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Stock Market & Company

Stocks hit all-time high, mutual funds shine

Newage, October 10, 2021

- Dhaka stocks hit an all-time high on Sunday as a section of investors went for buying shares, especially those of mutual funds and textile companies, while many others remained cautious on the trading floor.
- DSEX, the key index of the Dhaka Stock Exchange, increased by 0.34 per cent, or 25.03 points, to hit at 7,367.99 points on Sunday after losing 8.07 points in the previous session.
- A number of fundamentally weak companies, including Tamijuddin Textile Mills, Tallu Spinning Mills, Metro Spinning Mills and C&A Textiles, shot up by the maximum allowed limit on the day.
- Average share prices of mutual fund, textile and bank sectors advanced by 5.12 per cent, 3.34 per cent and 1.51 per cent respectively.
- Investors sold shares of some large capitalised companies, including BEXIMCO, Beximco Pharmaceuticals, Grameenphone, Robi, and Square Pharmaceuticals, after the recent surge in their share prices. DS30, a composition of 30 large capitalised companies, lost 0.05 per cent, or 1.6 points, to close at 2,765.78 points on Sunday.
- Of the 374 scrips traded on the DSE on Sunday, 240 advanced, 124 declined and 12 remained unchanged. Shariah index DSES added 0.04 per cent, or 0.7 points, to settle at 1,596.53 points.
- LafargeHolcim Bangladesh led the turnover chart with its shares worth Tk 129.9 crore changing hands on the day. IFIC Bank, Power Grid Bangladesh, BEXIMCO, Far East Knotting & Dyeing Industries, GPH Ispat, British American Tobacco Company and LankaBangla Finance were the other turnover leaders on the day.



<https://www.newagebd.net/article/151471/stocks-hit-all-time-high-mutual-funds-shine>

Experts questions Far East Knitting's 35% rise in share price in a day

The Daily Star, October 10, 2021

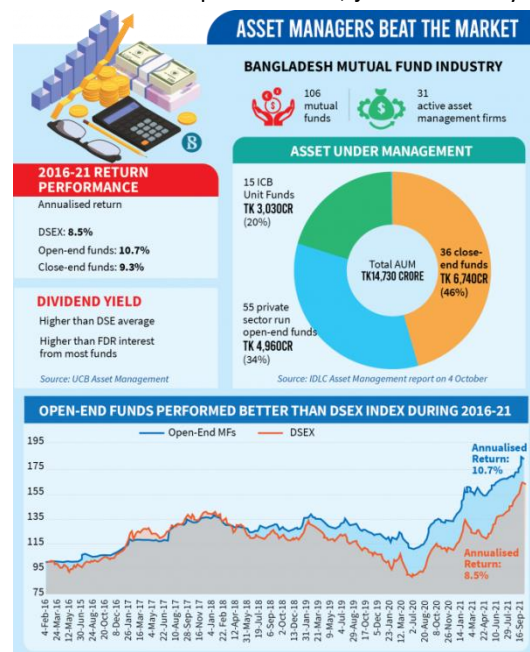
- Experts expressed worries today when the share price of Far East Knitting & Dyeing rose around 35 per cent in a single day after the company recommended 10 per cent cash dividend for its shareholders. The company's 1.91 crore shares changed hands today and the price of its shares soared to Tk 24.10 from the day's opening price of Tk 17.90.
- The knitting company's earnings per share was Tk 0.79 in the end of the last financial year that ended on June 30 of 2021. Giving examples of some banking stocks, he said there are many other well-performing stocks whose prices are below than that of Far East Knitting. The stock market regulator should investigate whether there was any manipulation, he said.
- A stock broker echoed the same saying the stock rose riding on a rumour that the manipulators are buying the share. So the general investors went for buying the stock and the day was chosen to take benefit of the absence of a circuit breaker in its share price rise, he said.

<https://www.thedailystar.net/business/news/experts-questions-far-east-knittings-35-rise-share-price-day-2195196>

Outperforming the market, mutual fund industry awaits big growth

The Business Standard, October 11, 2021

- In contrast to the popular belief in Bangladesh that mutual funds do not generate sufficient returns for their investors, asset managers have outperformed the market over the last five years. Alongside the investment performance, joint efforts by the capital market regulator and the industry are set to help the total asset grow under professional management, experts have said.
- BSEC Commissioner Professor Mizanur Rahman, who heads the mutual fund department, said the country's mutual fund industry is managing around Tk15,000 crore of investors' money when the DSE market capitalisation is more than Tk5.8 lakh crore.
- The ratio of mutual fund industry size and the market capitalisation is too low in the country, compared to peer markets. They were speaking on the occasion of World Investors' Week which promotes investors' awareness and protection.
- The outperformance:** A mid-September report by UCB Asset Management shows the mutual fund industry generated double-digit annual average returns on a compound basis over the 2016-21 period, while DSEX, the broad-based index at the Dhaka bourse, grew at a lower 8.5% compound annual rate, amid the roller-coaster rides.
- This might sound insufficient to the average people who chase quick bucks. But those who want their assets to grow steadily and sustainably, in the long run, may find the rate lucrative as compound growth is calculated based on the grown-up base of the previous year.



<https://www.tbsnews.net/economy/stocks/outperforming-market-mutual-fund-industry-awaits-big-growth-314125>

Maksons spinning to acquire 50% stake in sister concern

The Business Standard, October 11, 2021

- Maksons Spinning Mills Limited has decided to acquire 50% shares in its sister concern Maksons Textile Ltd. The decision was taken in a board meeting held on Sunday. The company will put forth 194.35 decimal land and make a fresh investment of Tk2.75 crore for the 50% stake.
- The land is situated at Ashulia, Savar which is unutilised land of Maksons Spinning Mills. The paid-up capital of Maksons Textile Ltd is Tk30 crore. The company is a 100% export-oriented spinning mill. The project is under implementation having 25824 spindles with a production capacity of 27000kg per day and 98.55lakh kg per annum.
- The projected annual turnover of the project will be approximately Tk250 crore. The board of directors of the company also recommended an 11% cash dividend for the year ended 30 June 2021.

- The company will have its annual general meeting (AGM) on 19 January 2022 to approve the declared dividend, an audited report, and other matters. According to their financial report of 2021, the company's net profit was Tk49.31 crore. During the period, the earnings per share stood at Tk2.07 and net asset value per share at Tk20.09.

<https://www.tbsnews.net/economy/stocks/maksons-spinning-acquire-50-stake-sister-concern-314107>

Anwar Galvanizing's profit grew 476% in Q1

The Business Standard, October 11, 2021

- Anwar Galvanizing Limited, a sister concern of Anwar Group, reported 476% growth in net profit in the first quarter of FY22. Anwar Galvanizing Limited went into operation in the mid-1980s producing galvanised corrugated sheets.
- To meet the growing demand for GI fittings, the company halted producing brake drums in 2019. During the July-September quarter, its net profit was Tk7.82 crore and earnings per share Tk5.13, which was Tk1.35 crore and Tk0.89 respectively.
- Despite the surprising growth, the company was facing a cash crisis during the period. In the first quarter of FY22, its cash crisis per share stood at Tk0.77, which was Tk3.49 positive in the previous quarter a year ago. Meanwhile, its board of directors declared 20% cash and 10% stock dividends for the shareholders for FY21.
- In the last financial year, its earnings per share jumped by 103% to Tk3.92. To approve the dividend the company will conduct the annual general meeting on January 12, 2022. In FY20, it had paid 10% cash and 5% stock dividends.
- Earlier, the company decided to double its production by investing Tk27.37 crore. It's planning to increase production to expand its market share of galvanised iron-pipe fittings (GI Fittings) from the existing 25% to 52%.

<https://www.tbsnews.net/economy/stocks/anwar-galvanizings-profit-grew-476-q1-314101>

Economy & Industry

Keep CIB updated on borrowers' boards

The Daily Star, October 11, 2021

- Bangladesh Bank yesterday drew up a set of rules for companies that borrowed from banks and non-banks, requiring them to submit up-to-date information on their board of directors to the Credit Information Bureau (CIB). Bangladesh Bank set up the CIB back in 1992 with the objective of minimising the extent of default loans.
- CIB has been providing its services online since July 2011. Lenders have to check the credit status of a borrower with the CIB before giving out any loans. So, companies will have to submit this information to the CIB through banks or NBFIs.
- The chairmen of the lenders' board will attest the information before submitting those to the CIB. The lenders will have to include board related information to the CIB database by using its batch contribution system before placing an application to the central bank.

<https://www.thedailystar.net/business/economy/banks/news/keep-cib-updated-borrowers-boards-2195616>

Central bank suggests Padma seek foreign investments

The Business Standard, October 10, 2021

- The Bangladesh Bank has suggested Padma Bank – previously Farmers Bank – vigorously seek foreign investment to fund its activities. In a letter to the Financial Institutions Division on 5 October, the central bank said it would be better if Padma Bank could fill its capital deficit by bringing in investments from abroad.
- Earlier in September, the bank authorities had proposed a merger with any of the five state banks – Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank, and the Bangladesh Development Bank.
- The bank also sought cooperation from the finance ministry in managing Tk2,400 crore to maintain a minimum of 12.5% capital adequacy. The Bangladesh Bank turned both proposals down in the letter sent to the ministry.
- According to the letter signed by Bangladesh Bank General Manager Md Ali Akbar Faraji, the proposition of merger or raising capital from deposits are not a viable solution as it does not comply with the Bank Company Act 1991 and Company Act 1994. The merger has to satisfy all the beneficiaries of both parties to be accepted.

<https://www.tbsnews.net/economy/banking/central-bank-suggests-padma-seek-foreign-investments-313987>

International

Evergrande creditors fear imminent default

The Daily Star, October 11, 2021

- China Evergrande Group offshore bondholders are concerned that it is close to defaulting on debt payments and want more information and transparency from the cash-strapped property developer, their advisers said.
- Evergrande, which could trigger one of China's largest defaults as it wrestles with debts of more than \$300 billion and whose troubles have already sent shockwaves across global markets, missed payments on dollar bonds, worth a combined \$131 million, that were due on September 23 and September 29.
- With Evergrande staying silent on dollar debt payments and prioritising onshore creditors, offshore investors have been left wondering if they will face large losses at the end of 30-day grace periods for last month's coupons. A group of bondholders have enlisted investment bank Moelis & Co and law firm Kirkland & Ellis to advise them.
- Offshore bondholders want to engage "constructively" with the company, but are concerned about lack of information from what was once China's top-selling property developer, said Bert Grisel, a Hong Kong-based managing director at Moelis.
- Neil McDonald, a restructuring partner in the Hong Kong office of Kirkland & Ellis, said the bondholders would like more transparency, and hoped Evergrande would meet disclosure obligations under stock listing rules.
- The offshore bondholders are also demanding more information about Evergrande's plan to divest some businesses and how the proceeds would be used, the advisers said, adding that the creditors group they represent was growing.
- The two advisers said that, including the parties that have expressed an interest to be part of the group, they represent bondholders who currently hold \$5 billion worth of Evergrande nominal offshore bonds.

<https://www.thedailystar.net/news/asia/china/news/evergrande-creditors-fear-imminent-default-2195416>

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