

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.12%	▲ 0.17%	\$1,770.62	\$41.02	▲ 0.94%	▲ 1.13%	▲ 0.55%	▲ 0.30%	83.95	92.96	102.44	11.68
3,974.22	6,830.07	(per ounce)	(per barrel)	35,171.27	22,512.08	2,604.51	2,979.55	84.95	96.76	106.24	12.28

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Bourse braces for its biggest IPO yet

Robi's listing to take place next quarter

MUHAMMAD ZAHIDUL ISLAM and AHSAN HABIB

Robi is set to come up with the country's biggest-ever initial public offering yet within a couple of months, in what can be viewed as finally some good news for the depressed bourse.

The second-largest mobile phone carrier intends to raise Tk 523.79 crore from the market.

The Bangladesh Securities and Exchange Commission (BSEC) has almost completed the scrutiny of the floatation proposal and is planning to approve the listing proposal within the next couple of months.

Some 10 per cent, or about 52.38 crore, shares would be offloaded, according to the application, which was submitted on March 2. The face-value will be Tk 10 and there will be no premium.

Prof Shibli Rubayat Ul Islam, the newly appointed chairman of the BSEC, said though

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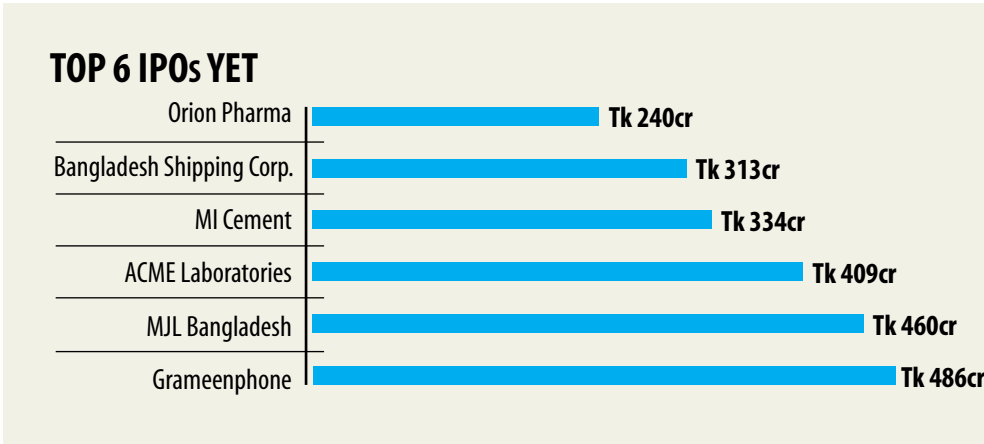
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the previous commission scrutinised Robi's application it was quite easy for the new commission to give its seal of approval.

"But the new commission has decided to go for a second scrutiny. We are very positive about Robi's enrolment and hope to accept it within the next couple of months," he said.

Robi's listing would help bring the market to a lucrative shape, he said.

Md Nafeez Al Tarik, chief executive officer of Asian Tiger Capital Partners Asset Management, said the company is coming at a face-value.

"This is a good sign and it will

impact the stock market positively. Investors may come to the market to buy the stocks which we saw when Grameenphone went public," he said.

Robi, a sister concern of Axiata Group of Malaysia and a multinational venture, is very compliant and the market has not seen the entry of such a good company in the last eight to 10 years, according to Tarik.

"The government should introduce such good companies to the market."

As Robi is coming at the face-value, investors would gain in the long run as it is yet to see a higher growth in its balance sheet following the merger of Airtel, said a merchant banker.

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ROBI VS GP'S IPO PORTFOLIO

Robi	GP
Tk 523.8cr will be raised	Tk 486.1cr raised
No. of shares issued: 52.38cr	No. of shares issued: 6.94cr
Paid-up capital: Tk 5,238cr	Paid-up capital: Tk 1,215.20cr
Share price: Tk 10; no premium	Share price: Tk 10; Tk 60 premium

For NBFIs, 2019 was a terrible year. And 2020 is poised to be even worse.

AKM ZAMIR UDDIN

The year 2019, it seems, was an annus horribilis for the non-bank financial institutions industry.

Not only did it see the fall of an institution, a development that not only undercut the confidence in the sector, the year also the industry's default loans soar 17.19 per cent to Tk 6,399 crore in 2019.

The amount would have been much larger had the default loans of the fallen People's Leasing and Financial Services (PLFS), which were between Tk 600 crore to Tk 700 crore, were added to the list, said a central bank official.

The NBFi had failed to repay the depositors' money despite the maturity of the funds. At the same time, its default loans and net losses were spiralling out of control.

This prompted the finance ministry on June 27 last year to instruct the Bangladesh Bank to shutter the NBFi, which was a first for Bangladesh's financial sector.

Other than PLFS, nearly one dozen NBFIs

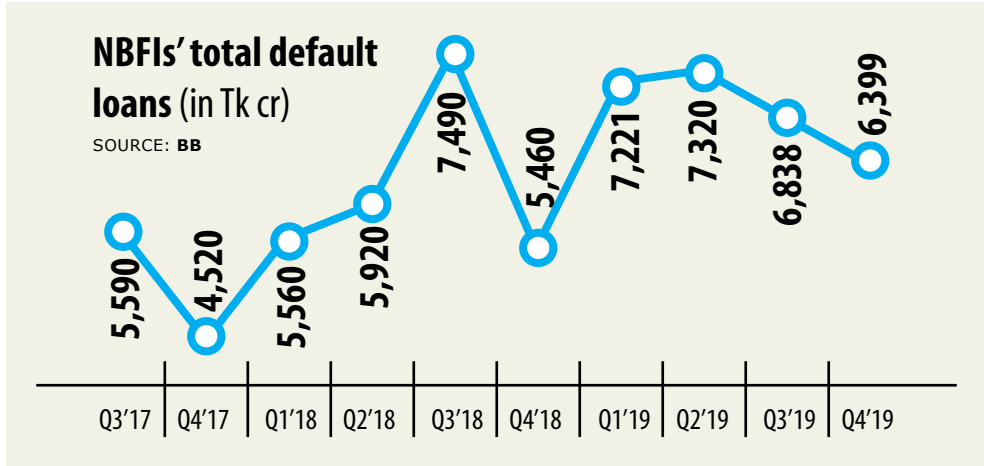
gave out large amounts of loans in breach of rules and regulations, which fuelled the sector's classified loans, according to industry players and BB officials.

The situation in the NBFi sector is yet to improve. In fact, some of them have plunged into deep trouble due to the ongoing economic fallout brought on by the coronavirus pandemic.

The NBFi sector started facing problems since the middle of 2018 when the banking sector felt the pinch of liquidity crunch, said Arif Khan, managing director of IDLC Finance, one of the big names in the sector.

Earlier in January 2018, to rein in aggressive lending, the BB had instructed conventional banks and Shariah-based banks to lower their loan-deposit ratios to 83.5 per cent and 89 per cent respectively, a move which had a domino effect on the NBFi sector.

The NBFIs are dependent on banks and customer deposits for their funds. The lowering of the loan-deposit ratio meant banks cut back on their lending to NBFIs, leaving the latter short of funds.



The situation had badly impacted a good number of NBFi clients, who were not extended fresh credit for want of funds and subsequently became defaulters, according to Khan.

The central bank, however, backtracked

from its decision to lower the loan-deposit ratio on September 17 as it looked to alleviate the sector's ongoing liquidity crunch and facilitate a lower interest rate on lending.

No sooner had the NBFIs got relief from the liquidity shortage that the ongoing economic

fallout hit the financial sector, Khan said.

About 50 per cent of the clients are now unable to pay back their loans as demand has collapsed everywhere.

So, defaulted loans in the NBFi sector will see a rise in the coming days, he said, adding that it will take at least one year for the situation to return to normalcy.

"We should take care of those clients as they are not habitual defaulters."

Besides, 5-7 NBFIs violated banking norms while disbursing loans, which is the main reason for the escalation of defaulted loans, Khan added.

Defaulted loans will not increase too much until September this year as the central bank has asked NBFIs not to classify any loans during the period, said Mominal Islam, chairman of the Bangladesh Leasing and Finance Companies Association, an organisation of the NBFi CEOs.

The central bank has also declared several stimulus packages, which will help NBFIs tackle the economic fallout.

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GP files petition challenging SMP restrictions

MUHAMMAD ZAHIDUL ISLAM

Grameenphone filed a writ petition before a High Court bench yesterday challenging a June 21 directive of Bangladesh Telecommunication Regulatory Commission (BTRC) alongside two restrictions imposed under significant market power (SMP) guidelines.

This is the third time the leading mobile network operator has legally challenged different points of the SMP guidelines. Court orders in the first two went in its favour.

According to the restrictions, scheduled to be implemented from July 1, Grameenphone would have to secure prior approval from the telecom regulator before rolling out any package or offer.

It will also have to have all of its existing packages and offers validated by August 31. Conditions of the approved packages or offers cannot be changed or amended without the watchdog's consent.

The BTRC also made it easier for subscribers to leave Grameenphone under mobile number portability (MNP) facility.

The BTRC was anticipating Grameenphone's move, said Chairman Md Jahurul Haque, adding that there was an imbalance in the market which needs to be corrected and the SMP was the only way to do so.

"We have a responsibility to bring the industry in line and enhance competition. That's why, we are trying to impose restrictions," he told this correspondent yesterday evening.

Barrister Mustafizur Rahman Khan, representing Grameenphone, confirmed the latest move and said the hearing might be held on Tuesday.

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Bangladesh seeks extension of EU trade benefits even after LDC graduation

REFAYET ULLAH MIRDHA

Bangladesh wants the EU to continue providing the current zero duty benefit even after its graduation to a developing country as the Covid-19 pandemic is taking a heavy toll on the south Asian nation's economy.

Bangladesh has been enjoying zero duty benefits on export since 1973 under the EU's generous Everything but Arms (EBA) scheme, meant for the least developed countries (LDCs).

The commerce ministry sent a letter to the EU last month seeking the EBA extension, said Commerce Secretary Md Jafar Uddin.

"In the letter we did not mention any particular period or any particular scheme. We sought the continuation of the current EBA as we have been facing crisis in different ways due to the coronavirus pandemic."

"We are ready to graduate to a developing country from an LDC in 2024 as per our previous decision," he said.

Officially, Bangladesh will become a developing country in 2024 and three more years will be given as a grace period for preparation.

Normally, the EU does not give trade benefits under the EBA after a country's graduation.

So, after 2027, Bangladesh will have to either be granted

KEY POINTS

- Officially Bangladesh will leave the LDC club in 2024
- Zero duty benefit to the EU will continue till 2027
- Commerce ministry sent letter to EU for extension of trade privileges
- Exporters demand extension for 10 years
- Exporters to face 8.7% duty if trade benefits not extended
- Shipment to drop 5.7% after graduation
- Of the country's total exports, 58% goes to EU
- Of total apparel exports, Europe takes 64%

the GSP Plus or the extension of the current EBA to enjoy the zero-duty benefit to the EU, the destination for 64 per cent of Bangladesh's annual garment shipment of \$34 billion.

The EU has been conducting a survey on its EBA and it is expected that they will also conduct a survey on Bangladesh next month, the secretary said.

Not only the EU, Bangladesh also demanded trade facilities from the USA as the government has already assigned a special committee to attract more American investment here.

But Bangladesh might not get zero duty benefit on garment export to the USA, as the Trump administration gives zero duty benefit on export of garment items only to some African countries under the African Growth and Opportunity Act.

America allows zero duty benefit for 97 per cent of the products of the LDCs, but garment items from

Bangladesh are not included in the list.

As a result, Bangladeshi exporters face 15.62 per cent duty while sending apparels to the USA, the country's single largest export destination where over \$ 6 billion worth of garment items are shipped a year.

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ON

30th June 2020

5:30 PM

(Dhaka Time, Baad Asr)