

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

Fund raising thru IPOs rises by 38.8% in FY'18

- Fund raising by companies through issuing initial public offering increased by 38.78% in the financial year of 2017-18 compared with that in the previous fiscal year.
- Eleven companies including two mutual funds raised BDT 5.4 billion in FY18, while nine companies including three mutual funds had raised BDT 3.9 billion in the previous fiscal year.
- In FY17, no companies had raised fund under the book building method of IPO, while three companies raised BDT 3.4 billion under the method in FY18.
- The three companies that used the book building method in FY18 are: Aamra Networks (BDT 562.5 million), Bashundhara Paper Mills (BDT 2.0 billion) and Aman Cotton Fibrous (BDT 800.0 million).
- The other companies — Oimex Electrode (BDT 150.0 million), Nahee Aluminum Composit Pane (BDT 150.0 million), SK Trims & Industries (BDT 300.0 million), Advent Pharmaceuticals (BDT 200.0 million), Intraco Refueling Systems (BDT 200.0 million) and Queen South Textile Mills (BDT 150.0 million) — raised fund under the fixed price method.
- Of the two mutual funds, ICB AMCL First Agrani Bank Mutual Fund raised BDT 500.0 million while CAPM IBBL Islamic Mutual Fund pooled BDT 300.0 million in FY'18 under the fixed price method.

<http://www.newagebd.net/article/44213/fund-raising-thru-ipos-rises-by-3878pc-in-fy18>

VFS Thread IPO subscription starts today

- The IPO (initial public offering) subscription of VFS Thread Dyeing will start today (Sunday) and will continue till July 02, according to the website of Dhaka Stock Exchange (DSE). Bangladesh Securities and Exchange Commission (BSEC) approved the company's IPO proposal on April 03.
- As per the BSEC approval, the VFS Thread Dyeing will raise a capital worth BDT 220 million under fixed price method. To raise this amount of capital, the company will issue 22.0 million ordinary shares at an offer price of BDT 10 each. The company's market lot consists of 500 shares. The company will utilize the IPO fund to purchase plant and machinery, repay bank loans and bear the IPO expenses.
- According to financial statement for the year ended on June 30, 2017, the company's net asset value (NAV) per share stood at BDT 19.90 (without revaluation). The weighted average of earnings per share (EPS) was BDT 2.02. Citizen Securities & Investment and First Security Islami Capital & Investment are jointly working as the issue managers of the company's IPO. Incorporated in Bangladesh in 2010, VFS Thread Dyeing is a 100% export-oriented manufacturer of sewing thread products. The company's pre-IPO paid-up capital is above BDT 627.14 million and post-IPO paid-up capital will be above BDT 847.14 million.

<http://today.thefinancialexpress.com.bd/stock-corporate/vfs-thread-ipo-subscription-starts-today-1529766073>

Bashundhara Paper gets listing approval

- Bashundhara Paper Mills has received listing approval from the Dhaka bourse to make its share trading debut.
- A DSE official said the board of directors of the Dhaka Stock Exchange (DSE) gave listing approval to the company recently and the date for starting share trading will be fixed soon.
- Bashundhara Paper Mills, a concern of Bashundhara Group, raised BDT 2.0 billion by floating more than 26 million ordinary shares through book-building method. Of the total issued shares, some 15.62 million or 60% shares at BDT 80 each have been kept for the eligible investors as per the book-building method.
- The remaining 10.40 million shares or 40% will be issued to the general public, including non-resident Bangladeshis at 10% discount on the cut-off price (BDT 72 each).
- The company received a total IPO subscription of BDT 6.83 billion from general public and non-resident Bangladeshi investors against public issue of BDT 750 million, which is oversubscribed by 9.11 times.

<http://today.thefinancialexpress.com.bd/stock-corporate/bashundhara-paper-gets-listing-approval-1529769733>

22 companies in IPO pipeline

- Twenty-two companies have applied to the Bangladesh Securities and Exchange Commission for raising more than BDT 13.4 billion in total by floating shares through initial public offerings.
- Of the firms, 11 companies have sought to pool BDT 2.8 billion in total under the fixed price method, while the rest 11 would raise BDT 10.7 billion under the book building method.
- New Line Clothing has applied for raising BDT 300.0 million, Silco Pharmaceuticals BDT 300.0 million, Electro Battery Company BDT 225.0 million, Mohammed Elias Brothers Poy BDT 250.0 million and SS Steel BDT 250.0 million under the fixed price method. Kattali Textiles (BDT 340.0 million), Express Insurance Limited (BDT 268.0 million), Desh General Insurance (BDT 160.0 million), Infinity Technology (BDT 300.0 million), Crystal Insurance (BDT 160.0 million) and Genex Infosys (BDT 200.0 million) would also use the fixed price method in issuing their IPOs.
- Under the book building method, STS Holding has sought to raise BDT 750.0 million, Shamsual Alamin Real Estate BDT 800.0 million, Esquire Knit Composite BDT 1.5 billion, Runner Auto BDT 1.0 billion, Popular Pharmaceuticals BDT 700.0 million
- According to the information in their IPO prospectuses, most of the companies have planned to raise funds in order to repay long-term bank loans and to expand their existing business capacity in line with the growing demand for their respective products.

<http://www.newagebd.net/article/44215/22-cos-in-ipo-pipeline>

Bangladesh Bank brings term repo to ease liquidity crisis

- The Bangladesh Bank has launched a fresh liquidity support window named term repurchase agreement (repo) to supply money to the cash-strapped banks.
- The banks, which face a liquidity crunch, are now allowed to receive money through the new window of the central bank in three tenures -- seven days, 14 days and 28 days.
- The term repo is a way for banks to avail money from the central bank for more than one-day duration.
- The banking regulator has another window named reverse repo through which any bank, which enjoys excess liquidity, can submit fund with the BB by using the window.
- The bank will enjoy 4.75% interest for keeping its fund with Bangladesh Bank. For intervening holidays, the tenure of term repo will be automatically extended by the number of holidays involved, a BB official told The Daily Star.

<https://www.thedailystar.net/business/bb-brings-term-repo-ease-liquidity-crisis-1594501>

10 banks face capital shortfall of BDT 233.6 billion

- Seven state-run banks have failed to meet the minimum capital requirement, meaning they need further taxpayer-funded recapitalization.
- The latest data from the Bangladesh Bank showed a total of 10 banks, including the seven state lenders, faced a capital shortfall of BDT 233.6 billion as of March, up by more than BDT 38.0 billion compared to a quarter ago.
- Among the banks, BKB has had the highest amount of capital shortfall at BDT 79.3 billion, up from BDT 77.8 billion three months ago. Sonali's capital shortfall rose to BDT 67.6 billion from BDT 54.0 billion.
- The BB data showed that the capital shortfall in the state-owned banks stood at BDT 212.8 billion as of March 31, up from BDT 174.4 billion a quarter ago.
- The government has recapitalized the state lenders by injecting BDT 145.1 billion since 2009, but they are yet to strengthen their capital base in absence of corporate governance.

<https://www.thedailystar.net/business/10-banks-face-capital-shortfall-BDT -23363cr-1594510>

Asian Development Bank (ADB) to provide USD 300 million for infrastructure projects

- The Asian Development Bank (ADB) is set to provide USD 300 million to state-run Bangladesh Infrastructure Finance Fund Limited (BIFFL) to catalyze long-term infrastructure project finance. The BIFFL will borrow the fund during 2018-2022 period, finance ministry officials said.

- The ADB, in a note, said Bangladesh faces an infrastructure financing gap of USD 9.0 billion a year.
- Presently, the BIFFL has significant financing constraints to lend to its pipeline projects from FY 2018-19 and beyond.
- President of the Dhaka Chamber of Commerce and Industry (DCCI) Abul Kasem Khan, in a recent press meet, urged the government to raise infrastructure investment to nearly 6.0% of gross domestic product (GDP).

<http://today.thefinancialexpress.com.bd/trade-market/adb-to-provide-300m-for-infrastructure-projects-1529684745?date=23-06-2018>

Apparel exports to Asian markets on the rise

- Garment shipments from Bangladesh to its major Asian markets—India, China and Japan—are rising by the day thanks to competitive prices the country offers and spiraling production cost in China.
- Garment export to these three markets grew 17.8% year-on-year to USD 1.4 billion in July-May period of the current fiscal year, according to data from the Export Promotion Bureau (EPB).
- Japan, with a retail garment market worth nearly USD 50 billion, is the largest export destination for Bangladesh among the Asian nations. In July-May period, Bangladesh sent USD 787.13 million worth of garment items to Japan, which is a 13.04% year-on-year rise.
- The overall export to Japan has already crossed USD 1.1 billion mark in the first 11 months of the current fiscal year from USD 945.5 million last year.

<https://www.thedailystar.net/business/apparel-exports-asian-markets-the-rise-1594504>

Insurers' life fund declines 6.0% in 2017

- The "life fund" of all the 32 life insurers shrank by nearly 6.0% in calendar year 2017, revealed a report.
- A life fund is a portfolio which can be made up of stocks, bonds, cash and alternatives. A policyholder's life assurance premiums are deposited in it and claims are paid out of it. Life fund usually grows fast as it is comprised of all the earnings, deducting management expenses.
- However, the total life fund as of last December stood at BDT 278.5 billion, down by 5.6% than that of 2016, the documents showed.
- The Managing Director of Guardian Life Insurance Company said a drop in the life fund means higher cash outflows than inflows.

today.thefinancialexpress.com.bd/first-page/insurers-life-fund-declines-60pc-in-17-1529685954?date=23-06-2018

Government to cut VAT on internet use by 5.0%

- The government will cut the value-added tax on internet use to 10% from the existing 15% from July 1.
- Finance minister AMA Muhith at a meeting with telecommunications and ICT minister Mustafa Jabbar and ICT industry leaders at the finance minister's Economic Relations Division office assured them of the VAT rate cut.
- ICT sector leaders intensified their efforts to press for their demand in last few days as the government in the proposed national budget for the fiscal year of 2018-19 has not changed the VAT rate of 15% on internet use.
- Currently, subscribers pay 15% VAT on use of internet from internet service providers while mobile internet users pay 15% VAT, 5% supplementary duty and 1% surcharge.
- Once the VAT rate is cut, users of ISPs' internet will pay 10% VAT, while mobile internet users will pay 10% VAT, 5% supplementary duty and 1% surcharge as the government will not cut SD and surcharge.

<http://www.newagebd.net/article/44154/govt-to-cut-vat-on-internet-use-by-5pc>

Solar power capacity reaches 218 MW

- Bangladesh witnessed a 27% year-on-year jump in the number of solar home systems installed last year, thanks to a drop in the production cost aided by technological advancement.

- By the end of 2017, the country installed 5.2 million SHSs, which are stand-alone photovoltaic systems that offer a cost-effective mode of supplying power for lighting and appliances to remote off-grid households.
- The custom-made SHSs had a total capacity of 218 megawatts, according to the “Renewables 2018-Global Status Report”, which is released annually by Paris-based energy think-tank REN21 in June.
- According to the report, 17 million Bangladeshis use SHSs, making it the country with the second highest number of people who avail the system after India, which has 148 million users.
- According to a study of the Bangladesh Investment Development Authority, renewable energy currently makes up 2.5% of the total electricity generation and the sun is the most prominent source.
- IDCOL targets to finance 6 million SHSs by 2021 with an estimated generation capacity of 220MW of electricity.

<https://www.thedailystar.net/business/solar-power-capacity-reaches-218mw-1594513>

World Stock and Commodities*

| Index Name | Close Value | Value Change | % Change |
|------------------------------|-------------|--------------|----------|
| Crude Oil (WTI)* | \$68.58 | +3.04 | +4.64% |
| Crude Oil (Brent)* | \$75.55 | +2.50 | +3.42% |
| Gold Spot* | \$1,270.56 | +3.37 | +0.27% |
| DSEX | 5441.76 | 56.88 | 1.06% |
| Dow Jones Industrial Average | 24,580.89 | +119.19 | +0.49% |
| FTSE 100 | 7,682.27 | +125.83 | +1.67% |
| Nikkei 225 | 22,516.83 | -176.21 | -0.78% |

Exchange Rates

USD 1 = BDT 84.17*

GBP 1 = BDT 111.61*

EUR 1 = BDT 98.06*

INR 1 = BDT 1.24*

*Currencies and Commodities are taken from Bloomberg.

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