well in terms of rice production and could soon have surplus output, Razzaque said.

"Although the agriculture sector's contribution to GDP is not the same as it was in the 1980s, the sector is still profitable and we get many industry raw materials from it," he added.

Bangladesh now produces various non-traditional fruits like dragon fruit, cassava, and strawberry.

The agriculture minister also informed that the government has allocated a two-acre plot in Purbachal to establish an international standard accreditation laboratory and agro-processing centre.

While presenting the keynote paper at the event, M Burhan Uddin, a professor of the Department of Food Technology and Rural Industries at Bangladesh Agricultural University, said Bangladesh is one of the leading fish producing countries in the world with an annual production of 42.77 lakh tonnes.

Of the total quantity, shrimp and prawn production accounted for 2.54 lakh tonnes in 2017-18.

In the poultry sector, small and medium enterprises could generate employment and reduce poverty but the sector needs more institutional and policy measures.

In this regard, he recommended developing an enabling environment for agro-businesses, lowering the cost

SPEAKERS RECOMMENDED THE GOVERNMENT

- Extend policy support to SMEs
- Create enabling environment for agro-business
- Ensure fair price for growers
- Set up food testing lab
- Introduce insurance facility for farmers
- Implement good agricultural and manufacturing practices

of doing business, increased technology adaptation, food safety, access to finance and introducing contract farming.

Uzma Chowdhury, finance director of Pran-RFL Group, a local conglomerate, said the food value-chain covers the interventions of producers, processors, distributors and consumers.

"Ensuring a fair price for growers will make the sector sustainable," she said.

Pran produces cassava on 6,000 acres of land in the northern part of the country.

"If we can maintain a good balance of trade with other countries, those countries will not impose any tariff or non-tariff barriers upon Bangladeshi exports,"

Chowdhury added.

She also called for a food testing lab to be built to ensure consumer safety.

Moreover, a modern transportation network will help reduce the waste of perishable agro-foods. Chowdhury also urged the government to introduce insurance facilities for farmers.

Although Bangladesh is doing well in fish production alongside the poultry and dairy industries, small entrepreneurs in these sectors are not engaged in the value chain and are usually deprived of a fair price, said DCCI President Shams Mahmud.

Mahmud suggested that the 2.23 lakh hectares of unutilised land in the country should be used for cultivation.

He also recommended increased market research and capacity building for private sector producers and processors.

The DCCI president demanded removal of the monopoly of intermediaries that contradict the development of e-commerce platforms for the agro-market.

Monzur Morshed Ahmed, a member of the Bangladesh Food Safety Authority, said undisposed batteries and chemicals are contaminating agro-products.

"There are several players in the food safety process and there should be a certification body to monitor check and balance, interventions and coordination among the stakeholders," he said.

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Mr Baker Pastry Shop sued for dodging Tk 35cr in VAT

STAR BUSINESS REPORT

The VAT Intelligence yesterday filed a case against Mr Baker Cake & Pastry Shop on the allegation that the chain dodged nearly Tk 35 crore in value-added tax, said a top official.

The shop concealed data of its sales of Tk 265 crore, said Moinul Khan, director-general of the VAT Audit, Intelligence & Investigation Directorate (VAIID).

"We found that the pastry shop had been paying VAT based on made-up accounts," he said.

The field office of the National Board of Revenue (NBR) filed the case under the VAT law after it froze the bank accounts of Mr Baker last month as it unearthed that the shop was doing business without maintaining proper accounts.

In order to assess actual transactions, the VAIID asked banks to furnish account details of the shop.

Based on the bank documents, the field office detected concealment of sales information by Mr Baker between July 2014 and June 2019, according to Khan.

"We gave the shop's management time to produce documents and actual accounts. They could not furnish any even though two weeks have passed," he said.

The VAIID's move followed a post by Senior Secretary Asif Zaman on his Facebook page. He brought allegations against a branch of Mr Baker in Dhaka's Uttara about non-issuance of VAT challans.

He requested NBR Chairman Abu Hena Md Rahmatul Muneem to take steps, citing that the government was deprived of VAT although it was paid by consumers.

Later, Muneem directed the VAIID to probe the allegation, according to a press release.

Two teams inspected the headquarters and production unit of Mr Baker on October 20. During the inspections, the field office did not get purchase and sales registers of the pastry maker as per VAT laws.

The owners, who were present during the visit, could not show documents and give satisfactory answers to the inspection teams, the VAIID said.

VAIID officials disguised as general customers also visited two outlets of Mr Baker at Uttara and Bailey Road in Dhaka and found that the pastry maker was selling products without VAT challans.

Khan said a firm has to maintain purchase, sales and delivery receipts as per VAT law. The baker did not maintain any of the three registers, he said.

The VAIID official said his office sued the company under the VAT law, accusing Mr Baker of concealment of sales data and evasion of VAT paid by consumers.

Including a 2 per cent monthly fine for non-payment, the field office estimated that the amount of evasion by the chain to be Tk 80 crore.

The VAIID will send the case to the VAT Commissionerate Dhaka North for taking further legal measures, he said.

Contacted, Iftekhar Alam, general manager of Mr Baker, said he did not want to comment on the issue as the case is pending trial.

Established in 2001, Mr Baker widened its presence in Dhaka in the last two decades as the demand for cake and pastry has grown among urbanites.

It had 36 outlets before the coronavirus outbreak began in the country in March. It then closed three outlets after suffering huge losses as social events such as birthday celebrations have largely been cancelled.

Turnover at Dhaka bourse drops 15pc

Thin participation of institutional investors caused the fall

STAR BUSINESS REPORT

The Dhaka bourse witnessed a 15 per cent fall in turnover yesterday because of thin participation of institutional investors.

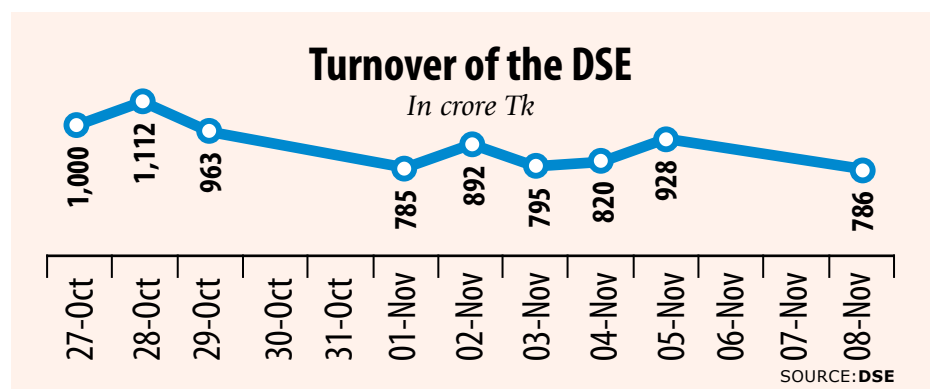
Turnover, one of the important indicators of the stock market, hit Tk 786 crore yesterday, down from Tk 928 crore on the previous trading day.

"Institutional investors are not pouring money fearing a second wave of the Covid-19 in the upcoming winter season. This will ultimately affect the stock market," said a merchant banker.

Already, some European countries have announced lockdowns again, which will surely leave a negative impact on the earnings of export-oriented listed companies, he said.

Institutional investors are also looking forward to the country's biggest-ever initial public offering of Robi, so their concentration of investment in the secondary market is low now, he added.

Robi Axiata, the second-largest mobile phone operator in Bangladesh, would



raise Tk 523 crore. Of the amount, Tk 387 crore would be raised from the stock investors and the rest from its employees. The IPO subscription would start on November 17.

"Our institutional investors are not participating in the stock market despite the introduction of various incentives by the central bank," said Mahmudul Hasan, a stock investor.

The Bangladesh Bank allowed banks to form a fund of Tk 200 crore to invest in the stock market by taking loans from the banking regulator through a repurchase agreement.

Despite the incentive, most of the banks are reluctant to invest into the stock market, he said. "The regulator should talk to them now."

"The market would not be vibrant in the

long run without the active participation of institutional investors," he added.

The DSEX, the benchmark index of the DSE, shed 18.36 points, or 0.37 per cent to 4,923.65 yesterday.

Beximco Pharmaceuticals was the most traded stock with shares worth Tk 63 crore changing hands, followed by Beximco Ltd, Northern Insurance, Associated Oxygen and Walton Hi-tech Industries.

Of the 356 securities, 110 advanced, 164 declined and 82 remained unchanged.

Associated Oxygen topped the gainers' list with a 9.96 per cent rise, followed by SEMI Lecture Equity Management Fund, SEMI IBBL Shariah Fund, CAPM BDBL Mutual Fund one and National Feed Mill.

Global Insurance gave up the most as it lost 8.59 per cent yesterday, followed by Republic Insurance, C&A Textile, Shyampur Sugar and Imam Buton.

The port city bourse also fell: it declined 27.42 points, or 0.32 per cent, to 8,509.04. Of the 253 shares, 87 rose, 116 dropped and 50 remained unchanged.