

FAQ

Teer Islamic Commercial Paper



What is Islamic Commercial Paper?

Islamic Commercial Paper (ICP) is a short-term Shariah-compliant financial instrument used by corporations and financial institutions to raise fund for short term financing needs. Unlike conventional commercial papers (which involve interest-based transactions), ICP adheres to Shariah principles, avoiding riba (interest) or its semblance (Subhat al Riba) and fictitious transactions.

What is Teer Islamic Commercial Paper?

Teer Islamic Commercial Paper is a 180 days financial instrument issued by City Auto Rice & Dal Mills Limited (issuer). The fund raised under this commercial paper will be used against short term fund requirement, i.e. procurement of raw materials. This investment will be made in local currency (BDT).

How is this Teer Islamic Commercial Paper Shariah-compliant?

It is based on Bai Salam, Wakalah, and Bai Murabaha in a sequential manner. The Issuer enter a Wakalah (agency) contract with the bank and executes a Bai Salam contract (advance commodity purchase) with the vendor to procure raw materials in advance. The resulting goods are sold via Murabaha, generating profit in line with Islamic principles. Thus, profit is derived from buy and sell of goods, not interest. Teer ICP is endorsed by the shariah supervisory committee of Prime Bank PLC. This does not constitute any legal bindings to the member of Shariah Supervisory Committee.

What is the Profit Rate?

Profit Rate = Base Rate + Margin

What is the Base Rate?

9.96% p.a. as estimated of February 2025 (average of upper limit of the 6 month's deposit rate of full-fledged scheduled Islamic Banks.)

What is the Margin?

4.50% p.a. (Estimated)

What is the Applicable Profit Rate?

14.46% p.a. (Estimated) for 180 days until maturity.

What the investors will get out of this investment?

Investors will get profit @ 14.46% p.a. (Estimated) for their investment

What is the tenor of this investment?

180 days

Who can invest?

Any individual or institutions operating in Bangladesh.

FAQ

Teer Islamic Commercial Paper



What is the minimum and maximum investment amount per investor?

Minimum subscription of BDT 500,000.00 with multiples of BDT 100,000 thereafter

How the investors get repayment of the investment amount?

Principal and Profit to be made in one shot at maturity (180 days)

What is the tax at source on coupon income?

10% tax will be deducted from coupon income (in case of FDR, this is 20% for company and 10% - 15% for individuals). You will get a Tax Certificate from the issuer. This Islamic Commercial Paper is not eligible for investment tax rebate.

Is any credit facility available against this Islamic Commercial Paper?

NO.

Can this Commercial Paper be early encashed before maturity (180 days)?

There is NO transferability options available.

Can this Commercial Paper be early encashed before maturity (180 days)?

Teer ICP is non-transferable and non-encashable before maturity. As this ICP is non-transferable and locked for 180 days, investors cannot exit early.

Will this Commercial Paper be listed?

NO. Since this is a money market instrument, it will NOT be listed.

Why should one invest in this bond?

- ICP adheres to Shariah principles, avoiding Riba (interest) or Subhat al Riba (doubtful resemblance to interest) and fictitious transactions.
- Attractive return of 14.46% p.a. (estimated) compared to only 9.96% deposit rate of full-fledged scheduled Islamic bank.
- Ideal for Short Term Return, meaning principal along with profit will be returned after 180 days in a single payment.
- Opportunity to collaborate with City Group, one of Bangladesh's most renowned and trusted business conglomerates. With a 53-year legacy of excellence, City Group has established itself as a leading manufacturer of consumer goods and commodities. The group has expanded significantly over the years, specializing in diverse products and services

FAQ

Teer Islamic Commercial Paper



What is the role of Prime Bank here?

Prime Bank PLC. is the Issuing and Paying Agent (IPA) only, meaning a bank that delivers such commercial paper (CPs) to the investors against the proof of payment and at maturity repays the investors after receiving funds from the issuer only — not a guarantor. Prime Bank PLC. acts solely as an Issuing & Paying Agent (IPA) and assumes no liability for Issuer's repayment capacity.

Is Prime Bank liable if the issuer defaults?

No. Prime Bank PLC. is only an IPA. Investors bear all default risks. It does not carry any guarantee from Prime Bank PLC., its affiliates, or any government entity. Prime Bank PLC. acts solely as the (IPA) for this ICP and assumes no liability or responsibility for the repayment obligations of the issuer. Repayments to investors are made only upon availability of funds from the issuer company. In the event of default or non-repayment, Prime Bank PLC. or its affiliates will not be held responsible for initiating recovery or legal action on behalf of the investors. Prime Bank PLC. will, however, promptly notify investors in the event of any failure of repayment by the issuer.

Is Account with Prime Bank PLC. mandatory for investment in Islamic Commercial Paper?

Yes. This is mandatory for individuals and institution.

Is the Account opened with Prime Bank PLC. need to be Islamic in nature?

No. The account can be both Islamic or Conventional in nature.

What is the timeline to invest in this bond?

The total issue size is BDT 50 Crore. Investment in this Islamic commercial paper will be catered on a "first come, first serve" basis until the entire issue amount of BDT 50 Crore is subscribed.

Is any Beneficiary Owners (BO) account mandatory?

NO. Since this is a money market instrument, there is no requirement of having or opening any BO account.

What are the documents required for Individuals?

Standard Documentation for Opening Individual Account with Prime Bank PLC. In addition:

- Copy of NID
- Copy of TIN
- Filled up and signed EOI Form

FAQ

Teer Islamic Commercial Paper



What are the documents required for non-Individuals?

Standard Documentation for Opening Non-Individual Account with Prime Bank PLC. In addition:

- Name, email address, and Contact number of the Authorized Signatory
- Copy of ETIN
- Board Resolution (Sponsor's consent with amount, authorization and Signature)
- Company Registration (COI in case of Limited Liability Company and Trade License for other entities)
- Filled up and signed EOI Form

How much return I might get for an investment of BDT 500,000?

If we calculate with 14.46% p.a. profit rate, you are likely to get additional BDT 36,150 (including AIT 10%) at the end of 180 days. Total return would be BDT 536,150. Detailed calculations is given below.

Subscription amount: 500,000

Profit Rate: 14.46% p.a.

Tenor: 180 Days

Banking Days: 360 Days

Total Return:

$$\frac{500,000 \times 14.46\% \times 180}{360} = 36,150$$

How can I reach for any query?

You can visit nearest Prime Bank PLC. branches or Call 16218.