MTB's profit grows 21%

STAR BUSINESS REPORT

Mutual Trust Bank (MTB) PLC said its profit soared 21 percent year-on-year in the financial year ending in December 2023.

The private commercial bank's earnings stood at Tk 286 crore in 2023, up from Tk 237 crore a year ago.

"Our profit has increased because of higher interest and investment income," said Syed Mahbubur Rahman, managing director & CEO of MTB.

The earnings per share of the bank grew to Tk 2.91 in the last financial year from Tk 2.41 the previous year, the MTB said in a price sensitive disclosure on the website of Dhaka Stock Exchange (DSE) yesterday.

The private bank's net operating cash flow per share rose 24 percent year-on-year to Tk 15.59 at the end of 2023, said MTB, adding that its board recommended 10 percent cash dividend for shareholders for 2023.

Shares of the lender closed at Tk 14.8 yesterday on the DSE, down 1.33 percent from the previous day.

Gold price hits new record again

STAR BUSINESS REPORT

Gold price made a new record as the Bangladesh Jewellers' Association (Bajus) started selling each bhori (11.66 grammes) of the precious metal at Tk 119,637 from yesterday.

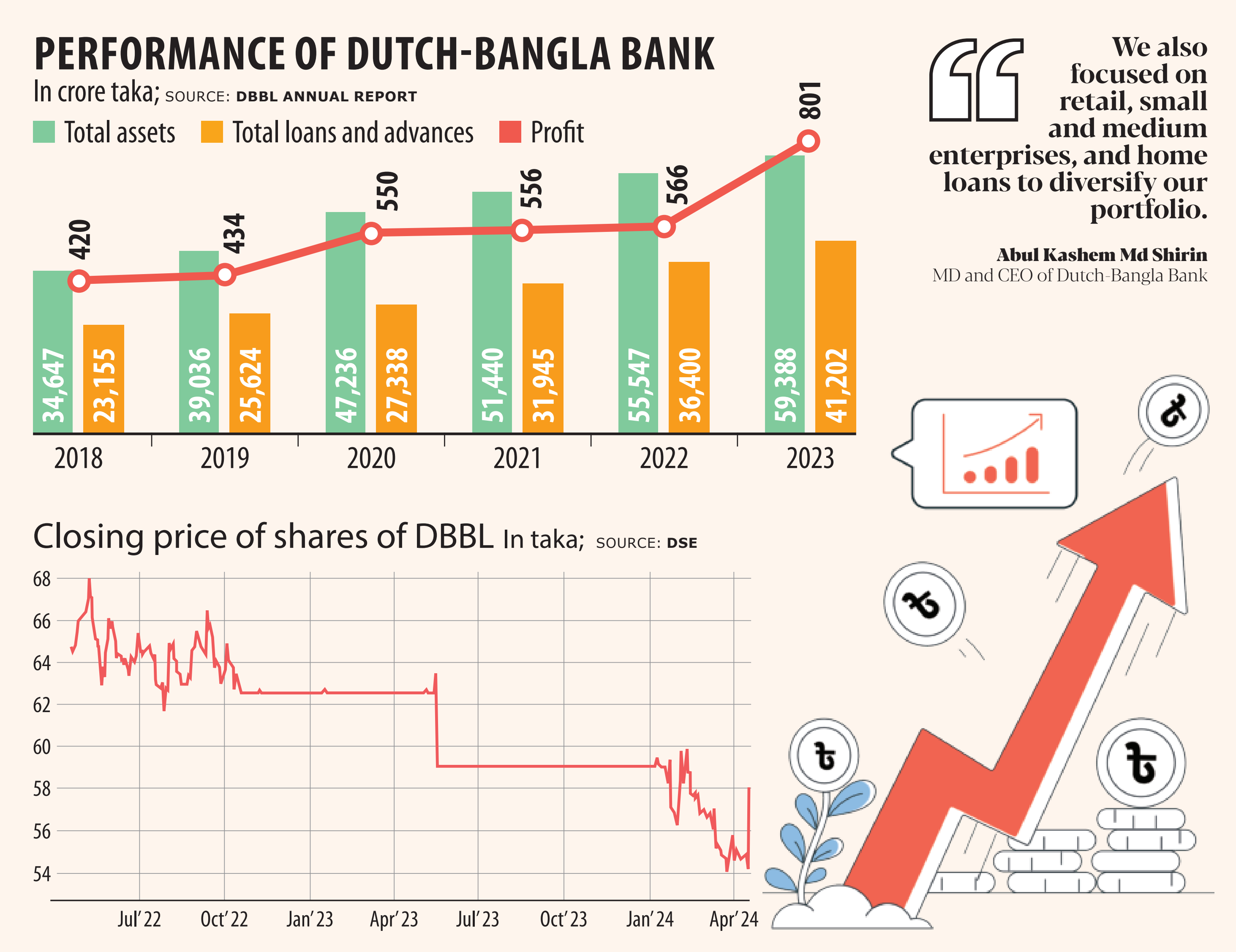
The standing committee on pricing and price monitoring of Bajus took the decision at a meeting in the morning yesterday, the association said.

The previous rate of per bhori was Tk 117,573. Since March 22 this year, gold has been sold at Tk 114,074 a bhori.

The country witnessed the price of gold rising above Tk 1 lakh per bhori for the first time on July 20 last year.

With an annual demand of 20 to 40 tonnes, 80 percent of the country's demand for gold is met through smuggling.

DBBL posts highest profit growth in a decade



"We also focused on retail, small and medium enterprises, and home loans to diversify our portfolio."

Abul Kashem Md Shirin
MD and CEO of Dutch-Bangla Bank

STAR BUSINESS REPORT

Dutch-Bangla Bank PLC recorded nearly 42 percent growth in earnings last financial year, its highest in a decade, by improving asset quality and focusing on maintaining good corporate governance.

The private commercial bank said it made a profit of Tk 801 crore in the financial year 2023 compared to Tk 566 crore the year prior.

Dutch-Bangla Bank has recommended a 17.50 percent cash dividend and a 17.50 percent stock dividend -- the highest in five years -- for 2023, with investors reacting positively.

As such, shares of the bank rose 7.20 percent to Tk 58.10 at the Dhaka Stock Exchange (DSE) yesterday.

"We have gradually improved our asset quality and on-boarded good borrowers. We also focused on retail, small-and-medium enterprises, and home loans to diversify our portfolio," said Abul Kashem Md Shirin, managing director and CEO of Dutch-Bangla Bank.

As a result, the bank's ratio of non-performing loans declined to 4.16 percent by the end of 2023 from 4.29 percent the previous year -- half of the overall ratio of default loans at 9 percent of the total outstanding loans at the end of last year.

At the end of 2023, Dutch-Bangla Bank's total assets added up to Tk 59,388 crore, up 7 percent year-on-year. Its total loans and advances grew 13 percent to Tk 41,202 crore at the same time.

The bank's capital adequacy ratio against risk-weighted assets increased to 16.16 percent in the last financial year from 15.55 percent in 2022.

Shirin informed that Dutch-Bangla Bank had invested in technology to improve its services and overall performance.

"We have made good business through ATMs, CRMs, agent banking and sub-branch activities," he said. "Besides, support from our board and good governance contributed to the profit growth."

In a filing on the DSE yesterday, the bank said its board recommended bonus shares to increase its paid-up capital and to comply with a Bangladesh Bank directive in this regard.

However, it declared the cash dividend in line with the central bank directive on dividends.

"The retained amount will be used to strengthen the capital base, which helps to increase our business capacity," the bank added in its statement.

The private commercial bank also said the bonus shares have been declared out of the current year's profit.

The private bank's earnings per share rose to Tk 10.72 by the end of 2023 from Tk 7.57 previously.

However, Dutch-Bangla Bank's net operating cash flow per share slumped to Tk 13.02 last year from Tk 28.37 in 2022.

With a face value of Tk 10, shares of Dutch-Bangla Bank, which began its journey as a joint venture between Bangladesh and the Netherlands in 1995, were first listed with the DSE in 2001.

At the end of March 31 this year, sponsors or directors of the bank held 86.99 percent of its shares while general investors had 7.23 percent and institutional investors held the rest.

Max Group starts production of green blocks

STAR BUSINESS REPORT

Max Group, a top construction firm in Bangladesh, has entered the green brick business by starting commercial production of autoclaved aerated concrete (AAC) blocks and panels at an initial investment of around Tk 160 crore.

The AAC blocks are completely different from ordinary clay-fired bricks and hollow bricks. They are lightweight, prefabricated green-building materials that are among the most eco-friendly substitutes for clay-based bricks.

The construction company yesterday officially introduced the concrete block under the brand name 'MAXCRETE' at Meghshimul in Manikganj.

Housing and Public Works Minister RAM Obaidul Muktadir Chowdhury inaugurated the launch of commercial production.

Chowdhury said Dhaka is one of the most polluted cities in the world and pointed to the production of construction materials as a major reason.

"So, this kind of initiative is essential," he said.

"We have to come forward and use these kinds of blocks. Government offices, namely the Public Works Department and RAJUK could play a key role," he added.

Max Group has established the factory on around 10 acres of land. It will initially produce 1,000 cubic metres of AAC blocks daily.

Company officials said one AAC block is equal to the size of seven traditional bricks, which will also reduce joint mortar costs. Given their larger size, AAC blocks accelerate work two-fold, saving on labour costs.

AAC blocks are lightweight, prefabricated green-building materials that are among the most eco-friendly substitutes for clay-based bricks

"The plant is expected to go into full production after Eid-ul-Adha," said Ghulam Mohammed Alomgir, chairman of Max Group.

"If I find success in this business, I will establish more factories to contribute to ending unemployment," he said, adding that other companies would join the business soon.

Max Group entered the business given that the government has already announced plans to phase out the use of traditional bricks by 2025 in order to curb environmental degradation.

The Ministry of Environment, Forest and Climate Change issued a notification in November of 2019, saying that the use of traditional bricks would be gradually reduced in all public development projects.

The production of clay bricks also leads the country towards food scarcity by consuming fertile topsoil. Currently, there are around 6,500 to 10,000 brick kilns in the country, churning out about 22.71 billion bricks each year, as per Department of Environment data.

Company officials also said these blocks offer significant cost savings, cutting overall construction costs by up to 20 percent, while doubling work speed due to easy installation.

Besides, AAC blocks decrease cement and steel usage, and their thermal insulation properties lead to energy savings and lowering long-term operational expenses.

Economy progresses, challenges emerge

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South Asian Network of Economic Modelling, one of the authors of the book, said the economy grew despite institutional weaknesses and deteriorating regulatory standards.

The concern for the future is the existence of a corrupt and anti-reform alliance. To resolve that, a political consensus is necessary, he said.

The book, published by Routledge of London in November 2023, portrays the multi-faceted dimensions of Bangladesh's development journey, its economic and social transformation and political and cultural contestations.

The book was edited by Prof Rounaq Jahan, a distinguished fellow of the CPD, and Prof Sobhan.

"No miracle was behind the economic growth of Bangladesh, as shown in the book. It was the labour force that played the major role in achieving GDP growth," said Rizwanul Islam, a former special adviser for the employment sector at the International Labour Office in Geneva.

With the help of high-yielding rice seeds, the agricultural sector played a major role in the steady economic growth.

The revolution took place silently, he said, adding that industrial workers and remittances sent by migrant workers from abroad played another key role.

The population's aspirations for development contributed to the growth journey and boosted the country's economic resilience, said Hossain Zillur Rahman, executive chairman of the Power and Participation Research Center.

At present, the country is stuck in an economy of cheap labour. To overcome the challenges and move to the next phase of development, focus should be given to education and proper political agenda, he said.

Mustafizur Rahman, a distinguished fellow of the CPD, said the country had contended well with the first-generation challenges but questions remain about how it will face the second-generation challenges, which will come after Bangladesh graduates from the group of least-developed countries in 2026 and loses many trade benefits.

"In that period, the county will have to have a high-tech-based industry, high productivity, and efficient industrial systems."

"However, Bangladesh is still far behind in this regard. If the country cannot achieve it fast, the middle-income trap could be the new problem."

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, Matiur Rahman, editor of the Prothom Alo, Syed Akhtar Mahmood, a former lead private sector specialist of the World Bank Group, MM Akash, a former chairman of the economics department of Dhaka University, and Ali Riaz, a distinguished professor of Illinois State University, also spoke at the event.

Stocks slip below 5,700 points after 35 months

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The market dropped as investors panicked seeing the continuous fall of market indices, said a top official of a leading stock brokerage.

Foreign investors are still selling shares, so blue-chip stocks are falling even though these stocks are already traded at a very low price.

And as these stocks have been falling for the past few days, some brokerage houses are selling them by executing forced sales, he added.

If brokerage houses and merchant banks lend funds to investors to buy stocks and the stock price falls massively, then the brokers first call the investors to repay their loans or otherwise sell their shares in what is called forced sales.

The DSES, the index that represents shariah-compliant companies, shed 1.26 percent to close at 1,246 points yesterday while the DS30, which comprises blue-chip stocks, plunged 1.13 percent to 2,014 points.

However, daily turnover, which indicates the volume of shares traded during the session, increased 8.29 percent to Tk 522 crore compared to the previous trading session.

Almost all sectors closed in negative territory, with the non-bank financial institution, paper and printing and mutual fund sectors shedding the most, as per the daily market update of UCB Stock Brokerage.

The pharmaceuticals sector dominated the turnover chart, accounting for 18.98 percent of the total.

Of the issues traded at the DSE, the values of 29 increased, 342 decreased, and 24 did not see any price swing.

Asiatic Laboratories took pole position on the top gainers' chart with a rise of 9.96 percent followed by Dutch-Bangla Bank with 7.20 percent, Heidelberg Cement Bangladesh with 6.19 percent, Salvo Chemical Industry with 5.11 percent and IFAD Autos with 4.50 percent.

Best Holdings, HR Textile, Sikder Insurance Company, Shyampur Sugar Mills and First Janata Bank Mutual Fund also featured on the gainers' list.

Meanwhile, EXIM Bank 1st Mutual Fund shed the most, losing 6.81 percent, followed by IFIL Islamic Mutual Fund-1.

The two were followed by SEML FBLSL Growth Fund, Capitec Grameen Bank Growth Fund, Khulna Printing and Packaging, IDLC Finance, Apex Ternary, and Prime Bank 1st ICB AMCL Mutual Fund.

The Chittagong Stock Exchange saw a similar trend as the Caspi, the main index of the port city bourse, fell by 215 points, or 1.30 percent, to close at 16,244.52 points.

Rajesh Saha, chief executive officer of CAL securities, blamed the country's market situation for the abrupt ups and downs of stocks.

"Outsiders control the stock market in our country. Keeping them in the market, we can't expect a better situation. What is happening in the market, that's a normal thing. The market will not be well until we take back control of the market from outsiders," he said.

"Such things will happen until the market is structured. Look at our neighbouring countries, where markets are structured. Investors do not fear to invest there because no one can dare to earn in the wrong way," Saha said.

He also put forward a slew of suggestions to develop the market.

"We have to bring IPOs to the market in a proper way. So, we have to bring the companies under proper regulations. If any company breaches any rules, the regulatory body has to slap stiff punishments on them," Saha said.

"But in our market, we clearly understand what is happening and what will happen in such a situation. The shares we bought we are now selling in fear," he added.

Saha pointed out that in developed countries, it is seen that there are some companies which are financially sound.

"So, investors pass their money to those companies if they get any indication of a bad situation. But we have no such places or companies in our market," he said.

"In our country, people see earning is tough through traditional ways. So, they choose poor stocks and try to chalk up more earnings. Our regulatory body knows well how to tackle the market and what needs to be done for the market's wellbeing," Saha added.

MGI expands ceramic tiles production

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Of the initial $55 million invested in 2021, $20 million came from another syndicated loan arranged by Prime Bank, he said.

The expansion was to grab a share of the growing ceramic industry and capitalise on increasing spending capacity of people and rapid urbanisation over the past decade, said Bhattacharje.

Bangladesh has been witnessing an increasing demand for ceramic tiles for rising private and public construction thanks to urbanisation and the economy's steady growth.

Local and international companies invested $1.58 billion in the ceramics sector for producing tiles, tableware, and sanitaryware while directly employing nearly 20,000 people, according to the Bangladesh Ceramic Manufacturers & Exporters Association (BCMEA).

Of the investment, 62 percent or $979 million was meant for tiles.

Now, there are 31 ceramic tiles manufacturing facilities in the country with a combined annual production capacity of 20.70 lakh square metres.

An estimated $633 million-worth tiles were sold in the country in fiscal year 2022-23, it said.

The ceramic sector in Bangladesh caters to 80 percent of the total local demand for ceramic products, BCMEA said.

The local ceramic industry has registered an annual average growth rate of about 15 percent since fiscal year 2015-16, according to the BCMEA.

This was a strategic investment in recognition of the market demand and growth opportunities for ceramic products, said Shams A Muhaimen, deputy managing director (transaction banking, debt capital market & financial institutions), Prime Bank.

The ceramic tiles industry in Bangladesh exhibits strong demand fuelled by urbanisation, infrastructure development and a growing construction sector, making the project commercially viable, he said.

With a diversified product portfolio and expanding production capacity, the MGI is well-positioned to capitalise on this market demand and drive further growth and profitability, he noted.

The MGI has an extensive distribution network across the country, giving it another competitive edge, he added.

IMF's 3rd loan tranche on track

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third tranche of the loan have been achieved.

As part of the structural conditions, the government adopted a periodic formula-based price adjustment mechanism for petroleum products in March and has adjusted it twice.

The Bangladesh Bureau of Statistics has begun publishing quarterly data on the gross domestic product (GDP) and released the economic growth figure for the first two quarters of FY24.

Besides, the parliament passed the Bank Companies (Amendment) Act and the Finance Companies Act and the laws have already been implemented, in line with the IMF recommendations.