

SANYO

Microwave Oven

Sole Distributor in Bangladesh

Transfin Trading Limited

100, Kazi Nazrul Islam Avenue, Dhaka-1215

*Tel: phone : 815306-09, 819625-29, Fax: 813062

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HYUNDAI

CARS THAT MAKE SENSE

IPO to raise Tk 5 cr by Taiwanese tiles producer

Fu-Wang conceals information

By Toufique Imrose Khalidi

When transparency is seen as the key to salvaging the ailing capital market, a foreign-invested company seems to have collided with its local issue manager and others to conceal some vital information which could erode public confidence further.

A Taiwanese-owned company, Fu-Wang Ceramic Industry Limited, failed to give a vital investment-sensitive information in its prospectus for an initial public offering to raise five crore taka. The public money is intended to fund a raw material plant. The subscription began February 8 and will close February 17.

Registered in 1995 with the Board of Investment as a joint venture which would export all its products, the company enjoyed such facilities as duty exemptions on import of capital machinery.

The company later found the export market far more competitive than it thought it would be and began marketing its product, ceramic tiles, in Bangladesh. Accordingly, it took permission from the BOI.

Fu-Wang tiles soon became a good bargain for local consumers, but BOI put a spoke in their spanner.

The Board demanded that the company now pay the duties it was not required to pay being a 100 per cent export-oriented enterprise. They should return it," Zahid Hossain, a member of BOI, said speaking to The Daily Star.

The exact amount of unpaid duty is unknown.

Repeatedly approached by The Daily Star, the company officials were evasive. So were the executives of the issue manager, Swadesh Investment Management Limited. One source, however, put the figure at close to two crore taka.

By law, the information, being extremely investment-sensitive, should have been made public.

And, according to international accounting practices, tax-related information is the most vital point of disclosure to the public when operating in the capital market.

The issue comes at a time when regulators in Bangladesh

are desperately trying to set new standards of transparency and accountability, lack of which is cited as the key reason why the market has suffered and the investors refuse to feel confident in the manner of operation of the business.

According to the prospectus published in newspapers, the company's capital employed as on October 31, 1997 is Tk 22.65 crore, of which Tk 20 crore is share capital and the rest are borrowed funds and reserves.

The company's pre-tax profit was shown to be Tk 43.63 lakh during July-October 1997, which gives a very low return on share capital - only 2.18 per cent.

At this stage, says an investment analyst, "a sudden tax burden will upset the company plans, which include setting up a raw material plant at a cost of five crore taka, and push the profitability to an even lower level."

So how could the company pass through the SEC scrutiny?

SEC officials in charge do not have a proper answer to it. The company gave us a tax hol-

iday certificate," one SEC official said.

And then, what about the so-called "due diligence certificate" by the issue manager?

As issue manager, Swadesh Investment Management Limited is supposed to share the responsibility.

Investors are ignorant about this state. And, already three days into the subscription period, many may have already deposited money to buy Fu-Wang shares.

What will happen to these poor investors? Is the company paying VAT and other taxes if its products are marketed locally?

If yes, that will raise questions about the project viability. For a simple reason: the tax will add to the price tag and erode marketability in terms of loss of the competitive edge.

The key element in the whole story is the company's failure to furnish this piece of information.

The company's board swore that they did not conceal anything and assured of "accuracy

of the information given" in the prospectus.

"All conditions concerning this public issue and prospectus have been met, and that there are no other information or documents the omission of which make any information or statements therein misleading, for which the Commission (SEC) may take any civil, criminal or administrative action as it may deem fit," the directors said in a statement.

The managing director of Swadesh Investment Management Ltd, the issue manager, gave a similar statement, part of the due diligence certificate as required by rule.

"This prospectus has been prepared by us, and we confirm, after examination, that the prospectus constitutes full and fair disclosures about the issue and issuer; and complies with the requirements of the Public Issue Rules; and the issue price is justified with reference to i) net asset value per share, and ii) earning-based value per share," the Swadesh managing director said in the prospectus.

Indonesia wants joint ventures in petroleum sector

Dhaka-Jakarta push for increased trade

Star Business Report

Indonesian Foreign Minister Ali Alatas said yesterday that Dhaka and Jakarta would soon sign another basic agreement to avoid double taxation and remove other impediments to boost bilateral trade.

"Such an agreement will increase manifold trade and economic activities between the two countries," he told a press conference at Dhaka Sheraton Hotel prior to his departure, ending a three-day visit.

Ali Alatas signed an agreement with his Bangladeshi counterpart Abdus Samad Azad on Monday on the Promotion and Protection of Investment.

"All the hindrances in expanding trade were discussed during my meetings with Bangladeshi leaders," he said adding that they also agreed to remove the barriers to wider cooperation in textiles, oil and gas, shipping and agriculture sectors.

Indonesia, being an oil exporter, would also extend cooperation to Bangladesh in petroleum sector, he said. "We're also looking forward for joint venture with Bangladesh

in the gas and oil sector."

The Indonesian minister hoped that the two accords would make the traders and entrepreneurs of the two friendly countries feel much more comfortable in carrying out their activities.

He pointed out that the trade between the two countries was being done through third countries because of such constraints as double taxation, problems with payment and lack of knowledge.

An agreement was also reached on the promotion of South-South cooperation, he said.

Alatas said the two sides also felt the need for frequent exchange of visits by traders and holding seminars, exhibitions and trade fairs "to know each other better". In this context, Ali Alatas informed that single-country trade fairs would be held in Dhaka and Jakarta sometime this year.

"I am quite convinced that there is a greater political will and wider capacity from both sides in expanding economic cooperation," he told reporters.

The Indonesian Foreign Minister termed his visit to Dhaka a 'visit of friendship' and referred to his meetings with President Shahabuddin Ahmed, Prime Minister Sheikh Hasina, Foreign Minister Abdus Samad Azad and other cabinet ministers. "Exchange of views on enhancing economic cooperation dominated the discussions."

He has also invited Azad to visit Jakarta.

Noting that transportation plays a very important role in bilateral trade, Ali Alatas said he discussed with the concerned ministers of Bangladesh increasing cooperation in shipping and aviation.

Stressing on peace and stability in the country and its surrounding areas to ensure economic growth, Ali Alatas also spoke of closer ties between the ASEAN and the SAARC.

He appreciated Prime Minister Sheikh Hasina for including businessmen as part of his entourage while visiting Jakarta saying "it helps the investors to come closer and know each other better."

Arab Bangladesh, Dhaka Bank sign Tk 320m syndicated credit accord

Star Business Report

Arab Bangladesh Bank Ltd and Dhaka Bank Ltd have signed a Taka 320 million syndicated credit agreement to set up a cold rolled steel sheet plant.

The accord was initiated by A Rahim Chowdhury, Managing Director of Arab Bangladesh Bank Ltd and A Ashique U Chowdhury, Managing Director of Dhaka Bank Ltd on behalf of their respective banks in the city recently, says a press release.

The plant will be the first of its kind in the country under the name RM Cold Rolled Mills Ltd.

The project, as an import substituting industry, will manufacture cold rolled steel strip - which is a major raw material for the galvanizing industry in the country.

The project is being promoted by Al-haj Md. Rokunuddin Mollah and Al-haj Mohammad Mizanur Rahman of RM Group of Industries.

MA Awal, Deputy Managing Director of ABBL, Md. Mokhesur Rahman, Deputy Managing Director of Dhaka Bank Ltd., Syed Nurul Amin, EVP of ABBL Abu Haniff Khan, EVP of ABBL, Naser Bukhtear Ahmed, EVP of ABBL, Md. Abu Musa, SVP of Dhaka Bank Ltd. and Al-haj Md. Rokunuddin Mollah & Al-haj Mohammad Mizanur Rahman, Chairman & Managing Director respectively of RM Cold Rolled Mills Ltd. were also present at the signing ceremony.

Indian expert to conduct training programmes at US trade show

An Indian marketing and sales trainer Sheila V Singla, arrives in Dhaka today at the invitation of Raport Bangladesh Limited to conduct a number of training programmes at the US Trade Show to be held from February 12 to 14, says a press release.

She will give presentation on sales, promotion and marketing at the breakfast meetings for the exhibitors of US Trade Show.

She will also act as one of the judges for selecting three best exhibitors at the show.

Singla will conduct a special Sales Management Training course on February 15.

MIDAS course on small business planning opens

Star Business Report

A two-week training course on small business planning has begun at the head office of Micro Industries Development Assistance and Services (MIDAS) in the city on Monday.

It was inaugurated by the Managing Director of MIDAS, Abdul Karim, on Sunday, says a press release.

The course has been designed to improve the planning skill of the participants for small business undertakings.

This programme is a part of the "Promotion of Private Sector (PPS) Project" under implementation by MIDAS and German Agency for Technical Cooperation (GTZ).

Bazlur Rahman Khan, Director Development of MIDAS and Ms Ricarda Weidinger, Project Adviser to Bangladesh-German CEPE Project also spoke on the occasion.

The next parliament session to consider proposed Act

Central depository framework drafted

By M Shamsur Rahman

A legal and operational framework for a central depository for the stock market has been drafted, which will be scrutinised by ministries of finance and law before being sent to parliament to enact a law.

A committee for setting up a Central Depository System (CDS) yesterday finalised the draft, which sources said would now be forwarded to the finance ministry.

The committee at its final meeting also recommended all shares be transferred through CDS after the system is put in place. An automated CDS will

eliminate physical transfer of shares.

The proposed CDS will be a public limited company with sponsors like banks, brokerage firms, institutions like ICB, DSE and CSE.

"They will form a company and apply for permission to SEC," a source said of the proposed CDS. "There should be a law styled Central Depository Act which will guide the operation of the CDS, and the SEC will monitor its activities."

The committee is now drafting the proposed Act,

which is expected to be placed before parliament in the next session.

The eight-member CDS Committee was formed on September 24 to design the legal and operational framework of CDS. SEC member Imdadul Huse, who replaced former member Shahabub Alam, is convenor of the committee. The other members are the SEC legal advisor, the FBCCI chief, the DSE chief, the CSE chief, the ICAI chief and Valery Advary of International Securities Consultant.

A committee source said both the bourses would be able to adapt to the proposed CDS with their current setup.

The bourses will send all transactions to CDS, which will record the transfer, and the shares will automatically change accounts. And the shareholders will not have to go to the companies to transfer their shares. There will be a fee which will be charged after every transaction.

"No changes will be required and automation is not a prerequisite to CDS," a committee source said.



Forrest Cookson, President of American Chamber of Commerce in Bangladesh, speaking at a press conference arranged yesterday on the occasion of the three-day US trade show beginning tomorrow.

3-day American trade show opens tomorrow

A three-day 7th annual American trade show will be held here from February 12, reports BSS.

American Chamber of Commerce in Bangladesh (AmCham) and the United States Embassy here are co-sponsoring the event. President of the AmCham, Forrest Cookson, told newsmen here yesterday.

He said that Commerce and Industry Minister Tofael Ahmed will open the show as the chief guest at the Dhaka Sheraton Hotel at 9 am.

Among others, the United States Ambassador John C Holzman will attend it. The first day of the show is Traders Day as it will remain open exclusively for the business people from 10 am to 5 pm. This will be open to public from 5 pm to 8 pm on February 12 and from 10 am to 8 pm on two other days.

Cookson said the show marks a closer economic and

business relationship between the two countries and expressed the hope that the coming show would generate greater interest among the business circles here about AmCham goods.

The AmCham president said the export from Bangladesh to the United States is on the increase but the import from there to Bangladesh is not much.

He stressed that there is a need for greater export to Bangladesh from the United States.

Asked if the prices of the American goods are competitive compared to China and others taking into account the transportation cost, he answered in the affirmative and added that quality wise goods from his country are good even if the costs are higher in some cases.

Asked about the devaluation of the Bangladesh currency, he said the real adjustment of the taka is done for some meaningful reasons.

Three officials, one clerk of MPA suspended

From Staff Correspondent

KHULNA, Feb 10: Three senior officials and a lower division clerk of Mongla Port Authority have been suspended for their alleged involvement in the theft of fuel worth Tk nine lakh.

They are Senior Pilot A H M A Momen, Deputy Chief Finance and Accounts Officer Khorsheed Hossain, Chief Accounts Officer Abdus Salam and LD clerk Hosain Ali.

A source in the Port Authority said that the suspended four are among the six officials charged with the same offence by the District Anti-Corruption Bureau of Bagerhat on September 22, 1997.

A case in this connection was recorded on November 9 last year.

The two others suspended earlier are Senior Accounts Officer Sarder Mahmud Hossain and Typist Helal Uddin.

When contacted, a highly placed source of MPA said that the total number of officials and employees suspended in the past one month on charge of corruption stood at 18.

UFIL's profit up by 276 pc

Star Business Report

Uttara Finance and Investments Limited registered a 276.40 per cent rise in profit in 97 over the previous year, the company announced yesterday.

The company earned a net profit of Taka 1.84 crore in the year '97 as against Taka 0.49 crore the previous year. Its business grew by 33.93 per cent to Taka 25.62 crore in 97 from 19.13 crore in '96.

Commencing in November '95, the company went public in July '97, which was eight times over subscribed. Its paid up capital amounts to Taka 12.00 crore with an equal stake of both sponsors and general shareholders.

The company sponsors include two entrepreneurs from Singapore with 21 per cent stakes.

"Even after deduction of 20 per cent for reserves and adjustment of public offering expenses the company will be able to distribute dividends as projected in the prospectus," company secretary Shantanu Shaha said.

The company is expected to hold its first annual general meeting with the general shareholders in the middle of the year.

New Money Changers' Name and Address

Eastern Money Exchange
Ruma Mansion, 1/A College Avenue,
Mirpur Road, Dhanmondi, Dhaka
Nam Money Exchange
167/24 Motijheel C/A Dhaka.

London Sylhet Money Exchange
Amjad Ali Road, Kalighat, Sylhet.
Rajdutt Money Exchange
68 Dilkusha C/A Dhaka.

Mondial Money Exchange
53 DIT Extension Road, Naya Paltan, Dhaka.

Eastern Union Money Changing
149 DIT Extension Road, Fakirpool, Dhaka.

Paramount Money Exchange
1 Doctor Kudrat-e-Khuda Road, Dhanmondi, Dhaka.

Imperial Money Exchange
54 Dilkusha C/A Dhaka.

Merse Money Exchange
Plot # 15, Barun Bhaban, Gulshan 2, Dhaka.

Mirza Money Exchange
77/1 Kakrail, Dhaka.

Pioneer Money Exchange House
Purba Mirabazar, Sylhet.

Quick Money Changer
136 Shantinagar, Dhaka.

Mohona Money Exchange Co
11 Fakirpool, Motijheel, Dhaka.

Modern Money Exchange
74/1 Mirpur Road, Rajanigandha Bhaban, Dhaka.

MS Money Changer
2 Custom Gate, Benapole Bazar, Jessore.

Shahajalal Foreign Exchange House
129 Nawabpur Road, Dhaka.
Classic Money Exchange
118/A, Aziz Co-operative Super Market, Shahabag, Dhaka.

Munshi Money Changer
161, Motijheel C/A, Dhaka.

Overall Money Changer
Alia Bhaban, 1301/1, Rokeya Sarani, Mirpur, Dhaka.

Karuna Exchanger
43, Natun Market, Laldighirpar, Sylhet.

Legal Money Exchanger
56, Purana Paltan, Dhaka.

J Q Money Changer
590, Prodan Sarak, Cox's Bazar.

Lucky Money Exchange
20, Baitul Aman Jame Masjid Market, Motijheel, Dhaka.

Noor Brothers Money Changer
21, Extension, Baitul Mukarram Market, Dhaka.

Sugandha Money Exchange
85, Malibag, DIT Road, Dhaka.

Brothers Money Changer
Annex Building, Rajuk Bhaban, Motijheel, Dhaka.

Seacom Money Exchange
5, Agrabad C/A, Chittagong.

Tipu Money Exchange
787, South Shahajpur, Dhaka.

Karnaphuli Money Exchange
9/C, Motijheel C/A, Dhaka.

N M Money Changer
9/G, Motijheel C/A, Dhaka.

Shahana Money Changing
20/2, Bijoynagar, Dhaka.

To be continued

Crisis in Asia

G-24 criticises IMF

CARACAS, Venezuela, Feb 10: The Asian economic crisis is raising questions among developing nations about whether the International Monetary Fund's medicine is worth swallowing, reports AP.

Finance ministers and central bank presidents from 24 poor countries meeting in Caracas are skeptical.

The IMF - the world's top multilateral lending agency along with its sister institution, the World Bank - still enjoys a high level of credibility among poor countries. But after the Asian crisis, those nations are becoming more vocal in their demands for a greater voice in IMF decision-making.

Meeting in Caracas for a three-day conference that ends Monday, representatives of the Group of 24 said the IMF's demands for government belt tightening and open markets may now be met with greater skepticism.

Colombia's finance minister, Antonio Jose Urdinola, said he felt vindicated by bucking IMF policy and imposing controls on how much money people are allowed to take out of the country. Capital flight has been a key feature of the Asian currency crisis.

"I think everybody is going to be taking IMF calls for free movement of money with a grain of salt," said John Ohiorhenuan, a Nigerian economist and United Nations Development Programme official.

In Caracas, some officials complained of unfair burdens, saying the world's poor suffer the most from IMF-prescribed austerity while the rich reap the benefits of the fund's bailouts.

Some developing countries have begun to question IMF calls for open markets, fearing that greater openness could make their economies even

more vulnerable to fluctuations in global capital flows.

For its part, the IMF says it's not free markets that are to blame for today's woes, but countries' failure to break up monopolies, curb corruption and correct market distortions such as overvalued exchange rates.

Still, the fund is coming under increasing pressure from officials and analysts who say it handled the Asian crisis badly. The most radical proposal made in Caracas was to replace the 54-year-old IMF with a new international agency to monitor 24-hour global financial markets that now can move billions of dollars in a matter of minutes.

"You can see that people are worried that these issue now are much to important to leave entirely to the IMF alone," said Ohiorhenuan.

Colombia's Urdinola, however, noted the IMF "has an immense accumulated experience" that would be hard to replace.

"No one is capable of predicting events," he said.

The IMF may now be poised for some big adjustments. Ohiorhenuan believes the fund will listen more to organisations like the G-24, which in turn will implement IMF economic recipes with more caution.

Many countries "are not going to be totally free-market anymore," he said.

During a Caracas press conference Saturday, IMF Managing Director Michel Camdessus hinted the fund may give developing nations a larger say in IMF matters.

The fund "has to permanently adapt to better reflect its membership, and if that leads to an increased representation of the developing world, so be it," he said.

Sonali Bank to distribute Tk 612 cr agri loan

Sonali Bank will distribute Taka 612 crore under its agriculture and agriculture related programmes during the current fiscal year, reports BSS.

The money will be distributed as crop loans, irrigation equipment loans, agri-implementation loans, shrimp cultivation loans and rcp/rd-9 women's credit, among other loans, a press release of the bank said here yesterday.

Mohammad Asafuddin, Chairman of the Sonali Bank Board of Directors, who inaugurated a three-day conference of the bank yesterday, called upon the bank managers to extend their all-out cooperation through timely distribution of the loans to help crop production in the country.

Sonali Bank's Managing Director, Mahbubur Rahman Khan, was the special guest at the inaugural function of the conference.

New labour bill

ROK unionists call indefinite strike

SEOUL, Feb 10: The new leadership of a militant labour group called for a nationwide strike Tuesday to kill a proposed bill that would make layoffs easier, reports AP.

The Confederation of Korean Trade Unions asked its 500,000 members in automobile, shipbuilding and other key industries to walk off their jobs beginning Friday afternoon.

Union leaders said the strike would continue indefinitely until the proposed law now before Parliament is withdrawn.



MD of Bitopi Reza Ali and MD-Asia Pacific Region, Leo Burnett, Stephen Gatfield, addressing a function organised at Sheraton Hotel on Sunday to celebrate 30 years of Bitopi and its two years of affiliation with Leo Burnett. Paris-based Bangladeshi mime artist Partho Protim Majumdar and his group performed a pantomime on the occasion.