

SANYO
 FAMILY SIZE MICROWAVE OVEN
 35.9 & 27.1 LITRE OVEN CAPACITY
 Free Recipe Book
Transfin Trading Ltd.
 Tel: 815306-9, 819625-9

HYUNDAI
 CARS THAT MAKE SENSE

DHAKA, WEDNESDAY, NOVEMBER 26, 1997

The first food firm failure to raise capital from IPOs
Share market rejects Gachihata while Gulf gets big response

Gachihata Aquaculture Farm Ltd has come in for a shock undersubscription, by 40 per cent, when two other companies sailed through during the same period.
 Gulf Food received 7.5 times it wanted, and while Mona Food Ltd just managed to escape undersubscription, stock market sources said.
 Gachihata Ltd received share applications worth Tk 5.50 crore against an initial public offering to general public of Tk 9.31 crore. Gulf Food Ltd received Tk 13.975 crore against an offer of Tk 1.9 crore.
 This is the first time that a non-textile company has been undersubscribed. Never before has a food firm received a treatment from the public.
 Gachihata opened its subscription on November 9 and ended on November 18, while Gulf Foods was open from October 19 through October 26. Mona Food began on November 2 and closed on November 12.

The managing director of Gachihata, Major (ret'd) Akataruzzaman, MP, blamed the recent SEC rule requiring large portions reserved for general public, which he said was not prepared to buy so many shares.
 "Raising almost Tk 10.5 crore from this depressed market is not an easy task as capital base of my company is big and investors prefer companies with smaller capital base," he said.
 "Depending fully on general public is risky as all the shares might not be fully subscribed. The Securities and Exchange Commission (SEC) forbade us to keep shares for our company employees," he complained.
 The recent government decision of abolishing foreign placement quota on initial Public Offerings (IPOs) has also kept foreigners away from the market," he said.
 Maruf Hossain, Director of

the Gulf Food, lent support to the arguments by the Gachihata boss. "Companies with lower paid-up capital are usually oversubscribed and investors get little feared about companies with big capital base. They think twice before investing money in big companies in which risks are greater."
 A capital market analyst also agreed, saying people are now investing money in the companies having small paid-up capital. "The investors have become more cautious now. They are reading the prospectus and investing their money in companies with small capital."
 The investors think these companies are likely to go into expansion in near future and increase their capital base by issuing bonus and right shares.
 The analyst, speaking anonymously, said another main reason for the undersubscription was that Gachihata

was raising the fund to repay its bank loans and no investor would want to put in money for such a purpose.
 "This is nothing but shifting the bank liability to poor investors," an angry investor said of the Gachihata offer.
 "However, in this case the sponsors were frank enough to mention about the loan in their prospectus," he added.
 Legally, the underwriters, who are supposed to buy the unsold shares, are in a difficult situation now. But practically, they will be calling the shots.
 "We will sit with the company management and negotiate regarding subscription of the remaining 40 per cent shares. If the company manages the fund or finds any other alternative, then we won't have to buy them. But legally, we are supposed to subscribe within 90 days of closing date," said the managing director of one of the underwriting firms.

Singapore trade mission sees business in Bangladesh

The leader of the visiting Singapore trade and investment mission, Png Choo Ling, has underscored the need for a long-lasting relationship among the businessmen of two countries for exploring various business potentials and mutual benefits.
 Speaking at a joint meeting between his delegation and members of the Metropolitan Chamber of Commerce at the MCCI auditorium yesterday, he said that the Singapore businessmen were very cautious and were expected to start from small to big.
 The 33-member trade mission arrived on November 22 and already visited some industrial areas in Chittagong and met senior government officials and chamber leaders. The mission was a follow-up to two investment seminars organised by the MCCI in Singapore few months ago.
 "We may not rush immediately into business marriages but when we do we are usually for a long commitment," Ling

said.
 He said Bangladesh businessmen who want to do business in Singapore should not see the country as a market of three million people. They should see it in the context of Singapore's position in the international business arena.
 Ling said Singapore businessmen can help to bring in and introduce multi-national corporations to do business in Bangladesh.
 The function was also addressed by Singapore High Commissioner to Bangladesh Ridwan Bin Haji Dzafir, and MCCI president Samson H. Chowdhury.
 Singapore High Commissioner to Bangladesh, who is also part of the mission, said that it was clear to the members of the delegation that the government and Bangladeshi entrepreneurs were ready for joint collaboration. "It is a good sign for the development and expansion of business between the two countries."
 The MCCI president called

upon the Singapore Trade Development Board (TDB) to form a joint business council with Bangladesh.
 "Such a forum cannot only act as a network of business information but can also bring the business communities of the two countries closer to each other through regular meetings," he said.
 Chowdhury said that Singaporeans could invest in capital-intensive projects in sectors like energy, tele-communication, oil and gas. "You are also welcome in labour-intensive sectors like electronic, data processing and software, light engineering goods, toys and pisciculture."
 Explaining various incentives and advantages provided by the government to the foreign investors, the MCCI president said that Bangladesh offered most attractive investment opportunities.
 Samson Chowdhury also sought to assure the visitors about the political atmosphere saying the major political par-

ties, despite their differences, had remarkable commonalities on policy issues including the role of foreign investors in industrial development.
 Talking to this correspondent, Frank Lim Eng Khoon, a member of the mission, stressed the need for developing

Team meets Privatisation Board chairman
 A UNB report says: The mission had a meeting with the chairman of the Privatisation Board at his office.
 Welcoming the mission, chairman of the Board Kazi Zafrullah called upon the businessmen and investors to come forward to invest in Bangladesh, said a press release.
 He apprised them of privatisation programmes in Bangladesh and said the government has been privatising a good number of state-owned enterprises and the foreign investors could purchase them.

Nitol ties up with Vanik for a bank, NAM NAM for a cement plant

Nitol, a leading business group in the country, yesterday signed a Memorandum of Understanding with a Sri Lankan bank and finance company Vanik Incorporation Limited to set up a joint venture commercial bank here.
 Nitol also signed a contract with a North Korean company, NAM NAM Corporation, to construct a "white cement plant" at Tongi, for which machinery will be supplied by the Korean firm.
 The proposed bank, to be named "Nitol Vanik Bank Limited", will be a specialised institution to support the growing transport industry in the country.
 Nitol Chairman Abdul Matlub Ahmad and Vanik President and chief executive officer D. Justin Mecogoda signed the MOU at a local hotel.
 Matlub Ahmad said the proposed bank would be financing business of air, land and sea transports. "We shall also support import, trading and operation of such means of transports," he said.
 Matlub also wants to support training schools for motor vehicle drivers, mechanics, pilots and navigators.
 The Vanik CEO told The Daily Star that the bank would begin operation with an initial capital of about Tk 240 million, of which Nitol's share would be

50 per cent. Vanik has a wide range of businesses in Sri Lanka and in other countries -- lending, corporate financing, capital market operation and real estate.
 Ivor Pratap, vice president of Vanik Bangladesh Limited, told this correspondent that he was expecting approval of the bank in six months. "We hope we can go into operation in the middle of 1998."
 The cement factory, the first of its kind in the country to produce white cement, will be a Tk 20-crore project with an initial annual capacity of 20,000 tonnes.
 The Nitol chairman said the company would try to raise money from the capital market.
 Abdul Matlub Ahmad and Ri Ku Hyok, a DPRK Embassy official in Dhaka, signed the contract under which Nitol will import Tk 5-6 crore worth of machinery from North Korea. The plant is expected to go into operation in December next year.
 NAM NAM is already involved in mining hard rock at Madhyspara.
 DPRK Ambassador Kim Ki Duk, who was present at the contact signing ceremony, said he hoped the proposed cement project would lead the country towards self-sufficiency in white cement manufacturing.



The Nitol Group has signed up with Sri Lanka's Vanik Incorporation Limited to set up a joint venture commercial bank in Bangladesh. The Group has also tied up with a North Korean company NAM NAM to construct a white cement plant at Tongi near Dhaka. The two projects will involve investments worth Tk 45 crore. The signing ceremonies were held in the city yesterday. —Star photo

UCBL, SCB sign accord

A correspondent banking agreement between United Commercial Bank Ltd (UCBL) and Institutional Banking Group (IBG) of standard Chartered Bank (SCB) was signed recently, says a press release yesterday.
 Mamun Rashid, head of Treasury & IBG, SCB and Md Maniruzzaman, Executive Vice President of UCBL signed the agreement on behalf of their respective sides.
 David Loretta, Chief Executive of SCB's IBG and KC Rezaul Huq, Additional Managing Director, were also present.

Libya opposes Saudi proposal to raise OPEC production

JAKARTA, Nov 25: Saudi Arabia wants to pump more crude oil, but Libya's oil minister came out flatly against the proposal on Tuesday, reports AP.
 Abdalla Salem el-Badri said he would prefer to keep OPEC's official production ceiling at 25.033 million barrels a day because "we don't know what's going to happen in the market."
 Iran and Indonesia are also among those expected to fight Saudi oil minister Ali Naimi's suggestion that OPEC raise its official production ceiling, presumably to 27 million barrels a day, or perhaps even a little more.

Buy French machines and get \$1m credit

Bangladeshi businessmen will get up to a million US dollars in credit if they buy French textile machinery, Bertrand Desruelles, French trade commissioner in Dhaka, announced yesterday.
 He told a French textile machinery exhibition in the city that the credit facilities would be provided after a guarantee by any local bank. The trade commissioner also said that the current visit of a high-powered trade team to Bangladesh was a very fruitful beginning of a long-lasting relationship between the two countries.
 The presentation arranged in collaboration with the Bangladesh Textile Mills Association (BTMA) was also addressed by BTMA chairman Mohammad Shajahan and French Ambassador in Bangladesh Reynee Veyret.
 Shajahan urged the BTMA members to avail of the credit facilities offered by the French government.
 Leading French textile machinery manufacturing companies showed up at the presentation.

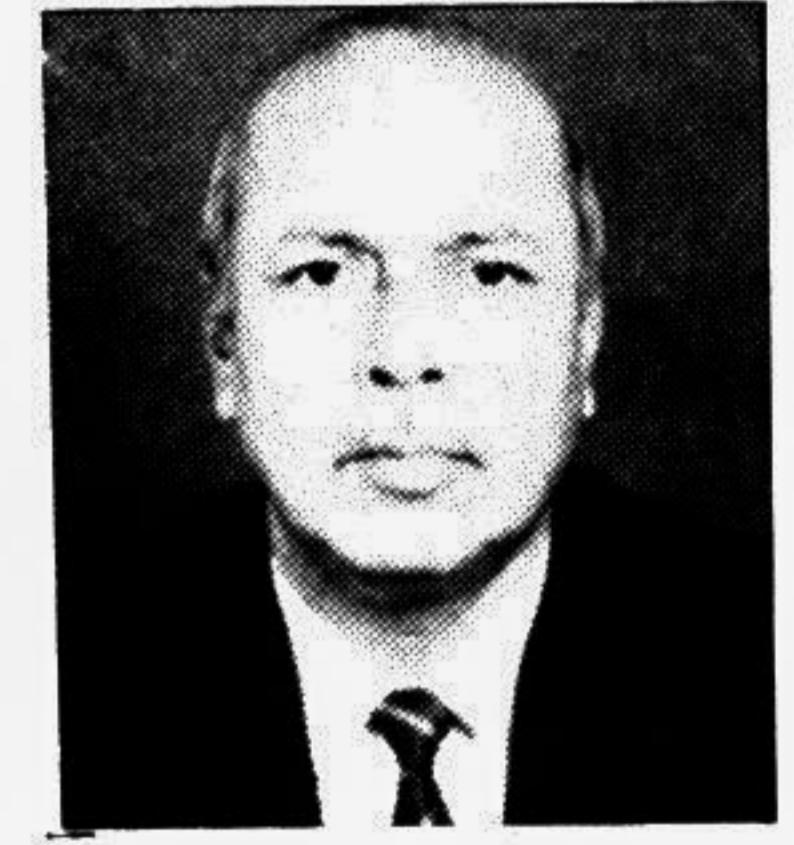
WB issues new guidelines to stem fraud

The World Bank has issued new guidelines for its staff to do their part to help stem fraud in the projects financed by the bank and in client countries more generally, a fortnightly newsletter of the World Bank available here yesterday said, reports BSS.
 The World Bank staff were recently briefed on the anti-corruption framework titled 'helping countries to combat corruption — the role of the World Bank', it said.
 According to a report produced by a group of the World Bank staff, "if the staff in their judgement feel that corruption has a serious impact on the outcome of a project or on development more generally, and if a country's leadership does not show an active interest in confronting the problem, then the world Bank will reconsider its support."
 The report identified four areas where the World Bank can tackle corruption. The bank has recently revised its procurement guidelines, expanded its country procurement assessment, review and its use of independent procurement audits in addition to other anti-corruption controls in the bank projects.
 The areas identified by the World Bank to tackle corruption are: helping countries that request bank support in their efforts to reduce corruption, taking corruption more explicitly into account in country assistance strategies, country lending, policy dialogue, analytical work and the choice and design of projects, preventing fraud and corruption within bank finance projects and adding voice and support to international efforts to reduce corruption.

KNM on brink of closure

From Quazi Amanullah
 some officials and employees in kind. The suppliers were given newprint in lieu of cash.
 The financial crisis has developed due to a sharp fall in the sale of newspaper in both the local and international markets.
 At present, there are over six thousand metric tonnes of unsold newspaper worth over Tk 12 crore at the mill, the source disclosed. The daily production of the mill has been slashed to 10 to 12 metric tonnes from 150 metric tonnes in order to reduce the stockpile and only one out of three production units is in operation.

New chairman of Rupali Bank



Afzalur Rahman has taken over as the chairman of Rupali Bank Limited.
 Before joining his present assignment, he was the secretary of Civil Aviation and Tourism. He retired in 1995, says a press release.
 He was an Officer of the Finance-Audit and Accounts Services and joined the then Pakistan Military Accounts Services in December, 1961.

Yen plunges to new low

TOKYO, Nov 25: The yen plunged to its lowest level in five years and three months in Tokyo trading today, slipping below 128 yen following the collapse of Yamaichi Securities Co Ltd., dealers said, reports AFP.
 The Japanese currency hit a low of 128.05 yen at one point in late afternoon trading, a dealer said.

Hamburg business executive ends tour

Walter Stork, President of the Hamburg Freight Forwarder Association, is scheduled to leave Dhaka today after making a short business trip here.
 Stork is also the Chairman of the Board of Management of a front-line freight forwarding entrepreneur in Germany, says a press release.
 He arrived in the city on Sunday.

Asian stock markets tumble

HONG KONG, Nov 25: Asian stock markets tumbled Tuesday because of fears that more debt-laden companies in South Korea and Japan might collapse, reports AP.
 In Seoul, the Korea Composite Stock Price Index lost 11.05 points or 2.5 per cent to close at 439.59, the lowest level in a decade.
 In Japan, Nikkei Stock Average shed 854.05 points, or 5.11 per cent to close at 15,867.53. It was the average's second biggest point fall this year.
 Hong Kong's slide was milder. The blue-chip Hang Seng index lost 215.83 points or two per cent to end the morning at 10,370.53. Analysts said trading was very thin as investors waited for clearer signals.
 For South Korean investors, the main concern was that a 20 billion dollars-plus bailout by the International Monetary Fund might come at a high cost — deep spending cuts and shut-downs of banks and businesses. The South Korean government asked the IMF for the help on Friday, and terms are still being negotiated.
 The underlying problem of too much foreign debt became a crisis in recent weeks when small merchant banks began selling the South Korean currency and buying dollars to meet their payment obligations. Many banks borrowed short-term funds from abroad to make long-term loans to domestic companies that have suffered a slump in sales.
 Investors in Japan were registering their first reaction to the announcement Monday that Yamaichi Securities Co., one of the country's oldest and largest brokerages, was shutting down with about three trillion yen (24 billion dollars) in liabilities.
 Markets had been closed Monday for a holiday.
 Dealers said stocks were being sold Tuesday almost across the board because of concern that Yamaichi might sell off its stock holdings to cover part of its debts.
 The yen fell against the US

dollar.
 Hong Kong, one day after worries about the economy produced a panicky run on a chain of cake shops, the company that owns the shops said it was changing its name.
 Hong Kong's Yaohan International Caterers Ltd said it will change its name to Hong Kong Catering Management Ltd to avoid confusion with sister companies in the Yaohan group. Yaohan Department Stores (Hong Kong) Ltd filed for liquidation last week, shutting down nine stores in Hong Kong and Macau.
 Yaohan International Caterers is seven per cent owned by Yaohan International Holdings, which also owns the department store chain. The catering company said it was in healthy financial shape.
 It said Tuesday that the panic appeared over and sales were nearly back to normal.
 Elsewhere in the region:
BANGKOK: The main index dropped below 400 points for the first time in more than eight years. The Stock Exchange of Thailand index was down 12.80 points to 399.38 at midday, having moved between 410.84 and 397.47.
KUALA LUMPUR: The Composite Index, which tracks 100 blue-chip stocks, was at 537.56 points at the midday break, a fall of 33.01 points, or 5.8 per cent. Investors were reacting to the trading suspension of Renong Bhd. at the company's request.
JAKARTA: The JSX index was down 3 per cent at 398.307 points.
MANILA: The Philippine Stock Exchange Index of 30 selected stocks lost 36.62 points, or 2 per cent, to close at 1,795.35 after losing 17.70 points Monday. The broader All Shares Index was down 11.35 points to 565.71 after Monday's 4.86-point loss.
SINGAPORE: The Straits Times Industrials Index was down 7.17 points at 1,674.68 in early trading. The broader DBS-50 index of stocks from different sectors was down 4.87 points at 467.48.
SYDNEY: The All Ordinaries Index closed at 2,454.4, down 27.7 points in response to the Yamaichi closing.
TAIPEI: The weighted index rose 3.72 points, or 0.04 per cent, to close at 7,759.97. However, nearly two shares fell for each that gained. Analysts said the index was kept up by government funds that entered the market to support prices ahead of Saturday's local election.
WELLINGTON: The New Zealand Stock Exchange's NZSE-40 Capital Index lost 41.41 points or 1.78 per cent to end the day at 2,282.82.

Implementation of cost audit by CMAs demanded

President of the Institute of Cost and Management Accountants of Bangladesh Habibur Rahman yesterday demanded immediate implementation of cost audit by the Cost and Management Accountants (CMAs) in the country as per the Companies Act, 1994, reports BSS.
 He emphasised the maintenance of proper cost accounting records under the act by the companies engaged in production, distribution, marketing, transportation, processing, manufacturing, milling, extraction and mining activities.
 Rahman while addressing a press conference at ICA Council Room, Nilkhet here said that with a view to implement cost audit in the country, government has recently issued "Cost Audit (Report) Rules, 1997 vide SRO No. 262" dated November 18, 1997 detailing the mode of appointment and remuneration of a cost auditor, duties and responsibilities of a cost auditor, form of cost audit report and time limit for submission of cost audit report and disposal of the same.
 He said the Institute of Cost and Management Accountants of Bangladesh, an autonomous professional body under the Ministry of Commerce, is the only national institute imparting education and training in the field of cost and management accounting.

Financial crisis APEC leaders support IMF bailout plan

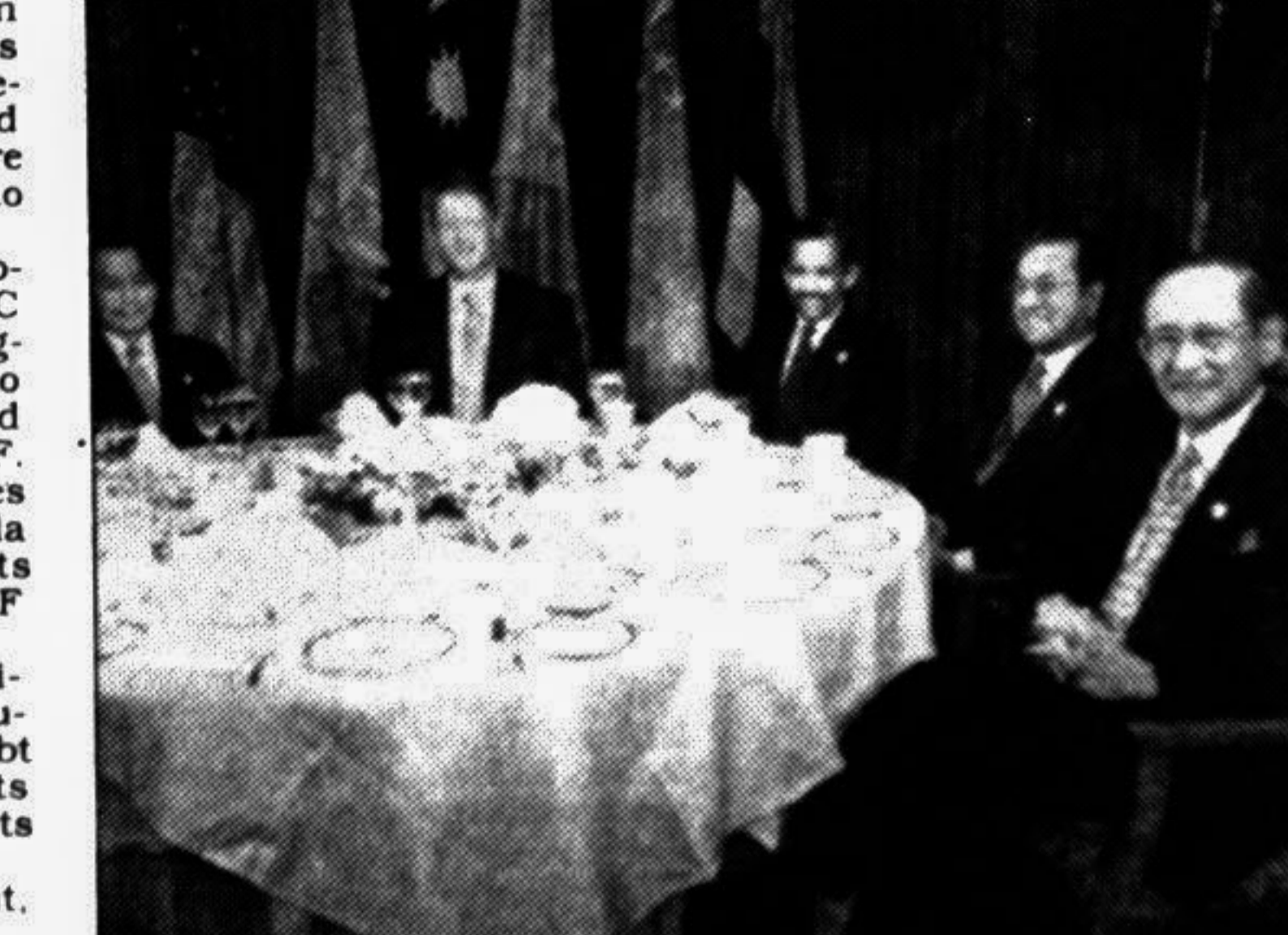
VANCOUVER, Nov 25: Pacific Rim leaders are praising a 68 billion dollars rescue effort for Asian economies, trying to reassure rattled world financial markets that it will be enough to restore stability, reports UNB.
 Ministers at the 18-nation Asia-Pacific Economic Cooperation forum were circulating a draft communique Monday that would endorse the huge stabilisation programme spearheaded by the International Monetary Fund.
 The financial bailout of Thailand, Indonesia, the Philippines and South Korea is the largest in history.
 US President Bill Clinton said he and his counterparts were examining the plan to determine "what are we prepared to do to make it work; what are we prepared to do if we have to go beyond that."
 The draft communique, subject to change before the APEC meeting ends Tuesday, suggested the group would offer no specific measures but instead promote the efforts of the IMF. It tacitly backed initiatives signed at a meeting in Manila last week that governments were ready to supplement IMF bailouts with more money.
 The draft expressed optimism about Asia's economic future, saying: "There is no doubt that the fundamentals for its long-term growth and prospects are exceptionally strong."
 Despite hopes for a bailout, investors were far from calm.
 The Tokyo stock market plunged 4.5 per cent in the first hour of trading Tuesday. On Monday, South Korean stocks fell 7.17 per cent for the Seoul market's biggest single-day loss ever, ending at its lowest point in 10 years. The New York Stock Exchange fell more than

100 points, ending down 1.4 per cent at 7,767.92.
 Canadian Prime Minister Jean Chretien said he had asked his counterparts whether their countries faced a recession.
 "All my friends they don't see a serious recession," Chretien said, but added: "There will be less growth."
 The Asian crisis is an unwelcome issue for APEC, a loosely defined group set up in 1989 to forge closer economic links among economies surrounding the Pacific Ocean. The currency turmoil has dominated the meeting, pushing the topic lead-

ers had planned to discuss — cutting tariffs — into the background.
 The draft communique endorsed an agreement to take a major step toward their goal of a free-trade zone beginning in 2010 by negotiating a total elimination of trade barriers on products in nine areas ranging from chemicals to toys to forest products.
 Asked later by a reporter whether Japan would be the next country to require an IMF bailout, Clinton said: "I think Japan can lead Asia out of this difficulty with the strength of its economy."

Indian move to clean bureaucracy

NEW DELHI, Nov 25: Civil servants in India's largest state will vote next month to pick the three most corrupt officials from their ranks in an exercise aimed at cleaning up the bureaucracy's murky image, reports AFP.
 The balloting on December 14 in Uttar Pradesh (UP) state will be led by the action group, a select band of civil servants from the prestigious Indian Administrative Service (IAS), who pride themselves on being above suspicion.
 Vijay Shankar Pandey, convener of the 100-member group, said the exercise will seek out the most corrupt bureaucrats in Uttar Pradesh, India's largest and most populous state, administered by 550 IAS men and women.
 "The objective is to keep on voting till we eliminate those whose level of integrity is to a high level of satisfaction," he said, adding civil servants with the least ratings will be finally judged the most dishonest.
 "And then we will put them in deep trouble," warned Pandey, an IAS official for the past 19 years who is now Chief Executive of a government undertaking in the Uttar Pradesh city of Kanpur.
 Pandey founded the action group in Uttar Pradesh in February last year and conducted the first polls in August the same year to pick three senior regional bureaucrats as the state's most corrupt IAS officials.
 "We unmasked them to the state government and now criminal proceedings have been ordered against two and the third has been suspended," he told AFP in an interview.



Asian leaders and President Clinton meet for breakfast at the 1997 APEC Summit in Vancouver, Canada, Monday. The summit leaders are (from left) Thailand's Prime Minister Chuan Leekpai, Clinton, Sultan of Brunei Hassanal Bolkiah, Malaysian Prime Minister Mahathir bin Mohamad and Philippine President Fidel Ramos. — AP/UNB photo