

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.04%	▼ 0.01%	\$1,884.03	\$41.92	▼ 0.17%	▼ 0.06%	▲ 0.72%	▲ 0.17%	BUY TK	83.95	96.99	105.82	12.13
4972.13	8,512.68	(per ounce)	(per barrel)	37,668.42	23,346.49	2,481.14	3,279.70	SELL TK	84.95	100.79	109.62	12.75

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Robi gets nod for largest-ever IPO in Bangladesh

STAR BUSINESS REPORT

The country's biggest initial public offering is going to hit the stock market soon as Robi Axiata Ltd yesterday received the nod from the stock market regulator to go public.

The Bangladesh Securities and Exchange Commission (BSEC) approved the IPO plan of the country's second-largest operator at a meeting presided over by Prof Shibli Rubayat Ul Islam, chairman of the watchdog.

"We would like to thank the BSEC for kindly approving our IPO application," said Shahed Alam, chief corporate and regulatory officer of Robi Axiata, in a statement.

"This is indeed a historic moment for Robi. We are immensely proud to be coming to the stock markets with the largest-ever stock listing. The approval to enlist in the country's stock markets paves the way for the people of the country to become shareholders of the company."

Robi would raise Tk 523.7 crore from the market by issuing 52.3 crore shares. This would be the biggest IPO in Bangladesh and would overtake Grameenphone's flotation of Tk 486 crore in 2009.

The face value of the shares will be Tk 10 and there will be no premium.

The operator submitted the proposal on March 2 to float 10 per cent of the shares under the fixed-price method. Of the shares, 38.77 crore will be issued through the IPO and the rest 13.6 crore would be issued to employees.

The operator has already raised around Tk 136 crore as share money deposit by issuing securities to employees. It has not distributed

TOP 6 IPOs YET

Orion Pharma	Tk 240cr
Bangladesh Shipping Corp.	Tk 313cr
MI Cement	Tk 334cr
ACME Laboratories	Tk 409cr
MJL Bangladesh	Tk 460cr
Grameenphone	Tk 486cr

the shares among the employees yet.

Companies in Bangladesh cannot issue shares to employees after they go public. So, the mobile operator had sought an exemption from the BSEC to issue the shares to its employees and the regulator gave its consent.

The operator would use the IPO proceeds to expand the network.

Robi attached two conditions to get listed: reducing the turnover tax to 0.75 per cent from 2 per cent and slashing the corporate tax to 35 per cent for 10 years.

"We hope that the government will positively consider certain conditions we had placed for the enlistment in the interest of the prospective investors," Alam added.

Once listed, the operator's corporate tax will be slashed to 40 per cent from 45 per cent applicable for non-listed mobile phone operators.

company assumed its present name, Robi Axiata. It has 4.91 crore subscribers as of July, up 2.85 per cent year-on-year, data from the Bangladesh Telecommunication Regulatory Commission showed.

IDLC Investments was the issue manager. The merchant bank also worked as the corporate adviser in the Robi and Airtel's merger in 2016, which was one of the largest mergers in Bangladesh.

"This approval reiterates IDLC's commitment to bringing well-governed companies to the market and testifies its continued leadership in the investment banking landscape of the country," said Arif Khan, chief executive officer of IDLC Finance.

OTHER BSEC DECISIONS

The BSEC also approved the IPO proposal of Crystal Insurance, which would issue 1.6 crore shares to raise Tk 16 crore. The insurer will invest the IPO proceeds into the stock market and deposit in banks.

The per-share net asset value of the company was Tk 24.42 on December 31 last year and the earnings per share were Tk 2.92 for the last year.

The BSEC also decided to issue a notification as per a request from the Insurance Development and Regulatory Authority so that insurance companies can raise funds less than Tk 30 crore.



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

READ MORE ON B3

Facebook starts paying VAT

The tech giant hands over Tk 1.7cr for July, August

MAHMUDUL HASAN

The National Board of Revenue's (NBR) efforts to make Facebook fall in line with local regulations have started to pay off as the global social media giant handed about Tk 1.7 crore in value-added tax for the months of July and August.

Facebook's authorised sales partner Httpool has handed over the VAT to the state coffers.

It also solved the mystery of how much Facebook earns from Bangladeshi companies, which are now increasingly relying on digital platforms for advertisements.



In August, the Facebook agent sold advertisements worth Tk 6.23 crore to various local organisations.

In return, they paid Tk 91.39 lakh in VAT. As per the rules, the NBR gets 15 per cent in VAT and another 4 per cent in advance income tax.

"It's a significant advancement in VAT collection as a global tech company like Facebook came under the tax net," Moinul Khan, director general of VAT Intelligence, told The Daily Star yesterday.

According to Khan, Facebook completed VAT registration a few months earlier and it came under the VAT law from the start of this fiscal in July.

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CORRECTION

In a news item headlined "Ministries against holding back low-priority projects" published yesterday, we inadvertently referred to the planning ministry in place of the ministries and divisions. The report also unintentionally misquoted Md Ashadul Islam, senior secretary to the planning division.

Islam only said the decision to put on hold the implementation of low-priority projects may delay their implementation and increase costs. The rest of the comments attributed to Islam was actually made by an anonymous source at the planning ministry. We regret the error.

Banks' zeal for govt debt instruments bringing down interest rate

AKM ZAMIR UDDIN

The yield on government treasury bills and bonds continued to maintain a steep decline in recent months as lenders kept on a relentless pursuit of the government debt instruments in efforts to get their idle funds invested.

The interest rate on the 5-year Treasury bond, which is highly popular compared to other government debt instruments due to its maturity period, stood at 5.69 per cent this month, down from 8.86 per cent in January.

The ongoing economic meltdown is mainly responsible for the downward trend of the yield on the government debt instruments, experts said.

Good borrowers are now reluctant to take out money from banks given the existing dull state of business.

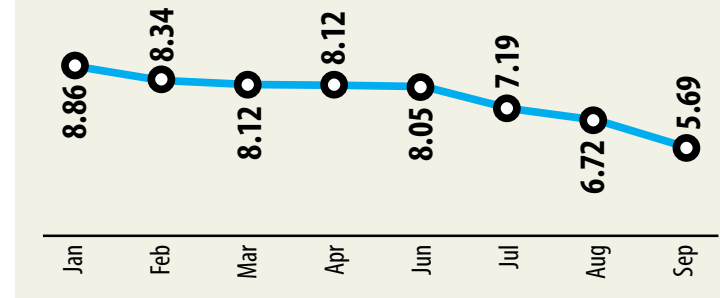
Prior to that, banks were forced to stop lending during the lockdown period ranging from March 26 to May 31.

In addition, Bangladesh Bank is now giving out stimulus funds in full swing to help the economy recover from the ongoing business slowdown.

The stimulus fund has also

INTEREST RATE ON 5YRS BENCHMARK T-BOND

In %; SOURCE: BB, No auction held in May



injected a large amount of fresh funds into the banking sector.

Against this backdrop, excess liquidity in the banking sector stood at Tk 140,730 crore as of July in contrast to Tk 105,646 crore in December.

So banks have laid emphasis on investing their excess funds on government treasury bills and bonds in order to keep their wheel of profitability turning.

On September 16, the central bank arranged an auction for the 5-year T-bond, through which the government borrowed Tk 2,000 crore. But banks submitted bids worth Tk 5,144.20 crore, revealing the lenders' appetite for investing

their funds in the government securities.

The T-bonds and bills are all government-issued fixed income securities that are deemed safe and secure.

There are four types of T-bonds in Bangladesh whose maturity periods range from 2 to 20 years. The government also rolled out three types of T-bills with maturity periods ranging from 91 days to 364 days.

By issuing the T-bills and bonds, the government borrows the funds it requires to manage the budget deficit.

The coronavirus pandemic has also slowed down implementation

KEY POINTS

- Interest rate on securities may fall further due to economic fallout
- Lower government borrowing is responsible for the declining rate
- Banks are now sitting on idle funds
- Excess liquidity in banks stood at Tk 140,730 crore as of July
- Credit demand from private sector is still low
- Banks now give out loans at 7-8pc interest
- Banks have to start lending in full swing to ensure profit

of the government's development projects, which has brought down its required borrowing from the banking sources.

Between July 1 and September 14, the government borrowed only Tk 6,958 crore from the banking sector, meaning it issued a lower number of T-bills and bonds.

The government set a borrowing target of Tk 3,800 crore from the banking sources in September. But on Wednesday it took a decision to borrow only Tk 800 crore for this month.

The central bank has recently transferred to the exchequer Tk 5,300 crore, which was earned as profit by the banking regulator last fiscal year.

This has inflated the fund in the government's account.

The surplus fund in the account stood at around Tk 11,500 crore as of September 21, which will bring relief to the government from borrowing too much funds from the banking source next month, said a central bank official.

But all banks have been making a mad rush at investing their funds in the instruments, which ended up playing a major role in the decline in the cut of yield on the tools, he said.

The declining trend on the interest rate of the government securities will put an adverse impact on banks' profitability as lenders have little scope of lending to the private sector, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

READ MORE ON B3

Road master plan to state status, needs: Kamal

STAR BUSINESS REPORT

The government has decided to draw up a master plan on roads to take stock of the current network and find out future requirements, said Finance Minister AHM Mustafa Kamal yesterday.

The decision was taken after Prime Minister Sheikh Hasina at a meeting of the Executive Committee of the National Economic Council on Tuesday called for putting emphasis on maintenance apart from construction of new roads, he said.

The prime minister also opposed destruction of farmlands to make way for

the construction of roads, according to Kamal.

"We have decided to formulate a master plan on roads to see how many roads we have got now and how many roads we will need in the next 20, 30 or 50 years."

Kamal made the comments at a meeting of the cabinet committee on purchase of the secretariat. The committee approved four proposals involving Tk 334 crore.

One of the purchase proposals involved Tk 43.95 crore for a "Dhaka City Neighborhood Upgrading Project" being implemented by Dhaka South City Corporation.

The work went to a joint venture

of Dohwa Engineering Co, Junglim Architecture Co of Korea, Dev Consultants, Design Planning & Management Consultants and the Tanya Karim NR Khan and Associates.

Bangladesh Chemical Industries Corporation (BCIC) received permission to buy 30,000 tonnes of phosphoric acid from its subsidiary DAP Fertilizer Company for Tk 87.97 crore.

The corporation also got the nod to import 25,000 tonnes of bagged granular urea from Muntajat of Qatar (Qatar Chemical and Petrochemical Marketing and Distribution Company) for Tk 61.21 crore.

The committee gave the go-ahead to a proposal to award the work to convert the Kushtia town portion of the Jhenaidah-Kushtia-Pakshi-Dashuria National Highway to four lanes to the lowest bidder, Jahirul Limited. The conversion would cost Tk 141.25 crore.

The purchase committee's last approval was to a proposal for cancelling the purchase offer of Tk 105 crore for a public works package of the Shariatpur (Monohor Bazar)-Ibrahimpur Ferry Ghat Road Development Project as only one bidder had participated.

It instructed starting the process for a new procurement proposal.