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Agate diversifies to take on the world

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TEN years ago, a schoolteacher, not satisfied with his earnings, decided to eke out a living by going into the duty-free business.

It was an unfamiliar concept in Malaysia then and so Sultan Abdul Kadir, who is the group managing director of Agate Group (Malaysia) Sdn Bhd, found a number of people wholly against his proposals.

"The Department of Civil Aviation was unconvinced how an ex-schoolteacher could project monthly profits (for this business) to range between RM20 and RM25 million," he said in an interview recently.

His idea was only taken seriously when it was brought to the attention of Prime Minister Datuk Seri Dr Mahathir Mohamad.

A plaza, subsequently constructed by Agate in 1989, saw an encouraging response from 26 operators, selling a wide range of duty-free products such as perfume and liquor, who took up space at the first Agate outlet.

By 1996, Agate had established 12 duty free outlets.

Sultan Abdul Kadir was still not satisfied with just seeing the free trade business grow in the country.

Looking back 10 years later, Sultan Abdul Kadir now feels that he can carve a niche for the Malaysian palm olein business in the foreign market as he had done for the duty free trade.

"That was why I sold nine of my companies for a substantial sum and went to India to establish a trade financing company called Agate Finance Ltd," he said.

It took three years before Agate Finance took shape.

The new company was set up solely to export palm olein from Malaysia and Indonesia to India and it has been exporting about 5,000 tonnes monthly.

Agate Finance obtained its licence to export palm olein from Palm Oil Registration and Licensing Authority (Porla) this year.

"We've targeted to export 100,000 tonnes to India by May next year and, with time, an additional 150,000 tonnes when we include other countries like Pakistan and Bangladesh."

In the case of India, 60 per cent of palm olein imported comes from Malaysia.

Also on Agate's drawing board within the next three years is a palm oil refinery.

Sultan Abdul Kadir said the company has a smaller role in the duty free trade business and has reduced the number of outlets by half.

But it has expanded its operations overseas and will be opening five outlets each in Myanmar and Vietnam through an initial investment of US\$1 million.

Education is another area of interest to Agate for a number of years now. At present, the company has five colleges to its credit in Penang, Seberang Jaya, Kulim, Taiping and Ipoh.

"We'll also be offering IT related programmes for all disciplines for which Universiti Teknologi Mara and us will be issuing certificates."

Agate, he added, has also tied up with India to exploit the facilities for IT education.

Listing plans?

"Not in the near future ... unless my senior managers can convince me that we can give a 20 per cent dividend to our shareholders."

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