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বেশি মুনাফা 1%

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Star BUSINESS

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Unilever to buy 82pc of GSK Bangladesh

STAR BUSINESS REPORT

Unilever is set to buy 82 percent stakes in GlaxoSmithKline's health food and drinks business in Bangladesh for Tk 1,640 crore, as part of the Anglo-Dutch company's push to cash in on Asia's fast-growing economies.

It is also purchasing GSK's entire health food and drinks portfolio in India as well as in 20 other Asian countries for 3.3 billion euros (about \$3.74 billion), after it fought off competition from rivals Nestle and Coca-Cola.

The remaining stakes of GSK Bangladesh, which is listed on Dhaka Stock Exchange, are held by institutes, foreigners and local individuals.

GSK's shares yesterday jumped about 4 percent to Tk 1,378, up from Tk 1,084 a share a week earlier. As per yesterday's price, the company's market value stood at Tk 1,594.50 crore, which is Tk 45.50 crore less than the price offered by Unilever.

India is the most important market for GSK, accounting for more than 90 percent of its sales.



The merger values GSK India at Rs 31,700 crore in total, or Rs 7,540 per share, a 15.4 percent premium to the undisturbed share price of Rs 6,531 as at the close of business on March 26.

Unilever would be getting its hands on popular malted drinks Boost and Horlicks, which had 45 percent of India's health drink market in 2017.

boost to children's diets, the Horlicks product line fit the bill for global consumer goods companies hunting for assets to satisfy demand for healthy and convenient foods.

The deal, which is expected to be complete by the end of 2019, also marks a rare chance to acquire a fast-growing product in an emerging market where consumers' diets are changing as income per head grows.

GSK said its net proceeds from the deal, after tax and hedging costs, were expected to be around 2.4 billion pounds (\$3.1 billion).

The decision to sell the business comes to support GSK's \$13 billion buyout of Novartis' stake in their consumer healthcare joint venture earlier this year. The buyout gave GSK full control of products, including Sensodyne toothpaste, Panadol headache tablets, muscle gel Voltaren and Nicotinell patches.

"Horlicks has made a significant contribution to GSK and to the health of consumers across India for many decades and we believe Unilever is well placed to maximise its future potential," said Emma Walmsley, chief executive officer of GSK.

The proceeds from the transaction will be used to shore up its other healthcare products.

Marketed in Asia as a nutritious

Govt relaxes EPZ labour law

STAR BUSINESS REPORT

The government has relaxed the labour law for the export processing zones to ensure better rights of the workers employed in the special industrial parks.

The EPZ workers will now enjoy the freedom of association to realise their demands, according to the new amendments to the Bangladesh EPZ Labour Act approved by the cabinet yesterday.

Earlier, 30 percent workers' consent was required to form a Workers' Welfare Association (WWA) in a factory in the EPZ.

The requirement threshold has been lowered to 20 percent because of the pressure from international communities such as the EU, Canada, the International Labour Organization and the US, Cabinet Secretary Md Shaiful Alam told reporters after the weekly cabinet meeting at the secretariat.

The international communities have been putting pressure on the government to streamline the EPZ labour law with the country's main labour law, he said.

"The government has brought as much changes as needed to the EPZ labour law to streamline it with the main labour law of Bangladesh and to make it worker-friendly," Alam said.

The names of the WWAs have not been changed. The existing WWAs will act like unions.

The amendment will allow the officials of the Department of Inspection for Factories and Establishments to inspect the factories housed inside the EPZs, apart from

the officials of the Bangladesh Export Processing Zones Authority (Bepza).

Previously, only Bepza officials could inspect those factories.

The amendment also allowed the workers to constitute federation of WWAs.

The mandatory required consent of the workers for calling strikes and lockouts has also been lowered.

Now workers will be able to call strike or lockout with the consent of two-thirds of the workers instead of previous three-fourths. Workers will be able to write the constitutions of the WWAs in line with the main labour law.

The government has eliminated the provision of the option of 'qualified workers' under the section 103 of the EPZ law.

The election of the executive committees of WWAs will be held within six months of the end of the tenure of a committee, down from one year previously.

If a worker goes into retirement at the age of 60, after completion of 25 years in jobs, or he or she resigns, he or she will receive basic salary equivalent to 45 days for each year of their service, up from the existing 30 days.

If a worker completes 25 years in job, he will enjoy full compensation benefit.

Based on the opinions of the ILO, the US and the EU, the option for the referendum for formation of WWAs has been eliminated, the secretary said.

The amended law allowed formation of WWAs in new industrial units within three months of their operation.

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Delisting acts as wake-up call for Rahima Food

AHSAN HABIB

Rahima Food Corporation has been prompted to return to production following punitive measures taken by the stock exchanges.

Dhaka Stock Exchange (DSE) delisted the company last July as its operations remained closed for more than three years. Chittagong Stock Exchange (CSE) suspended trading of its shares for the same reason.

The oil producer on November 11 informed that they wanted to raise paid-up capital through issuance of 2 crore rights shares at Tk 10 each, subject to the approval of the regulatory bodies.

The finance will meet expenses for the implementation of a coconut oil producing plant.

"Why was the company so late in taking such a decision?" asks Abu Ahmed, a stock market analyst, reasoning that the company does not deal

with high-tech equipment.

Moreover, a lot of rumours had spread in the market regarding the company and gamblers played with the stock many times, so the DSE took the decision abiding by the law, said Ahmed, also a former chairman of economics department of the University of Dhaka.

In order to bring the company into operation, City Group in 2016 purchased all of the shares held by the company's sponsors.

On completion of ownership changing formalities, Rahima on November 2017 conveyed that they wanted to change the nature of its existing business.

The company will produce and market coconut oil instead of edible oil, thereby the existing production facilities would be demolished to get necessary space for erection of a coconut oil production plant.

"We are still searching for machinery," said Bishwajit Saha, general manager for marketing at City Group.

He questioned how the DSE delisted a company trying to resume operations.

KAM Majedur Rahman, managing director of the DSE, said the company remained closed for more than three years, so they took the decision abiding by listing regulations.

"Moreover, we do not see any updates in the change of the nature of business except for the announcement," he said, adding, "If they return to the operation then they can be re-listed."

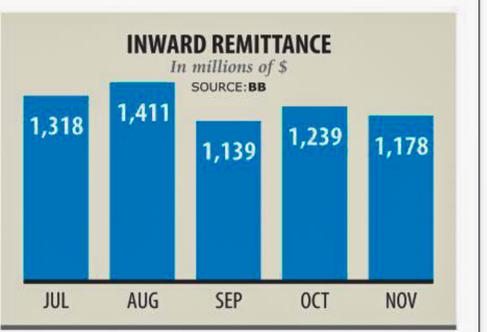
According to Rahima's annual report of 2018, the company's net operating loss is Tk 1.23 crore but it has Tk 20.43 crore from other incomes, mostly coming from the sale of land.

The company got Tk 19.75 crore from the land sale and Tk 68.09 lakh as bank interest. Last year it got Tk 22,060 as bank interest.



The café of InterContinental Dhaka, now open to the public after four years of renovations costing Tk 550 crore.

Remittance drops in Nov



STAR BUSINESS REPORT

Remittances fell 3.14 percent year-on-year to \$1.17 billion in November despite the depreciating trend of the taka against the US dollar.

Bankers and experts did not find any major reason for the fall and said it might be a temporary phenomenon as the interbank exchange rate between the US dollar and the taka is favourable for the near and dear ones of the remitters.

Remittances have kept up an upward trend in recent months, narrowing the country's large deficit in the current account.

There is no actual reason for the decline in remittance last month considering the local and global business environment, said Syed Mahbubur Rahman, chairman of the Association of Bankers, Bangladesh, a platform of the chief executives of private banks.

HIGH-COST LOANS New policy to shield farmers

AKM ZAMIR UDDIN

The central bank has taken an initiative to draw up a policy to shield farmers from high-cost farm loans disbursed by microfinance institutions (MFIs).

As part of the move, the Bangladesh Bank plans to make it mandatory for



an interest rate of 9.50 percent for the loans, a BB official said.

The agents of lenders will play an alternative role in disbursing farm loans rather than the MFI linkage, he said.

Farmers are supposed to get farm loans at 9 percent interest rate if the banks disburse them through

branches.

But MFIs charge 20 percent to 25 percent for farm loans as they have to add the operational cost on the loans. MFIs borrow from banks at 9 percent.

A majority of banks continue to

show unwillingness to disburse the loans through branches in order to cut their supervisory- and recovery-related costs.

At least 26 banks disbursed more than 70 percent of their farm loans last year through MFIs, but the central bank has not taken any punitive measures against them. In fiscal year 2016-17, the number was 22.

"Banks' dependency on the NGO channel is on the rise, so the central bank will take the initiative to protect farmers from the high interest rates," said the BB official.

The central bank in its policy will keep a provision to take punitive measure against the banks if they fail to reach at least half of their annual loan disbursement target through branches.

The CAMELS rating—an internationally recognised rating system that indicates the actual financial health of banks—of non-compliant banks will be downgraded if lenders do not follow the new rules.

Besides, the central bank will not give appreciation letter to the failed banks even if they attain the disbursement target.

The BB will send out an instruction in the shortest possible time, instructing banks to use branches on a priority basis while disbursing farm loans.

NEWSIN brief

Savar Refractories' liabilities surpass assets

The liabilities of Savar Refractories have exceeded its assets, as the company has been incurring huge losses since 2013-14. As of June 30 this year, the company's current asset stood at Tk 0.46 against Tk 1 liabilities, according to an audit report posted on the DSE website yesterday. In the report, questions were also raised about the company's ability to continue running as a going concern as the firm was able to utilise only 42.28 percent of its production capacity.

Only govt support can save Zeal Bangla

Operating losses have hit hard Zeal Bangla, as the net capital deficit of the state-owned listed company touched Tk 308.72 crore in total and Tk 489.12 per share at the end of the current year. The auditor of the company doubted that without government support the entity may fail to survive as a going concern, according to a web posting on Dhaka Stock Exchange yesterday.

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বিস্তারিত জানতে: ০১৮৭৩৪৩৮৪১০, ০১৯২১৪৫৫১৪৬