



HR Textile Mills declares dividend

Star Business Report

HR Textile Mills Limited has declared a 12.5 per cent dividend for its shareholders.

This was announced at the 13th annual general meeting of the company held at its factory premises at Karnaparna in Savar recently, says a press release.

Mohammad Abdul Moyeed, Chairman of the company, presided over the meeting.

During the year ended on September 30, 1997, the company earned Taka 16.3 million after tax.

In his speech the Managing Director said the company during 1996 offered 10 lakh shares to the public which was highly over subscribed. The expansion unit of the company is expected to go for commercial operation by March 1998, he added.

HR Textile Mills Limited is an enterprise of Pride Group. It is now a familiar name for its popular brand 100 per cent cotton Saree being sold through its own outlet Pride Textiles.

Bangas gives bonus

Star Business Report

Bangas Ltd has approved bonus at 1:2 ratio for its shareholders.

It was announced at the 17th annual general meeting of the company held at Chuadanga on Monday.

The meeting was presided over by Md. Mozammel Haque, Chairman and Managing Director of the company, according to a company press release.

It was reported that the new unit for producing Bangas peya, peya chips has gone into trial production and expected to commence marketing from January 1998.

The shareholders adopted the Audited Accounts for the financial year 1996-97.

8th AGM of Tallu Spinning held

The 8th annual general meeting of Tallu Spinning Mills Limited was held at Uzirpur, Chuadanga on Monday with Md. Mozammel Haque, Chairman and Managing Director of the company in the chair, says a press release.

Among the Directors present at the meeting were Md. Rafiqul Haque, Md. Rabul Haque, Md. Mahbubul Haque, Md. Atiqul Haque and BSB nominated A S M Rezaul Quddus.

In the deliberations to the shareholders, Md. Rafiqul Haque, Director, stated that the unit-II of the company is expected to commence commercial operation by the middle of 1998.

Shareholders approved the audited accounts for the year ended 30th June, 1997, and the reports of the directors and auditors thereon.

2 major Euro bourses close higher

LONDON, Jan 3: Two of Europe's three largest share markets closed higher on Friday, the first trading day of 1998, while the third was poised to end firmer thanks to a robust US dollar, says Reuter.

But many participants were absent due to the new year holiday, which kept trading activity to a minimum and exaggerated price movements, dealers said.

In London, the FTSE 100 index closed 1.13 per cent higher in a subdued half-day session while in Frankfurt, the dax 30-share index ended 1.55 per cent firmer as ongoing nervousness over Asian economic turmoil pushed the dollar to a near six-year high against the yen.

The FTSE 100 closed 58.0 points higher at 5,913.5 while the dax 30-share index finished 65.68 firmer at 4,315.37. The extra dax after-hours index was over 2.5 per cent by 1435 GMT.

The dollar was trading at its highest level against the Japanese currency since April 1992 as investors worried about the possible impact that Asia's economic woes could have on Europe.

"It's a flight to quality and there is a big question mark over the effect of the far east," said Peter Wood, forex dealer ATG Bank of Boston in London. "We know what the effect is on Japan, but we're not sure about Europe, and Germany is the biggest creditor to South Korea."

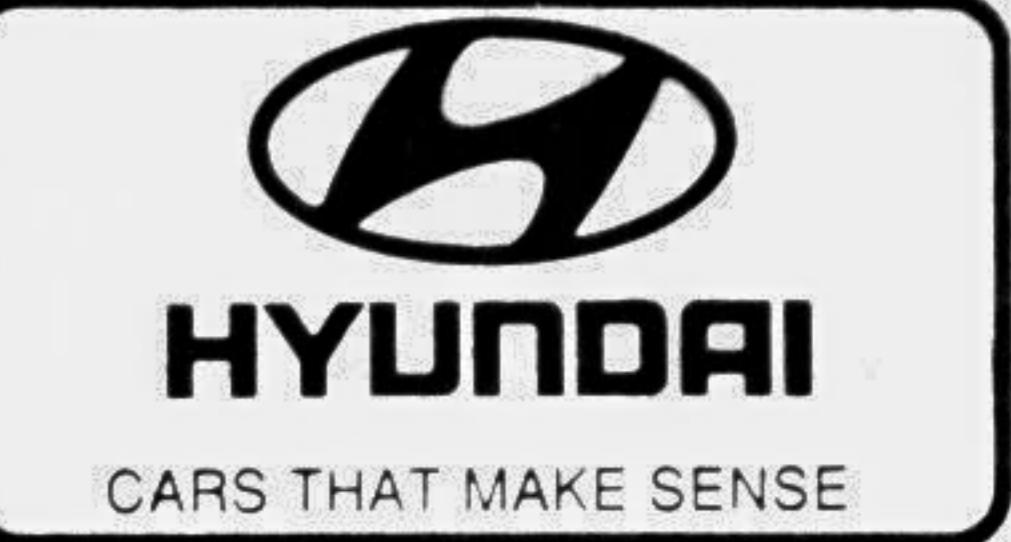
The Paris bourse, which is due to close at its normal time of 1600 GMT, was nearly 1.5 per cent higher as Wall Street rose 20 points in its first five minutes of trade.

In Paris, havas rose two per cent. Helped by a Le Monde report that Generale Des Eaux was considering making a bid for the communications group through a share swap.

There was no new year glut in evidence in the precious metals market as gold was fixed at 287.70 dollars London versus 289.20 dollars at the morning fix on December 31.

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Tk 100 cr for ICB likely

DSE wants 'market salvation fund'

By Toufique Imrose Khalidi and M Shamsur Rahman

Dhaka stock dealers are asking for government intervention to "salvage" the market, seeking injection of new funds to prop up dipping prices.

The new chairman of the DSE is calling it "market salvation fund" which he says can be channelled through such government-controlled institutional players as Investment Corporation of Bangladesh (ICB), Bangladesh Shilpa Bank (BSB) or Bangladesh Shilpa Rin Sangstha (BSRS).

Mohammad Rakibul Rahman, the new chairman, also suggests the money be even made available to "market makers" or experienced stock dealers who are reliable enough to play the role.

While confidence-building remains the number one task, the new leaders of the DSE are meeting Finance Minister S A M Kibria today to press, among others, for a Tk 100 crore loan for the ICB.

About two months back, a proposal to the finance ministry was sent to the Bangladesh

Bank, which is learnt to be willing to lend the money to ICB with an eight per cent interest but asking for a guarantee.

The money, part of the Tk 200 crore the finance minister promised months ago when the prices were hitting lows, should help boost the market, but the modalities of channelling the funds apparently remains a thorn.

One idea is to lend the sum to ICB, while the other is to use it to create a fund through issuing debentures.

Lack of funds is identified by stock brokers as the key barrier.

"The main problem of the market is that there's not enough money," says Rakibul Rahman.

Computerisation is another element that could change the scenario, they say. "Trading volume would go up, the price will increase, and the market will be more transparent," an other broker said.

Following the meeting with the finance minister, the 18-man DSE Council, six of them nominated or ex-officio members from chambers and government, will have talks with

the Securities and Exchange Commission tomorrow and Bangladesh Bank on Thursday.

The DSE chairman also wants the government and regulators to play a greater role. "The finance ministry, SEC and others must be more active," he says, citing stock market practices worldwide. "In the United States, President Clinton was woken up by his treasury secretary when the New York market plunged recently. In such cases, the top political leadership intervenes."

"We will also seek a greater interest and role from the prime minister," he says.

In another confidence-creating measure, the DSE will have its membership increased by 55, for which tenders have been floated, a DSE statement said yesterday.

The DSE authorities plan to allot membership at the earliest possible time, and will prefer corporate members, according to DSE sources. Each membership will cost a minimum of Tk 1.5 crore, they said.

All these steps are to revive the market and bring back investors' confidence, says Rahman, who claims such transparency-creating exercise as submission of weekly statements to SEC by him and his Council colleagues.

"After I became chairman of DSE, I resigned from that post of chairman of my company to keep myself away from any controversies. Every week the chairman, senior vice-chairman and vice-chairman are sending their week's trading statements to the SEC. We hope these steps will also help in bringing transparency and development of the market."

The DSE chairman wants the finance ministry and the SEC to be more transparent. "There are companies which declare dividends but do not pay their shareholders accordingly. He cites the case of the government-controlled Eastern Cables, which failed to pay dividends declared about a year ago.

Out of three units, the KPM authorities keep one unit in operation with furnace oil during the non-supply of gas, officials

Gas supply cut to cost KPM Tk 12cr this year

CHANDRAGONA, Jan 3: The Karnaphuli Paper Mills Limited (KPM), an industrial unit of Bangladesh Chemical Industries Corporation (BCIC), will incur a loss of around Taka 12 crore during the current fiscal year due to sharp fall in production, senior officials said yesterday, reports BSS.

The KPM incurs a loss of Taka 3.6 lakh a day during the deadlock in the gas supply to run a unit of the mills, the officials said.

The KPM authorities and the CBA leaders of the mills urged the BGSL to ensure daily supply of 4.5 million cubic feet of gas to the KPM which would help the mill run on a profitable basis.

Zahurul Huq quoting the BGSL authorities told the BSS correspondent that the Bakhrabad Gas System Limited was not in a position now to meet the daily requirement of the KPM.

"The BGSL has assured me that they will be able to meet our daily need from April next," Huq said and added that efforts were now on at the higher level to minimise the present crisis.

CRB scandal

Rules for private bank tightend

India unveils medium term export strategy

NEW DELHI, Jan 3: India's central bank yesterday tightened rules for private banking companies following a massive financial scandal last year.

The Reserve Bank of India (RBI) pegged the interest rates on deposits at 16 per cent and prohibited the private banking firms from holding a net worth below 250,000 rupees (6,410 dollars).

"Most of the private companies charge interest rates as high as 25 per cent and the RBI has directed them to roll back the interest rates with immediate effect."

A private bank, the CRB group, collapsed in May last year leaving liabilities worth 10 billion rupees (227 million dollars).

Its assets were worth less than a quarter of that amount. Banks, companies and about 200,000 investors lost money in the scandal.

The CRB scandal was the biggest to hit the financial sector in India since a 1.3-billion-dollar securities scam in 1991-93, when a group of brokers and bankers used public money to gamble on stocks and shares.

The central bank on Friday, however, cautioned depositors that regulations "by themselves cannot provide a fail-safe system".

"Depositors should be circumspect and satisfy themselves about the financial soundness of the banks before placing their deposits, as they will be investing at their own risk and responsibility."



Mir Nasir Hossain, Director of Eastern Bank Limited, opening the 17th branch of the bank in Bogra.

Economic crisis in Asia eating away company revenues in US

NEW YORK, Jan 3: With last year's market gains so neatly tucked away in the record books, it's rather annoying to be reminded that the final chapter of 1997 is not yet written, reports AP.

But there it was, buried in Friday's otherwise uplifting report on December's factory activity: a sharp drop in export orders the first broad indication that the economic crisis in Asia has been eating away the market.

Given all the profit warnings from companies last month, it wasn't exactly a shocker. Still, it was a small reminder that the final numbers crunching on the fourth quarter has only just begun, and the final results won't be publicized until later in January.

Industry analysts are clearly worried about what those reports will reveal.

When the fourth quarter began, they were predicting that the Standard and Poor's list of 500 companies would post a combined 13.2 per cent improvement in profits compared with a year earlier, said Chuck Hill, director of research at First Call, a firm that tracks analyst forecasts. Now, with the quarter just ended, the forecast fallen to about 8 per cent earnings.

We'd have to say there's been more than the normal trimming of earnings estimates," said Hill, noting that S and P 500 profit forecasts usually shrink no more than 3 percentage points over the course of a quarter.

The optimistic take on all this is that the majority of companies hurt by the trouble overseas during the fourth quarter have already warned the investment community.

"Only the guys with bad news are pre-announcing their results. Nobody knows exactly what Asia's impact is, but anybody who has any good news

about Asia is saving it," said Ronald J. Hill, investment strategist at Brown Brothers Harriman.

"Analysts have been very quick to revise their estimates downward on the fear factor, but it may be overdone. That leaves room for some upside surprises."

Slow growth of US economy forecast

WASHINGTON, Jan 3: The US economy will continue to expand in 1998 for the seventh consecutive year, though at a slower pace than in 1997, according to a panel of economists polled by the Wall Street Journal, says AFP.

The average forecast called for the economy to grow at a 2.4 per cent rate in the first half of 1998 and a 2.1 per cent rate in the second half, growth in 1997 is expected to have been about 3.7 per cent.

If the economy continues to grow it would be the longest period of expansion since the 1960s, when the United States experienced 106 months of growth without a downturn.

The Asian financial turmoil, rising wages and leaner corporate profits are expected to put a check on growth, according to the 55 economists polled.

The academic and financial economists participating in the Journal's survey see short-term and long-term interest rates remaining at roughly current levels throughout the year, unemployment remaining below five per cent and inflation inching up slightly.

Outside the United States, the largest number of economists said the fastest growing country will be China while Latin America will be the fastest growing region.

The Wilshire Associates Equity Index — which represents the combined market value of all NYSE, American and Nasdaq issues — ended the week at dollars 9.328 trillion, up dollars 351.7 billion from the last week. Last year, the index stood at dollars 7.148 trillion.

Sign of moribund economy in Thailand

BANGKOK, Jan 3: Thailand's economic woes, the worst in the country's modern history, have spawned a new scheme to help the worst affected: free funerals, newspapers said Saturday, says AP.

The city administration and at least 40 Buddhist temples in the capital have agreed to provide a coffin, one-day prayer service and cremation at no cost.

The English-language daily The Nation said an average funeral in Bangkok costs about 10,000 baht (220 dollars), far too much for low income families and recently hit by a dramatic economic downturn.

And cutting corners is often not possible: many temples refuse to cremate bodies without coffins.

The scheme is to be funded by richer citizens who believe that paying for funerals is a form of merit-making. Many Buddhists believe that performing good deeds, or accumulating merit, insures that a person will be reborn to a better life.

Since mid-1997, Thailand has seen the value of their currency plummet, prices rise and unemployment soar. The situation is expected to continue, if not worsen, this year.

Toyota launches low-emission car

TOKYO, Jan 3: Japan's auto giant Toyota Motor Corp. said it added a new low-emission model in a race to meet new emission regulations to be imposed by 2000, reports AFP.

The Harrier, equipped with a 3,000 CC gasoline engine, reduces emissions of harmful exhaust gases, such as hydrocarbons, carbon monoxide and nitrogen oxide, by 70 per cent compared with conventional engines, Toyota said.

Low emissions were made possible by the new engine's enhanced valve controls and reduced friction of moving parts, it said.

The consequent improvement in fuel efficiency also substantially reduces carbon dioxide emissions, the company said.

"I'm very concerned about over-inflated earnings expectations for 1998," said Meehan, noting that the consensus estimate for this year's profit growth by the S and P 500 is about 14 per cent higher than 1997, reports AP.

The market is trading on bloated expectations, so it will be hard to generate much upside," Meehan said.

On Friday, the Dow Jones industrial average rose 56.79 to 7,965.04 on Friday, up 38.73 points, or 3.7 per cent.

The Standard and Poor's 500-stock index rose 4.61 to 975.04 on Friday, up 38.58 for the week and less than 9 points from record terrain.

The New York Stock Exchange composite index rose 0.96 to 512.15 on Friday, up 7.89 on the week and about 2 points shy of a record high.

The Nasdaq composite index rose 11.18 to 1,581.53 on Friday, closing the week with a gain of 70.15.

The Russell 2000 index of smaller companies slipped 0.50 to 436.52 on Friday, trimming the week's gain to 15.03; and the small-company dominated American Stock Exchange composite index fell 2.07 to 682.54, but finished the week at 18.77 higher.

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