

**SIBL Islamic Credit Card**  
COVER THE WORLD AROUND YOU

ফ্রি অনলাইন সেবা  
যে কোন প্রয়োজনে ০৯৬৯২০০৯২২

# Star BUSINESS

DHAKA THURSDAY MARCH 17, 2016

## Summit merges power subsidiaries

**SARWAR A CHOWDHURY**

Summit Power, the first private sector power producer, plans to merge three of its subsidiaries as part of a new business strategy of its parent company, Summit Group.

Since all the companies are operating in the same area, supervisory, accounts and auditing, and legal costs can be cut down as a result of the amalgamation, officials said.

The units to be amalgamated with Summit Power are: Summit Uttaranchal Power Company, Summit Purbanchol Power Company and Summit Narayanjanj Power.

"Creating synergy value is one of the main purposes of the amalgamation. All the companies will come under one management, through which efficiency will be increased, and thus, the profits," said Shamsuddin Haider Dalim, head of public relations and media of Summit Power.

At present, Summit Power generates 160MW, Summit Uttaranchal 44MW, Summit Purbanchol 66MW, and Summit Narayanjanj 102MW.

Summit Power's board of director has approved a draft scheme of the merger, which is now awaiting approval from the High Court and other regulatory bodies, according to a posting on the Dhaka Stock Exchange website yesterday.

In line with the amalgamation plan, 1,309 ordinary shares of Summit Power will be offered for 1 existing share of Summit Purbanchol Power Company, 1,668 Summit Power for 1 Summit Uttaranchal Power Company share and 1,475 Summit Power for 1 Summit Narayanjanj Power share.

The exchange rate has been fixed by the weighted average net asset value on December 31, 2015 and the average market price for six months to the December 31, 2015 on the DSE for Summit Power and Summit Purbanchol Power Company, both of which are listed on the stockmarket.

Each share of Summit Power, which was

listed in 2005, traded between Tk 42.4 and Tk 38.2, before closing at Tk 38.4 on the premier bourse yesterday.

Each share of Summit Purbanchol, which was listed in 2013, traded between Tk 58.4 and Tk 51.8, before closing at Tk 52.6.

The exchange rate for non-listed Summit Uttaranchal and Summit Narayanjanj has been fixed by the weighted average of net asset value on December 31, 2015 and average earnings-per share in the last five years to December 31, 2015 multiplied by average market price-earnings ratio.

The trend of merging subsidiaries started in Bangladesh in 2005 when Beximco Group amalgamated two of its units -- Beximco Pharma and Beximco Infusions -- into one.

In 2006, Beximco Textiles, Beximco Denims and Beximco Knitting merged with Padma Textile Mills, which was later renamed Bextex and again merged with Beximco.

Bangladesh Online merged with Beximco in 2009. Besides, Dhaka-Shanghai Ceramics, Shinepukur Ceramics, Shinepukur Holdings and Beximco Fisheries were amalgamated with Beximco in different times.

Tripti Industries merged with Olympic Industries in 2008, Keya Detergent with Keya Soap Chemicals in 2010, and Ocean Containers with Summit Alliance Port in 2012.

In 2014, Keya Cosmetics initiated the process of merging its associated companies: Keya Knit Composite, Keya Cotton Mills and Keya Spinning Mills.

Khulna Power Company, in which Summit Power has 17.64 percent stakes, amalgamated two of its units -- Khanjahan Ali Power Company and Khulna Power Company Unit II -- in 2015.

In all cases, the companies announced that the merger would enhance their profits. But the profits of the entities declined or failed to maintain the momentum in most cases.

## Thai trade fair kicks off in Dhaka

**STAR BUSINESS DESK**

Thailand Week 2016, a trade promotion event by the Thai commerce ministry and the Thai embassy in Dhaka, kicked off in the capital yesterday.

The four-day exposition is part of the Thai government's efforts to create business opportunities for both the countries, which will strengthen bilateral economical relations and increase overall trade, organisers said in a statement.



Commerce Minister Tofail Ahmed visits a stall at the four-day Thai Week that began at the International Convention City Bashundhara in Dhaka yesterday.

There will be a session for prospective businesses on the first two days, and an exhibition open to the public from 10am to 8pm on the last two days.

There will be 39 Thai exhibitors featuring five categories of products at the exposition at International Convention City Bashundhara, including garments and fashion accessories, food and beverages, heavy industry equipment, and household and kitchenware products.

The exposition has a one-stop support desk at the Department of International Trade Promotion's booth, where visitors can get information like the list of international trade fairs in Thailand, list of Thai exporters or manufacturers, and suitable sourcing partners.

The event was inaugurated by Tofail Ahmed, the commerce minister of Bangladesh, while Phasit Chudabuddhi, charge d'affaires of the Thai embassy, was also present.

## Tractor sales rise for haulage purposes

**SOHEL PARVEZ**

Tractor sellers have logged in increased sales, driven mainly by the demand for haulage for growing construction activities in the suburban and rural areas, operators said.

Tractor sales rose 10 percent year-on-year to 4,150 units in 2015, according to operators.

"We see higher demand for tractors for haulage purposes. It appears that construction activities are increasing in rural areas," said Subrata Ranjan Das, business director of ACI Motors, which markets tractors and power tillers.

Many brick kiln owners, rice millers and traders buy tractors for carrying purposes, he said, adding that the demand for the engineering vehicle for cultivation purposes has also risen.

**MARKET SCENARIO**

Demand for haulage rises amid growing construction activities

Tractor sales rose 10% year-on-year to 4,150 units in 2015

Brick kiln owners, rice millers and traders buy tractors for carrying goods

Use of tractors in cultivation is also rising

Bangladesh now cultivates 95% of farmland by power tillers and tractors

The public sector development works in suburban areas have also fuelled demand, said Sadid Jamil, managing director of Metal (Pvt) Ltd. He said the use of tractors in cultivation is also rising as a whole.

But the demand for power tillers for cultivation has been slack for the last several months for low prices of paddy and discontinuation of subsidised sales of the machinery by the government, said industry insiders.

"We had good sales in the first half of last year. But the second half had not been good and the trend of sluggish demand continues to date," said Das, adding that sales of power tillers might drop up to 35 percent this year.

Marketers said nearly 40,000 power tillers were sold in Bangladesh in 2015 mainly for mechanised tilling.

## Banking secretary too was unaware of the fund heist

**STAR BUSINESS REPORT**

Finance Minister AMA Muhith yesterday said the banking secretary has been made an officer on special duty for being uninformed about the cyber heist at the Bangladesh Bank.

On February 4, a band of hackers broke into the BB's systems and made off with \$101 million of its deposits with the Federal Reserve Bank of New York. Banking Secretary M Aslam Alam was unaware of the cyber break-in incident right away.

"He is not involved [with the BB issue] but as a secretary he should have knowledge about it. Unfortunately, he did not know," Muhith told reporters after a meeting yesterday.

On Tuesday, Alam was made an officer on special duty, but the finance minister did not give any reason for the decision at the time. Privatisation Commission member Mohammad Yunusur Rahman has been appointed the new secretary of the banking division.

Muhith also said the state of various systems of the BB is not healthy, so serious reforms would be required. A new governor has been appointed and he will work on these issues, he added.

## German retailer blamed for exploiting cheap labour in Bangladesh

**GARMENT EXPORTS TO GERMANY** In billions of \$

Fiscal Year	Exports (billions of \$)
FY2015	4.38
FY2014	4.37
FY2013	3.67
FY2012	3.39

**STAR BUSINESS REPORT**

British newspaper The Guardian bitterly criticised German retail giant Lidl for selling garments produced in Bangladesh at prices that were too low.

Lidl recently launched a 58-piece denim collection, which includes women's jeggings priced at under 6 pounds (around \$8.60) a piece, The Guardian said in its report published on March 13.

The Guardian has called out the company for paying workers pennies per hour to manufacture them.

"Lidl is a cheap buyer. The company does not want to increase the prices. It always puts pressure on the garment makers for downward prices," said a supplier of garment items to Lidl in Bangladesh, seeking anonymity.

"It is surprising that customers in even Germany and the UK can buy a pair of denim pants at Lidl stores at prices cheaper than any store in Dhaka."

The Guardian said the campaign hit more than 600 UK stores last week, as part of Lidl's 'We Love



Denim' promotion.

The report pointed out that the reason the retailer could sell them so cheaply was because they were made in Bangladesh, where the minimum hourly wage for a garment worker is 23 pence, or about 48 pounds a month (roughly \$69).

Lidl has made no secret of its sourcing in Bangladesh. In fact, Markus Reinken, the company's buying director, spoke last September of their plans to increase apparel orders from the Asian nation by 20 percent because other countries had become too expensive due to higher production costs and a shortage of workers.

The report broke down the price of a pair of Lidl's Bangladeshi-made jeggings to estimate that a minimum wage worker would be paid somewhere in the range of 2 pence and 9 pence for each pair, or between \$0.03 and \$0.13.

This is not the first time the supermarket giant has come under fire for short changing the people who make its cheap threads.

Last summer, more than 1,000 workers at the abruptly-closed Swan

Garment and Swan Jeans factories — which counted Lidl as well as its home grown rival, Aldi, among their clients — in Dhaka demanded the payment of unpaid salaries, according to the report.

"Times are tough. Customers demand the cheapest possible clothes. Lidl's success is built on this," The Guardian said, noting that the company did not pick Dhaka because of the high quality of its garments, but rather the bargain-basement prices of its labour force.

That is why the supermarket can sell a men's denim shirt for less than 7 pounds (or \$10) and women's boyfriend jeans for less than 8 pounds (\$11.45), according to The Guardian.

"It meets a need and it does so by putting the tightest possible squeeze on its suppliers. Lidl argues that it is aware of its responsibilities and is working to improve the living and working conditions of garment workers. It audits its factories, it says, but everyone does. It does not publish the results. Hardly anyone does."

## No fingerprints stored during SIM re-registration: Tarana

**STAR BUSINESS REPORT**

State Minister for Telecom Tarana Halim yesterday reiterated that fingerprints taken for SIM re-registration are not being stored.

"Crooks with a motive to trip biometric registration have been misleading people on the issue since the beginning," Tarana told officials of mobile phone operators, National Identity Registration Wing, intelligence agencies and the home ministry at the secretariat.

"Some people, especially those who use mobile connections for criminal activities are trying to confuse people."

"I think the process will ensure people's safety and security," Tarana said.

Gen Sultanuzzaman Md Saleh Uddin, director of the National Identity Registration Wing, and Gen Md Emdad, a director of Bangladesh Telecommunication Regulatory Commission, both echoed Tarana during the meeting.

Mobile operators are only matching subscriber fingerprints to those saved with the Election Commission's central database, and are not preserving them, according to Tarana.

Telecom Secretary Md Faizur Rahman Chowdhury requested the home ministry to find out those who are opposing biometric registration.

On March 2, a petition was filed by a Supreme Court lawyer SM Enamul Huq, and on Monday the High Court questioned the legality of biometric fingerprints for SIM registration.

The court in its rule directed the government to explain within the week as to why it should declare the collection of citizens' biometric information for SIM registrations illegal.

As of February, there are 13.1 crore active SIMs in the market, about 40 percent of which have already been re-registered since the initiative was launched on December 16 last year.

## Selling spree pulls stocks down

**STAR BUSINESS REPORT**

Stocks finished the week lower, as investors went on a selling spree, especially large and small cap company stocks.

DSEX, the benchmark index of the premier bourse, declined 29.6 points or 0.66 percent, finishing the day at 4,446.28 points.

LankaBangla Securities said the market retreated on the last trading day of the week, after moving indecisively in the last few days.

Company specific updates locked traders' interest on certain stocks, the stockbroker said. Earnings declarations of major large cap stocks dragged down the benchmark index to a one week low, it added.

IDLC Investments, a merchant bank, in its regular analysis also said the selling spree in mini cap and large cap stocks dragged the index down.

Turnover, another important indicator of the market, declined 14.8 percent to Tk 370.74 crore, with 11.17 crore shares and mutual fund units changing hands on the DSE.

Of the traded issues, 113 advanced and 148 declined with 47 securities closing unchanged on the premier bourse.

**সম্মান**

**ফার্স্ট সিকিউরিটি ইসলামী ব্যাংক লি:**

আল-ওয়াদিয়াহ প্রিমিয়াম একাউন্ট

প্রারম্ভিক জমা ২৫,০০০ টাকা

ফ্রি এটিএম কার্ড ও চেক বই\*

ফ্রি আন্তঃনগর পেনসেন সুবিধা

বিভাগীয় জানক: ০২-৯৮৯২২২১