

# BUSINESS REVIEW



**VENTURE CAPITAL AND  
START-UP FINANCING:  
PROSPECTS IN BANGLADESH**

# আইডিএলসি ফিক্সড ডিপোজিট

## আন্তর্ব থাক বিশ্বস্ত হাতে

আইডিএলসি'র কাছে আপনার  
প্রতিটি টিকা বিশ্বাসের আমানত। তাই,  
গত ৩৪ বছর ধরে স্বচ্ছতা, সর্বোচ্চ  
সুশাসন ও ফাইন্যান্সিয়াল সেক্টরের  
অভিজ্ঞতাকে দর্শকার সাথে কাজে লাগিয়ে  
ব্যবসা পরিচালনা করছি আমরা। যেনে  
আপনার টিকা নিশ্চিতভাবে বাড়তে  
থাকে নিরাপদে।

- দেশজুড়ে ২০টি জেলা শহরে ৪০টি শাখা
- আপনার সেবায় ১৪০০ জন মিয়োজিত কর্মী
- শ্রেণিকৃত ধরণের পরিমাণ মাত্র ২.৯৪%
- সর্বোচ্চ সুশাসনের জন্য একাধিক আন্তর্জাতিক  
ঘূর্ণত্ব ও পুরস্কার প্রাপ্তি
- ৩ মাস থেকে শুরু করে বিভিন্ন সুবিধাজনক  
মেয়াদে ডিপোজিট করার সুবিধা
- AAA ক্রেডিট রেটিং প্রাপ্ত

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Prospects in Bangladesh

The startup ecosystem in Bangladesh is seeing an increasing number of startups but not enough funding is available locally. Fundraising in Bangladesh has always been relatively tough for the aspiring founders in the early stages even with considerable traction and proof of concepts. It is because in Bangladesh, banks can specifically finance a new business to the extent that there are collaterals against which the debt can be secured but in today's information based economy most of the startups do not have hard assets. Thus, Venture Capital exists to rescue. However, the eco system is now getting enough attention from foreign investors and , the government of Bangladesh also initiated its own public startup support wing.

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CEO at Bangladesh Angels Network  
• **Mr. Rahat Ahmed**  
Founding Partner and CEO at Anchorless Bangladesh

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FROM THE

# EDITOR



## Investing in innovation: Venture Capital and Start-Up Financing in Bangladesh

Bangladesh is enriched with all the features to be recognized as a great macro-economic story. However, we are yet to utilize our story compellingly. If we consider our regional peers, we will observe that they have carefully nurtured their startup ecosystem to the point that they are reaping the benefits now and writing success stories like Gojek, Tokopedia, Meesho, CRED, and so on.

In Bangladesh, banks can specifically finance a new business to the extent that there are collaterals against which the debt can be secured but in today's information based economy most of the startups do not have collateral. Thus, Venture Capital (VC) exists to the rescue. The main idea of VC is to invest in a startup's growth until it reaches a sufficient size and credibility so that it can be sold to a corporation, or institutional public-equity markets can step in and provide liquidity.

Bangladesh's startup ecosystem has shown great breakthrough over the past decade, companies such as Bkash, Chaldal, Pathao, Shohoj, and Bdjobs are some prominent names who ventured into this space earlier in the decade. Moreover, during the pandemic the startups of Bangladesh have stepped with their technology-enabled solution, and have solved multivariate problems.

Currently, the ecosystem is seeing an increasing number of startup-ups but not enough funding available locally. Fundraising in Bangladesh has always been relatively tough for the aspiring founders in the early stages even with considerable traction and proof of concepts.

Appreciatively, this is where the ecosystem got attention from foreign investors and the acceleration took place in specific sectors such as ridesharing, e-commerce, delivery solutions, consumer services, and payments. However, the government of Bangladesh also initiated its own public startup support wing, Startup Bangladesh with a 100 crore BDT (U\$ 11.5Mn) fund to catalyze investments. To supercharge the startup ecosystem, they have conducted multiple competitions and boot camps as well. Startup Bangladesh has been actively investing in the ecosystem with 100+ startups receiving seed funds over U\$ 1.5Mn+ over the past few years.

Mutual cooperation among different stakeholders is the ultimate way forward for the further development of this ecosystem. Entrepreneurs need to come up with innovative solutions to solve real problems with large market addressable markets. On the other hand, local angel investors and institutional investors also need to understand deeply how does a startup operate in order to achieve its goal of winning the market but not profitability. Finally, working closely with the government is essential in order to unlock foreign venture fund.

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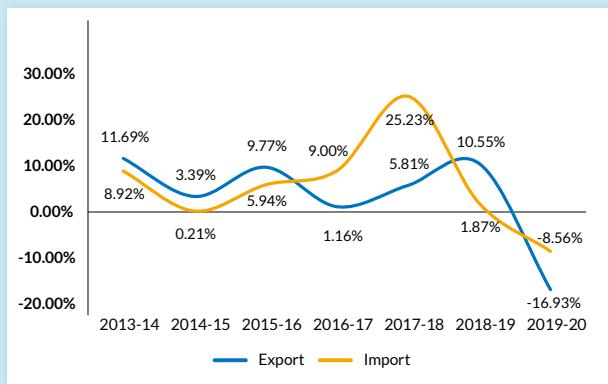
Email: shikha@idlc.com

# ECONOMY AT A GLANCE

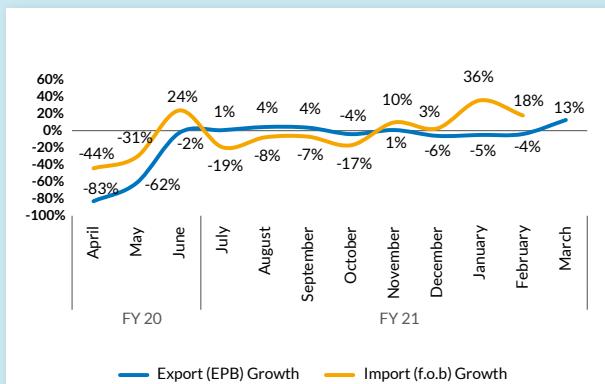
Prepared by IDLCSL Research Team

## EXPORT-IMPORT

Growth in Export Import Trade (Last 7 Years)

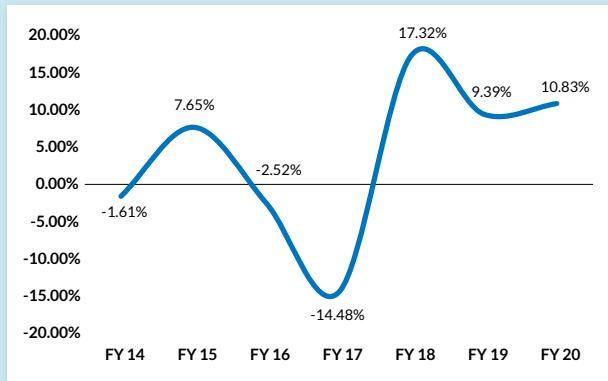


Export & Import Growth

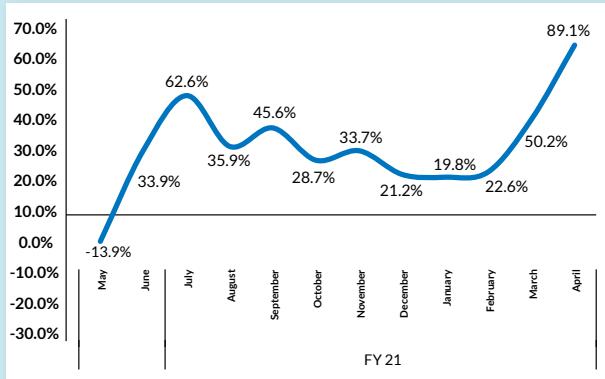


## REMITTANCE

Remittance Growth (Last 7 Years)

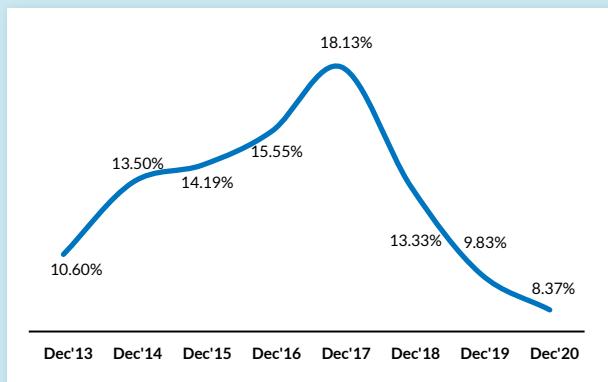


Remittance Growth (Last 12 Months)

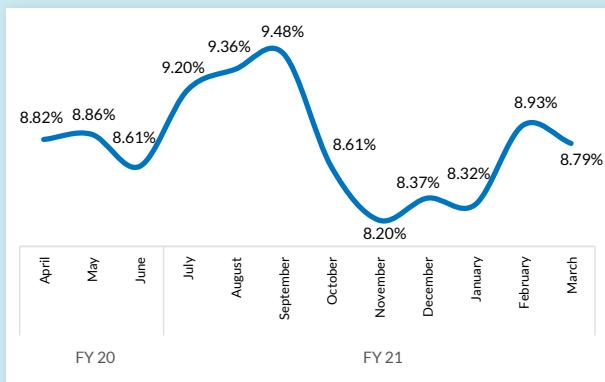


## PRIVATE SECTOR CREDIT GROWTH

Private credit growth (Last 8 years)



Private sector credit growth (Last 12 months)



## ■ MONTH IN BRIEF

● **Value-added tax collection from large-scale companies witnessed a 9.17% growth in the July-March period** of the current fiscal year 2020-2021 despite dismal economic activities amid the Covid-19 outbreak in the country.

● Tax revenue collection in March registered a hefty 22.65% growth despite Covid-19 pandemic due to the surge in import of goods. According to data from the National Board of Revenue (NBR), import stage revenue grew by 46.97% in that month.

● **Borrowers of non-bank financial institutions (NBFI)**s will get a fresh repayment deferral support of three months till June 30 this year based on banker-customer relationship.

● The central bank has further extended the deadline for disbursement of the BDT 50bn stimulus package for the pandemic-hit agricultural sector until June 30 this year.

● **The Bangladesh Securities and Exchange Commission (BSEC) approved the country's first small and medium enterprise initial public offer (SME IPO)** in favor of Nialco Alloys Limited (NAL), which intends to raise BDT 7.50 crore.

● **The Bangladesh Bank asked banks** to charge account maintenance fees one time a year to rationalize the same amid the coronavirus pandemic.

● **The country's trade deficit widened by 9.48% in the first eight months** of the current fiscal year 2021-22 as the import payment rose slightly but export earnings fell, indicating a sluggish trend in the economy.

● SME Foundation will provide loans of BDT 3bn to the cottage, micro, small and medium enterprises (CMSMEs) under the government's second phase incentive package for expediting Bangladesh's economic recovery amid the Covid-19 pandemic.

● The capital market regulator has allowed stockbrokers and merchant banks another six months to adjust their margin loan rates to 12%, given market conditions.

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● For the Record

*THE COUNTRY'S ECONOMY  
AND BUSINESSES ARE GOING  
TO FACE A DISASTER IF THE  
COVID-19 INFECTION RATE  
KEEPS INCREASING DAY BY DAY*

**Zahid Hussain**, Former Lead Economist, World Bank Dhaka office on widening trade deficit.

The commission had made the decision to protect investor interests amid the coronavirus pandemic. As per the new directive, share prices of the 66 companies must not fall below 2% while the upper limit of the circuit breaker will remain unchanged at 10% on circuit breaker limit to 2% for 66 firms.

**Rezaul Karim**, Executive Director and spokesperson of the Bangladesh Securities and Exchange Commission.

**There is no reason to get excited seeing the month-to-month hefty growth. The volume of revenue collection should be taken into consideration.**

**Dr. Ahsan H Mansur**, Executive Director, Policy Research Institute (PRI) on tax revenue growth of March.

**WE BELIEVE THIS GUIDELINE IS AN IMPORTANT KEY STEP TOWARDS ACHIEVING BANK-LED ROBUST ECONOMIC GROWTH BY STRENGTHENING INTEREST RATE RISK MONITORING AND MEASUREMENT**

**Abu Farah Md Nasser**, Deputy Governor, Bangladesh Bank on interest rate risk mitigation guidelines

**It is thought that the 'new poor' is a temporary matter. But one year after the pandemic, we see that a large number of the people, who went below the poverty line due to the pandemic, are yet to come out of poverty.**

**Hossain Zillur Rahman**, Executive Chairman, Power and Participation Research Center (PPRC) on pandemic creating 2.45cr new poor

**GDP GROWTH IN FY2021 IS EXPECTED TO MODERATE TO 5.5-6% FROM THE INITIAL FORECAST OF 6.8% DUE TO THE RESURGENCE OF COVID-19 CASES**

**Manmohan Parkash**, Country Director to Bangladesh, Asian Development Bank on projected GDP growth in FY 2021.

Country	Nominal GDP: October, 2020 (USD in billion)	Real GDP Growth: October 2020 (yearly % Change)	Inflation Point to point (%)	Inflation (%) As of	Current Account Balance: (% of GDP)	Interest Rates (%), Ten years treasury bond	Currency Units (per USD)
<b>Frontier Market</b>							
Sri Lanka	81.1	-4.55	3.90	April-21	-3.63	8.63	197.00
Vietnam	340.6	1.60	2.70	April-21	1.61	2.33	23,060.00
Kenya	101.0	1.05	5.76	April-21	-4.90	13.04	107.25
Nigeria	443.0	-4.28	18.17	March-21	-3.65	12.66	381.07
Bangladesh	330.1	5.24	5.47	March-21	-0.02	5.73	84.80
<b>Emerging Markets</b>							
Brazil	1,363.8	-5.80	6.10	March-21	0.27	9.18	5.57
Saudi Arabia	680.9	-5.44	4.90	March-21	-2.51	N/A	3.75
India	2,935.6	-10.29	5.52	March-21	0.33	6.02	73.84
Indonesia	1,088.8	-1.50	1.42	April-21	-1.30	6.54	14,435.00
Malaysia	336.3	-6.00	1.70	March-21	0.94	3.14	4.12
Philippines	367.4	-8.26	4.50	March-21	1.61	4.11	48.04
Turkey	649.4	-4.99	17.14	April-21	-3.66	18.45	8.32
Thailand	509.2	-7.15	-0.08	March-21	4.17	1.63	0.03
China	14,860.8	1.85	0.40	March-21	1.30	3.19	6.47
Russia	1,464.1	-4.12	5.79	March-21	1.17	7.09	74.78
<b>Developed Markets</b>							
France	2,551.5	-9.76	1.30	April-21	-1.92	0.14	0.83
Germany	3,780.6	-5.98	2.00	April-21	5.75	-0.21	0.83
Italy	1,848.2	-10.65	1.10	April-21	3.23	0.84	0.83
Spain	1,247.5	-12.83	2.20	April-21	0.54	0.45	0.83
Hong Kong	341.3	-7.47	0.50	March-21	4.35	1.17	7.77
Singapore	337.5	-6.00	1.30	March-21	14.98	1.55	1.34
United States	20,807.3	-4.27	2.60	March-21	-2.12	1.60	1.00
Denmark	339.6	-4.50	1.00	March-21	6.37	0.04	6.20
Netherlands	886.3	-5.40	1.90	March-21	7.56	-0.07	0.83
Australia	1,334.7	-4.16	1.10	March-21	1.85	1.69	1.29
Switzerland	707.9	-5.30	-0.20	March-21	8.48	-0.20	1.29
Britain	2,638.3	-9.76	0.70	March-21	-2.05	0.83	0.72

**Bangladesh data:** GDP size and real GDP are sourced from Bangladesh Bureau of Statistics as per 2019-20 data. Calculation Method of CA Balance (% of GDP): CA balance of FY19-20 / GDP of FY19-20. Interest rate (%) 10 years TB as per May, 2021, Inflation as per March, 2021 and Currency Unit (per USD) as per 5th May, 2021 are sourced from Bangladesh Bank.

**Nominal GDP:** Data of all countries apart from Bangladesh is sourced from IMF estimates of 2020 data (October, 2020 Outlook).

**Real GDP Growth and Current Account Balance:** Data of all countries apart from Bangladesh is sourced from IMF estimates of October, 2020 data (World Economic Outlook, October 2020).

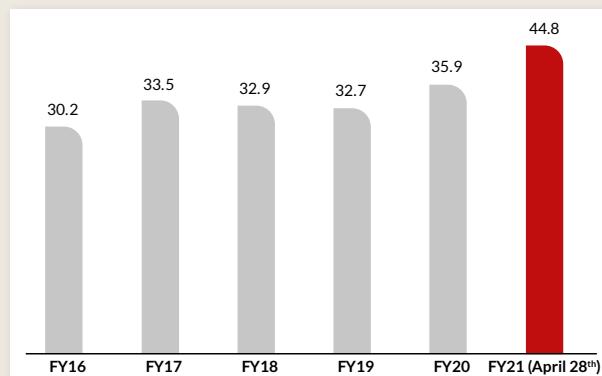
**Inflation:** Data of all countries apart from Bangladesh is sourced from tradingeconomics.com as per 5th May, 2021.

**Interest rates 10 years TB and Currency Unit:** Data of all countries apart from Bangladesh is sourced from Investing.com as per 5th May 2021.

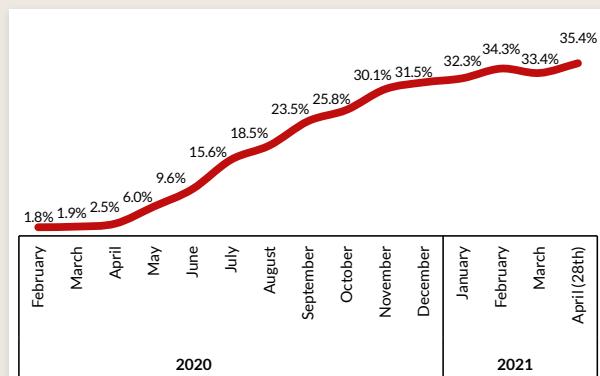
# BANKING DATA CORNER

Prepared by IDLCSL Research Team

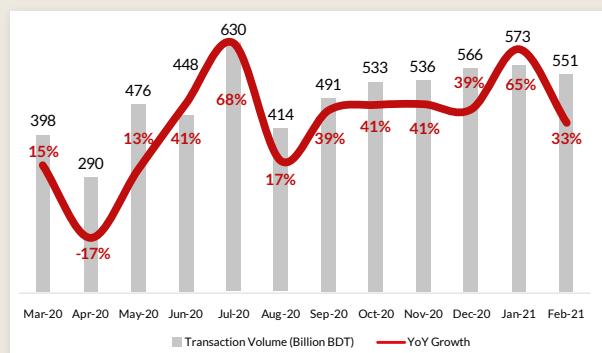
**Foreign Exchange reserve (In Billion USD)**



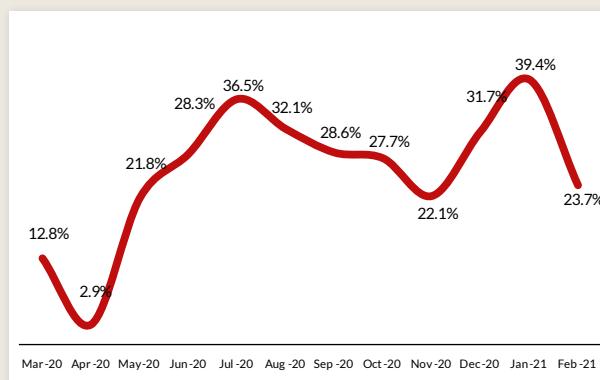
**Foreign Exchange Reserve YoY Growth**



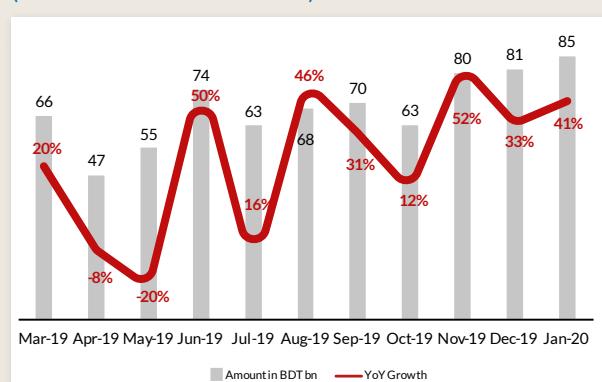
**MFS Total Transaction Volume 2020 - 2021  
(BDT Billion and YoY Growth)**



**MFS No. of Total Transaction YoY Growth 2020-2021**



**Total Amount of Internet Banking Transaction  
(BDT Billion and YoY Growth)**



**Total Amount of Card Transaction  
(BDT Billion and YoY Growth)**



Source: Bangladesh Bank

## DISRUPTING THE DISRUPTORS: BUSINESS BUILDING FOR BANKS

### RESEARCH IN FOCUS

The status quo for the banking industry has already been quite shaky due to today's economic and competitive challenges along with the macroeconomic slump associated with the COVID-19 pandemic. On the other hand, as digital technology is dropping the entry barrier and with fin-techs attracting millions of new clients, a bold action is becoming more crucial with time. However, a potential way forward for banks is to disrupt the disruptors. Large banks have the capital, resources, and expertise to turn the tables on new entrants through prioritizing business building by launching their own digital businesses. Some banks have already taken up the challenge and showed that it can work. According to a recent McKinsey survey, 65% of financial-services businesses that made business building a top-five priority saw revenue growth above that of their competitors.

#### Early wins show the potential of business building

## Marcus: BY GOLDMAN SACHS®

**Marcus**  
by Goldman Sachs

#### Objective

Goldman Sachs decided to use its legal bank entity to create a retail bank aimed at Main Street users. By offering savings and lending services to retail consumers, Marcus helps Goldman Sachs diversify its revenue and funding sources.

#### Segment focus

Digital mass-affluent

#### Strategic rationale

With no existing retailing offering, Goldman Sachs was able to build a completely digital bank with new tech infrastructure while leveraging its regulatory experience, tech capabilities, and brand.

#### Results

Over five million customers and \$1.2 billion revenue in 2020



**YONO**  
by State Bank of India

#### Objective

State Bank of India (SBI) launched YONO—a mobile banking application—with the idea that customers would need only one application to do all their transactions: banking, shopping, lifestyle, and investment.

#### Segment focus

Full SBI customer base, with focus on convenience

#### Strategic rationale

YONO was part of SBI's digital transformation and its effort to create a platform for customer ownership.

#### Results

Over 30 million users and 100 e-commerce partners



**digibank**  
by DBS Bank India

#### Objective

With few consumers in India before the launch, DBS had the opportunity to become the first digital bank in a country where mobile penetration was high but access to banking services was limited.

#### Segment focus

Mass consumer

#### Strategic rationale

DBS built a fully digital platform that significantly reduced its cost to serve and could be deployed in multiple regions.

#### Results

3.5 million digital-banking customers

Source: McKinsey & Company

## NEW-BUSINESS BUILDING MAY BE THE BEST WAY TO GROW

Banks are now forced to rethink their long-term trails due to low-interest rates, the impacts of customer de-risking, tougher banking regulation in many countries, and other headwinds. The main options available for business expansion are large-scale M&A, digital transformation of the core business, bolt-on deals, or new-business building. Among these, building a new digital business is increasingly seen as an effective way to grow, because the ability to launch digital businesses is comparatively easier. Banks can extend their product offerings, engage new customers, attract deposits, and create opportunities for talent identification through a stand-alone vehicle.

### Why banks should act now: Five key benefits



#### COMBAT FIN-TECH COMPETITION

- Fin-techs have become stronger during the crisis, amid the shift to digital-first channels.
- Fin-techs now command consumer trust on a par with that of banks.
- McKinsey research shows: approximately 40% of consumers leverage a fin-tech platform for daily financial activities, and more than 90% of those who do so are satisfied with their experience. This finding holds across general banking, payments, lending, and wealth management.



#### TAP INTO INNOVATION

- Many banks are stuck with clunky legacy data and IT architecture and stagnant ROEs call for trimming the cost base, of which IT represents a significant portion.
- A new business launch would also spark innovation, attract new talent, accelerate time to market, and facilitate automation of processes and use of cloud solutions



#### DEFEND THE FRANCHISE AND GROW FASTER

- In light of the challenges to profitability likely in store for banking, forward-thinking banks are already exploring alternative sources of growth.
- With an eye on competitors that have launched new businesses, these banks are taking to heart the maxim “If you can’t beat them, join them.”



#### RAMP UP LENDING AND PAYMENTS

- Digital technology unlocks opportunities in both lending and payments.
- Both spaces are seeing transformative change, reflecting shifting customer demand for new products (for example, point-of-sale financing and “buy now, pay later” terms), easy applications, and faster decisions.
- Increasingly, loans and payments are tied to specific digital journeys, with financial institutions finding opportunities to create value through the customer journey, informed by advanced analytics and personalization.



#### ACCESS A NEW SOURCE OF FUNDING

- For most financial institutions, the cost of capital has risen over recent years, amid higher regulatory and operational costs and lower returns on equity. Banks are thus seeking alternative sources of funding
- New digital businesses can be an effective way to raise funds, through new segment offerings such as a small-business proposition or a digital product for lower-income or lower-credit customer segments that have historically been difficult to reach through branches or other legacy channels

Source: McKinsey & Company

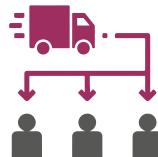
## KEY POINTS FOR BUSINESS-BUILDING PLANNING

Before embarking on creation of a new business, executive teams must think cautiously about their strategic positioning, operational and market challenges, and the mechanics of building and then managing a new business while maintaining the core.

**Leaders should consider issues across three broad areas before building a business**



BUSINESS PROPOSITION



DISTRIBUTION



OPERATING MODEL AND TECH/DIGITAL CAPABILITIES

Strategic rationale for launching the digital bank and degree of innovation

Customer segmentation and unmet-needs assessment (eg, mass, affluent)

Articulation of the differentiated customer value proposition (eg, cost, experience, service)

Extent of incumbent advantage (eg, access to large customer base)

Partnership strategy (eg, telcos, service industries)

Customer-acquisition strategy (eg, direct web, contact center)

Branding and marketing strategy, including go-to-market launch and hooks

Tech architecture and vendor/partnership strategy (eg, build vs buy)

Organization structure, hiring plan, and near-term action plan to mobilize the organization

Regulatory posture (eg, separate charter and governance model between existing assets and the new company)

Source: McKinsey & Company

Even though the banking industry has been digitizing incrementally but only a few banks have yet turned digitization into a strategic advantage. Building a new digital business from scratch is a way to accelerate this process. However, to do it right, banks must excel on multiple fronts, combining the strengths of an incumbent with the agility of a start-up. They also need a unique idea, a top-notch team, and a clear path to profitability. None of this is easy. However, banks that

make the grade are likely to boost group performance and, potentially, create a star of the future.

### ABOUT THE RESEARCH

**Disrupting the disruptors:** Business building for banks is a McKinsey & Company report published on April 2021.

# VENTURE CAPITAL AND START-UP FINANCING: PROSPECTS IN BANGLADESH

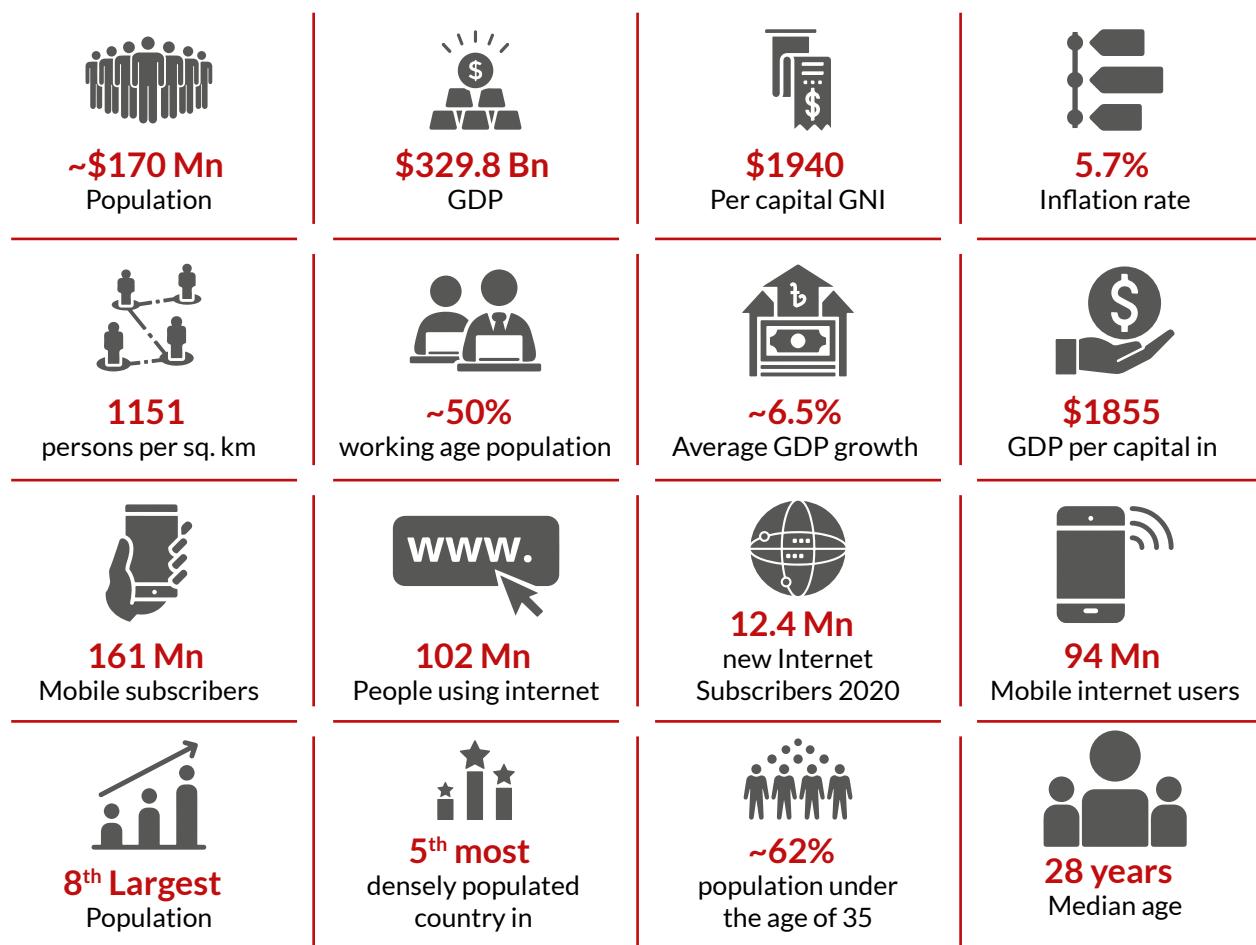
MAHEDI HASAN OMI  
Assistant Manager  
IDLC Asset Management Ltd.



Bangladesh has emerged as the hidden goldmine of Southeast Asia over the past decade averaging an impressive growth rate of ~6.5%<sup>1</sup>. This growth has been primarily driven by traditional drivers (agriculture, RMG, and remittance) coupled with pragmatic economic policies and lasting improvements. According to Asian Development Bank, GDP stood at \$329.8 Bn in 2020 with a relatively low inflation rate of 5.7%. The country observing widespread digital adoption as its population of ~170 Mn is gradually becoming tech-savvy, driven primarily by large mobile subscribers (161 Mn) and high internet penetration (62%). Akin to most other developing markets, the smartphone prices in Bangladesh are dropping relatively faster than memory or wireless data costs. Generally, consumers

are highly price-sensitive in paying for most of the products or services they tend to avail. According to Asian Development Bank, Bangladesh is forecasted to grow at ~6.8%<sup>2</sup> in 2021 driven by moderate inflation of ~5.8%, adequate foreign reserves, and a low level of public debt. One of the most unique features of Bangladesh is undoubtedly the country's population density. Rapid urbanization and industrialization will lead to intricate evolutions over time. The country needs to manage its density delicately while including several outlines such as decentralization, local governance, the safety nets for the vulnerable, infrastructure, and urban planning. Bangladesh has all the features of a great macro-economic story but are we compellingly utilizing our story?

### Macro-Economic Overview:



1. World Bank country database  
2. Asian Development Bank forecast 2021

## Covid-19 and its impact on the startup ecosystem

Global pandemic COVID-19 has accelerated technology adoption across different segments in Bangladesh. Some sectors have seen rapid adoption and the rest are incorporating technology fast to make their core activities much more efficient. Notable sectors that have witnessed a boom are healthcare, education, logistics, food tech, e-commerce, and financial services. The rapid adoption of technology in these sectors has been a blessing for the startups operating in these sectors. Startups such as Bkash, Chaldal, Pathao, Truck lagbe, and Pravaa have been essential in solving real problems through their offerings.

If we closely observe the Southeast Asian giants like Indonesia and India, we will see a rather vibrant startup ecosystem uplifting their economy like there is no tomorrow. In just 4 months since the start of 2021, India has produced 6 new unicorns (private companies with a valuation of over \$1 Bn) compared to 2020 where they posted 7 new unicorns throughout the year. This is not an overnight success story. India has carefully nurtured their startup ecosystem to the point that they are reaping the benefits now. And this is not the end. Sure, India has a great macro-story but so does Bangladesh. While software is eating the world, there is no point in limiting entrepreneurial mindset to local boundaries. The goal should be to “Build using local talent, from Bangladesh, for the World”. Regional peers like India and Indonesia have been doing that consistently over the years resulting in success stories like Gojek, Tokopedia, Meesho, CRED, and so on.

## Institutional capital catalyzes startup growth.

Venture capital has a long-term commitment with the startups they invest in, typically greater than 5 years. The primary idea is to invest in a startup's growth until it reaches a sufficient size and credibility so that it can be sold to a corporation or institutional public-equity markets can step in and provide liquidity. The startups however need to be aggressive in winning a large market, typically in billions of dollars, while solving a real problem for its users through its product or service

which is significantly better than its peers. Objectively speaking, the venture capitalist buys a stake in an entrepreneur's idea, nurtures it over a period of time, and then exits with the help of secondary sales or initial public offering (IPO).

Venture capital's (VC) niche exists because of the structure and rules of capital markets<sup>3</sup>. In Bangladesh, someone with an idea or a new technology often has no other institution to turn to. Policies limit the interest banks can charge on loans, hence the risks inherent in start-ups usually justify higher rates than allowed by law. This essentially leads banks to specifically finance a new business to the extent that there are hard assets against which to secure the debt. And in today's information-based economy, many start-ups have few hard assets. Institutional capital makes more sense in these spaces for the above reasons because of their systematic approach to investing and expertise in scaling startups towards exits.

## Current Scenario of Venture Capital in Bangladesh

2020 was an unpredictable year particularly due to global pandemic COVID-19. Bangladesh was no exception to this. Unsurprisingly, startups have stepped with their technology-enabled solution during the pandemic and have solved multivariate problems. Whether it is Chaldal, delivering groceries on-demand, or foodpanda, delivering food from restaurants instantly, it is evident that the problems these companies were solving are in fact real. Even working from home has been made easy by global technology solutions like zoom and slack. Even in the recent past, working from home and taking meetings virtually were not acceptable at large. If we look at other developing economies, our takeaway would be that these trends usually take shape over time and the users get accustomed to using similar technology-enabled services. At least from an adoption point of view, we most likely have leapfrogged a couple of years into the future, the new normal For the entrepreneurial ecosystem to grow at an accelerated rate, corporate innovation, and partnerships with startups are the next logical development.

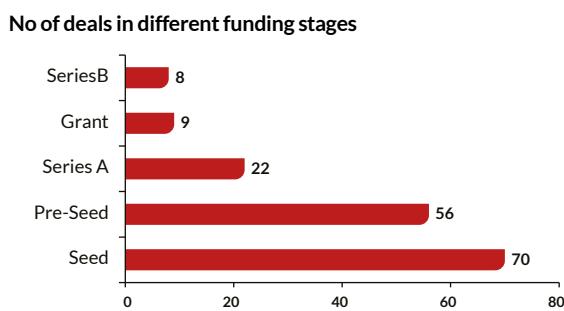
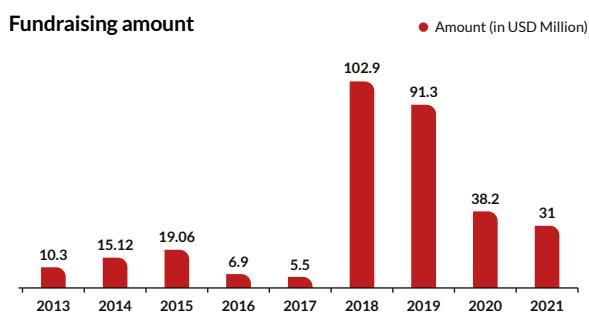
3. Harvard Business Review

## Bangladesh Ecosystem vs. Regional Peers

Category	Bangladesh	Indonesia	India
Global Startup Ranking	98	54	23
Global Innovation Index	23.31	29.72	36.58
Total Startups	850+	5000+	50000+
Time needed to setup a new business (Days)	15-30	15-30	15-30
Corporate Tax Rate	25%-35%	22%	34%
Number of Local VC firms	20+	300+	700+
Number of Angel Investors	220+	5000+	1800+
Number of Accelerators / Incubators	20+	-	250+

Source: Global Innovation Index 2019, Crunchbase, AngelList, Swiss Global Enterprise & LightCastle Partners

Bangladesh's startup ecosystem has shown great promise over the past decade. Disruptive companies such as Bkash, Chaldal, Pathao, Shohoj, and Bdjobs are some prominent names who ventured into this space earlier in the decade. Following their hard-earned success, a strongly laid foundation, new ideas have ventured forth in the later half of the past decade. As per disclosed information, Bangladeshi startups have raised a total of \$325 Mn<sup>4</sup> till date over 88 disclosed deals. The investments came from (~\$303 Mn) global investors while the rest (~\$21 Mn) has been raised from local investors. Considering there have been ~160 deals till date, we still don't know about 50% of the deal specifics. Among disclosed deals, it is clear that investors are being careful while investing in Bangladesh since the pandemic hit globally.



To provide a perspective into each funding rounds let us see how founders start their journey. Typically, the founder(s) bootstrap the startup or takes initial investment from friends and family to work on the concept. An angel investor is ideally an industry expert who invests in emerging ideas around his domain. These individuals or groups of individuals invest in a small round, early into the company designed to get a new company off the ground. Investors in an angel round might include individual angel investors, angel investor groups, friends, and family. Next comes a Pre-Seed round, which is a pre-institutional seed round that either has no institutional investors or is a very low amount, often below \$200K.

Seed rounds are among the first rounds of funding a company will receive, generally while the company is young and working to gain traction. This is the take-off funding to further prove the concept and develop the product. Round sizes range between \$200K-\$2M, though larger seed rounds have become more common in recent years. A seed round typically comes after an angel round (if applicable) and before a company's Series A round. Series A rounds provide capital for hiring, expansion, and growth. Hence this is essentially growth capital. Series B adds more working capital to multiply the results of the series A investment. Series C provides capital to scale and even acquire other companies on the way to an exit in further rounds such as Series D, E, and so on. These later-stage funding rounds, also fall under private equity since they involve mergers and acquisitions.

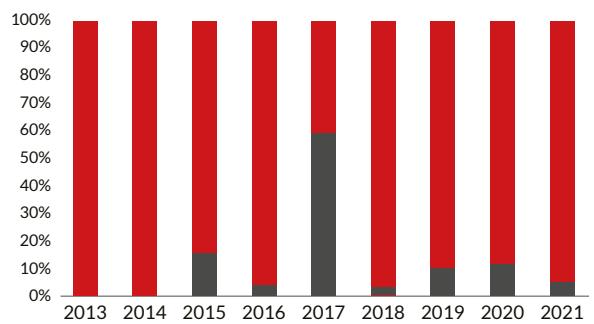
4. Lightcastle database

We often come across venture funding rounds not being specific referring to an investment that comes from a venture capital firm and describes Series A, Series B, and later rounds. This funding type, venture series unknown, is used for any funding round that is clearly a venture round but where the series has not been specified.

According to Lightcastle Partners' startup dashboard, based on disclosed funding data, it is seen that most fundraising activities in Bangladesh have been around the early stages. This means pre-seed (56 deals) and seed (71 deals) took the majority of the fundraising instances historically. Considering the ecosystem was still in its early stages, it was expected early-stage capital would pour in. Thankfully over the years, there have been big instances in the fundraising process among which Bkash's \$56 Mn venture round led by Ant Financial, Shopup's \$22.5 Mn Series A led by Sequoia, and Flourish ventures are noteworthy. As the ecosystem continues to grow it is expected that the startups will overcome two major hurdles in fundraising, i.e., raising big later stage rounds and raising from foreign investors.

If a startup cannot raise subsequent fundraising rounds, it is usually because there might not be enough market opportunity seen by investors to scale beyond a specific size (which reflects in the valuation). More importantly, founders need to simultaneously build the company as well as the fundraising funnel (bolstering the balance sheet) to attract foreign capital. Foreign capital ensures the ecosystem gets global validation, achieves global valuation multiples, and offers early-stage investors a chance to exit in subsequent rounds. These exit opportunities in turn help replenish the investment cycle and tons of learning along the way. Bangladesh is slowly trying to achieve that but very few instances of exits have been seen in recent times. Paperly, Daraz, and HungryNaki have all seen their early investors exit (numbers undisclosed) when foreign investors bought them out. Moving forward, it is the local investors and angel groups that must work together to ensure that the startups are nurtured in a way that attracts foreign investors to invest in globally recognized technology solutions.

**The deal amount by Source  
(Global VS Local)**



Source : Crunchbase, Dealstreet Asia and LightCastle Database

## Evolution and phases of Bangladesh's startup ecosystem

The start-up ecosystem in Bangladesh can be categorized into two separate phases. From the year 2010-2015 where the concept of entrepreneurial, incubation facilities was on the rise with quite a lot of academia-industry gap. Several initiatives were taken by the government and aspiring entrepreneurs to bridge this gap and establish entrepreneurial spirit. We saw aspiring founders venturing into the uncertain space of startups to establish their dream companies. Bkash is a prime example of how a startup, through technology creates a new solution that disrupts an existing industry. Following Bkash's success in establishing a trusted digital payment wallet solution, we have seen many active players such as Nagad, Surecash, and many more joining the industry. While the ecosystem grew at a slow pace during the previous phase, it entered phase two in 2016 with the challenge of investments.

The ecosystem is seeing an increasing number of startup-ups but not enough funding available locally. Fundraising in Bangladesh has always been relatively tough for the aspiring founders in the early stages even with considerable traction and proof of concepts. Thankfully, this is where the ecosystem got attention from foreign investors and the acceleration took place in specific sectors such as ridesharing, e-commerce, delivery solutions, consumer services, and payments. Most recently, ShopUp raised a record \$22.5 Mn from global giants Sequoia and Flourish ventures. Such a large round provides confidence to the target startup and different stakeholders within the ecosystem. The startup ecosystem is slowly moving from being nascent to a more indigenous in nature. The sector is now

facilitating more than 20+ incubators and accelerators, 20+ formal funders and investors, and several co-working spaces across the country. However, these solutions were not institutionalized.

For the ecosystem to strengthen further, start-ups had to scale up and hence, access to funding channels was essential. Players in the Bangladeshi entrepreneurship ecosystem are now staging international conferences and programs providing exposure to aspiring entrepreneurs; they have the opportunity to network and learn from entrepreneurs, mentors, and investors from across the globe. The government of Bangladesh initiated its own public startup support wing, Startup Bangladesh with a 100 crore BDT (U\$ 11.5Mn) fund to catalyze investments. To supercharge the startup ecosystem, they have conducted multiple competitions and boot camps as well. Startup Bangladesh has been actively investing in the ecosystem with 100+ startups receiving seed funds over U\$ 1.5Mn+ over the past few years. In addition to this, the National ICT Budget for the fiscal year 2020-21 stood at U\$ 0.53Bn which reflects the Government's mission to improve 'Doing Business' ranking from 168 to top 100.

The Government has expressed its plans in imposing new policies and pushing special economic zones in accordance with Bangladesh's formal graduation to middle-income status in 2024. Some of the incentives for foreign investment would include tax exemption for up to 15 years for foreign investors, no import duties for export-oriented sectors, retained earnings treated as new investments, foreign ownership companies can also secure working capital/long term financing from local financial institutions.

### **Regulatory guidelines in Venture Capital (VC)**

VC funds domiciled in Bangladesh are regulated under "Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015". Historically Bangladesh couldn't incentivize local institutions and fund managers enough to establish a locally domiciled venture capital fund. With the rapid development of the startup ecosystem, this gradually changed in mid-2019 as BD Venture Limited registered a BDT 50 Cr fund. This was followed by Maslin VC Fund I in late-2019 and most recently IDLC Venture Capital fund I in 2020. These funds have been actively investing in early-stage startups since their inception.

SL.	Name of the Fund	Name of the Fund Manager	Nature of the Fund	Name of the Trustee	Fund Corpus (Tk. Crore)	Registration Date
1	BDVL Venture Fund 1	BD Venture Limited	Venture Capital	IPDC Finance Limited	50	14-Aug-2019
2	IDLC Venture Capital Fund I	IDLC Asset Management Limited	Venture Capital	Green Delta Insurance Company Limited	45	13-Jan-2020
3	Maslin VC Fund - I	Maslin Capital Limited	Venture Capital	Union Capital Limited	10	01-Dec-2019

Since the economy traditionally relied on debt-based financing, emerging VC fund managers needed to have a deep understanding of the dynamic startup ecosystem and VC as an asset class before managing a fund. With the rapid development of the startup ecosystem, they developed confidence and eagerness to establish these funds. Then again, the regulatory guidelines had lots to improve and that usually takes a few years.

Alternative investment regulations need to provide better incentives to fund managers in order to draw them into establishing a venture capital fund. Fund managers need to pay a 35% tax rate on the management fees and

on the carry they receive. Alternative Investment Fund Managers must pay a 35% tax rate on the management fees and carry they receive, which turns away most new fund managers from entering the industry. For comparison, Asset Managers of Mutual Funds pay only 15% tax on their management fee (the tax rate has been 15% from 2013, and previously was 0% for a period of 22 years). In addition to this, any Trust fund registered in the country is subject to a 2% Stamp duty. Surprisingly enough this requirement has been a part of an 1882 regulation and has been exempted for Mutual funds, but it remains for Alternative Investment funds.

Alternative investment funds locally domiciled have a post-IPO lock-in of 1 year as opposed to 3 years lock-in for foreign alternative investment funds. Furthermore, the fund manager shall be entitled to an annual fund management fee of up to 3% (three percent) of the NAV of the fund for managing a venture capital fund.

Subscription by the sponsor is not less than 10% of the fund provided that the sponsor will subscribe at least 20% of its total subscription to the fund before registration of the fund. Minimum investment by the fund manager must be at least 2% of the fund size provided that, if the fund manager also acts as a sponsor of a fund, this investment shall be made in addition to its investment as the sponsor of the fund. Along with its connected persons, the fund manager must not hold more than 25% of the units of a fund at any point in time. The sponsor must maintain a continuous investment of not less than 2.5% of the fund size. The fund is subject to declaring, to the unitholders, cash dividends only and will be locked in for 3 years from the date of issuance of units.

### The Rocketship forward

Undoubtedly, the way forward is mutual cooperation among different stakeholders within the ecosystem. This essentially implies that; firstly entrepreneurs need to come up with innovative solutions to solve real problems with large market addressable markets. The idea here would be to disrupt and win a specific market segment aggressively over a period of time while generating enough value for the users in order to retain them; secondly, local angel investors and institutional investors need to understand deeply how to actually differentiate between startups and SMEs, how does a startup operate in order to achieve its goal (win the market, not profitability), proper investment due diligence and how can they possibly create value so that the startup grows at least 10x over the next couple of years; finally, working with the government to help them understand which policies need attention to unlock foreign venture fund.



# FUND YOUR STARTUP



## Nirjhor Rahman

CEO at Bangladesh Angels Network

Interviewed By

Mahedi Hasan Omi on behalf of MBR Team

**MBR: Bangladesh Angel Network (BAN) is doing an amazing job aggregating passionate angel investors to invest money in startups. Could you provide us with some context on BAN investment criteria in a startup? Could you specify some of the things a startup must have for it to get funded by BAN?**

**Nirjhor Rahman:** We are the first-ever angel investment network in Bangladesh. We find, vet, showcase, help syndicate, and monitor investments with high-growth, technology-driven companies that have the potential to become the next business success stories from the country. We are backed by a board leading and representing organizations such as Aavishkaar, a major impact investor in the region as well as BetterStories and Startup Dhaka, pioneering incubation and acceleration platforms in Bangladesh.

At Bangladesh Angels, our preference is equity investments for startups, as they have the highest potential of creating outsized returns and effects on the economy. Startups are defined by, among other features, an aim to win over a large part of a rapidly-growing market segment that is often emerging, being created through demographic,

policy, and technology changes in a society, as well as the search for a repeatable and scalable business model to serve that market, underpinned by a related tech solution, be it software or hardware. For us, a startup needs to be able to articulate the exact nature and scale of the problem in which it is trying to solve, and that problem must be an “attractive” problem in that it affects a large segment of society, is unavoidable, or must be urgently solved and is expensive to solve for the target users, whether upfront or over time. When it comes to the solution, we like to ask questions

such as how much have the founders thought about user needs and preferences at its core, how simple is it to use, how much uptake but also retention is it seeing by target users, does

it represent a 5-10 times quantifiable improvement in user experience, whether by being cheaper, faster or more durable or reliable compared to existing solutions, etc.? The solutions most likely to take off tend to become integral and “must-have” to the lives of its users. Finally, we are interested in the unfair advantages that the startup is using in order to not only grow but grow quickly, such as economies of scale, network effects, low cost of customer acquisition, intellectual property and brand, and a founding team that is clearly in the



top 1% of the market when it comes to subject matter expertise, past professional successes and technical skills.

We look for startups that are typically in the “pre-seed” stage: 1-2 years of operations, some kind of product or service in the market, full-time founders and are looking for anywhere between 50 lakhs to 5 crores of capital. We are sector-agnostic. But we are also increasingly looking at private debt and quasi-equity opportunities for novel SMEs that are operating within a strong niche beyond just a hyper-local geographic focus. This means they should have strong brand value and proprietary knowledge/processes, ideally augmented by the adoption of digital technology, and a recurring and growing customer base. They are also struggling for capital in Bangladesh.

**MBR: What are some common barriers, from a regulatory point of view, that you see typically? Thoughts on any particular policy that needs attention in order to unlock access to more quality capital.**

**Nirjhor Rahman:** Bangladesh is still behind when it comes to global best practices for early-stage deals. One is instruments. Most deals in the early stage nowadays are being done through convertible notes and SAFE notes, in order to avoid making valuation the key sticking point, among other advantages. Convertible notes and SAFE notes are not recognized instruments in Bangladesh, though there might be de facto ways to structure arrangements that mimic elements of such structures. As a result, most investments are being done through equity, which can often mean lengthy back and forth on valuations. This is one of the reasons companies are re-domiciling to jurisdictions like Singapore, in addition to the fact that there are greater pools of startup-friendly capital.

Another international best practice is bundling smaller investors into special purpose vehicles (SPVs) to come onto the cap table as one single entity. This is advantageous for multiple reasons. One, these investors can designate a lead or nominee to serve as a conduit for communications with the entrepreneur and decision-making, which means the entrepreneur does not have to manage dozens and potentially many more small investors. Second, it helps keep the cap table more organized and “clean,” which later-stage investors prefer. Third, this helps lower the minimum ticket size to invest, which is good for investors from a risk management standpoint. But once again, in Bangladesh, the idea and mechanism of a “pass-through” entity that exists solely for the purpose of investing are not yet in place.

The last challenge I will talk about is the repatriation post-liquidity event. This is the number one question I get asked by investors both from the diaspora and the international angel community. While it is easy enough to put capital into Bangladeshi companies, it is not a straightforward process to take it out in the event of an exit. Any large transfers of capital require the permission of the Central Bank, and even established businesses, let alone individual investors, struggle to obtain these waivers. This is once again a reason for re-domiciling companies abroad or avoiding the hassle by starting with international entities and creating local operating subsidiaries. But not every founder has the ability to raise foreign funds from the get-go. Our regulators need to recognize this bottleneck and make it easier for cross-linking international and local entities of startups, in order to raise capital from abroad but also make it easier to repatriate international investments.

**MBR: How to be an angel investor in BAN? How does it benefit an individual to invest alongside BAN? Any particular resource you would suggest that an angel investor should go through?**

**Nirjhor Rahman:** One can sign up via our website and start participating in events and pitches that BAN organizes. As an individual investor, BAN provides members-only deal briefs, webinars, and data on the startup ecosystem in Bangladesh. We also work hand-in-hand with investors to walk them through the entire process of investment, from initial screening, to due diligence, to structuring, to documentation and disbursement, and even provide ongoing support post-investment, by liaising between the investors and entrepreneurs, creating business development and follow-on funding opportunities for the startups, which helps to create opportunities for capital appreciation for the investors. We actually have 130+ hours of content from our weekend seminars on angel investing, led by experienced founders, investors, and tech executives from around the world, that members have access to as soon as they join.

**MBR: How do you view Bangladesh's startup investment landscape as opposed to regional peers?**

**Nirjhor Rahman:** We have a lot going for us: The 9th largest mobile user market in the world, the largest registered population of online freelancers, one of the fastest-growing economies, and a middle class that is now in the tens of millions. In addition, we benefit from being sandwiched between major consumer internet markets of India and Indonesia, the former with which we share cultural ties and the latter with which we share the distinction as being the two largest Muslim-

majority countries in the world. As international investors look for new locales where the consumer internet can take off, it only makes sense to look at Bangladesh given our geography and population. We can also be a regional and eventually global hub for internationally competitive software-as-a-service companies, given our technology talent pool and cost competitiveness. The government is also doing great things including launching the Startup Bangladesh Fund to invest in startups - many regional investors are excited about developments like this and tell me so.

Where we lag are our laws and regulations governing startups, as mentioned earlier, as well as a lack of sufficient "Idea-to-IPO" or buyout exits for companies and founders, which creates a generation of financially successful founders who in turn invest in and nurture the next generation. But I'm sure we will see this in the next 3-5 years, if not sooner.

**MBR: What are the industries and segments which excite you more than the others, while you look at the startups, you come across?**

**Nirjhor Rahman:** Major industries such as finance, education, healthcare, and agriculture are ripe for digital transformation in Bangladesh, and I'm excited to meet more companies in this space. Our two biggest economic drivers, garments and remittances, can also benefit from digital transformation. In addition, we have a huge opportunity to create content for not just those in Bangladesh but the more than 260 million people around the world who speak Bengali. Finally, I'm meeting more and more Bangladeshi-diaspora entrepreneurs in places like North America and Europe who are creating startups. I'm excited about investing in them and connecting their companies to Bangladesh.



## Rahat Ahmed

Founding Partner and CEO at Anchorless Bangladesh.

Interviewed By

Mahedi Hasan Omi on behalf of MBR Team

**MBR: Anchorless Bangladesh has been doing a tremendous job building a strong community for our ecosystem as well as investing in amazing new ideas. Could you provide us with some context on your investment criteria in a startup, possibly specify some of the qualities a startup must have for it to get funded by Anchorless Bangladesh?**

**Rahat Ahmed:** To start with, it's about the founders. We understand that technology can change, industries can change as can competitors; so what is important is that we work with founders who we can trust to navigate the market and adjust their product as needed. Beyond that, the startup must be solving a problem effectively in a large market, be able to scale, and have the ambition to win their market. Finally, we look for visibility in future fundraising rounds as well as potential exits.

**MBR: What are some common barriers, from a regulatory point of view, that you come across while investing in a startup? Thoughts on any particular policy, that needs attention to unlock access to more quality capital.**

**Rahat Ahmed:** Arguably the biggest weakness we have seen in the ecosystem is the lack of local investors—especially angels and corporate. According to LightCastle Partners, roughly 93% of early-stage funding to date has come from foreign investors. Policies that encourage investments in startups are critical to innovation that can create value by tapping into global liquidity. Another fundamental step would be for policy decision-makers to talk to institutional investors about what we look for. When the “definition” of a startup is inaccurate, by default, policies for startups become less effective, even when there are good intentions to develop the ecosystem



**ANCHORLESS  
BANGLADESH**

**MBR: You have been extensively creating awareness on differentiating between a Startup and an SME. Could you share your opinion, as to how investing in a Startup differs from investing in an SME?**

**Rahat Ahmed:** SMEs and startups have completely different investor bases, so when someone with a traditional metric mentality (dividends, net profit, etc.) invests in a startup, it results in a founder-investor mismatch that will ultimately limit the startup's potential. Those

who invest in startups should do so knowing that the primary goal for the founder is to create defensible value through providing a scalable product, service, or technology. Understanding the difference sets wildly different expectations for how a company should operate, which investors it should pursue, and how it should think about the future. Disconnects will not only hurt the companies but also the ecosystem as a whole.

**MBR: Bangladesh's macro story is quite fascinating, no doubt. Yet we see regional peers, getting much more attention from foreign institutional funds when it comes to getting funded. What do you think Bangladesh's startup ecosystem can do to bridge this gap, as opposed to regional peers?**

**Rahat Ahmed:** Aside from the encouragement of angels and corporate venture, those with access to wealth as well as ecosystem players need to better understand how valuations and multiples work

on a global basis. In fact, I can comfortably say that there is more money out there interested in Bangladeshi startups than we have companies that are currently investible. Once we understand how to take advantage of global liquidity, Bangladesh as a whole will see a new level of wealth creation.

**MBR: What are some of the industries and possible verticals which excite you more than the others, while you consider investments?**

**Rahat Ahmed:** Domestically, we have five key industries which we believe can produce billion-dollar companies: healthcare, agriculture, education, garments, and fintech. In addition to that, we're also quite excited about "tech labor arbitrage" plays—which is to say, SaaS and SaaS-like companies that can generate global revenue using local tech talent. These companies can expand quickly into global markets and aim for global valuations.



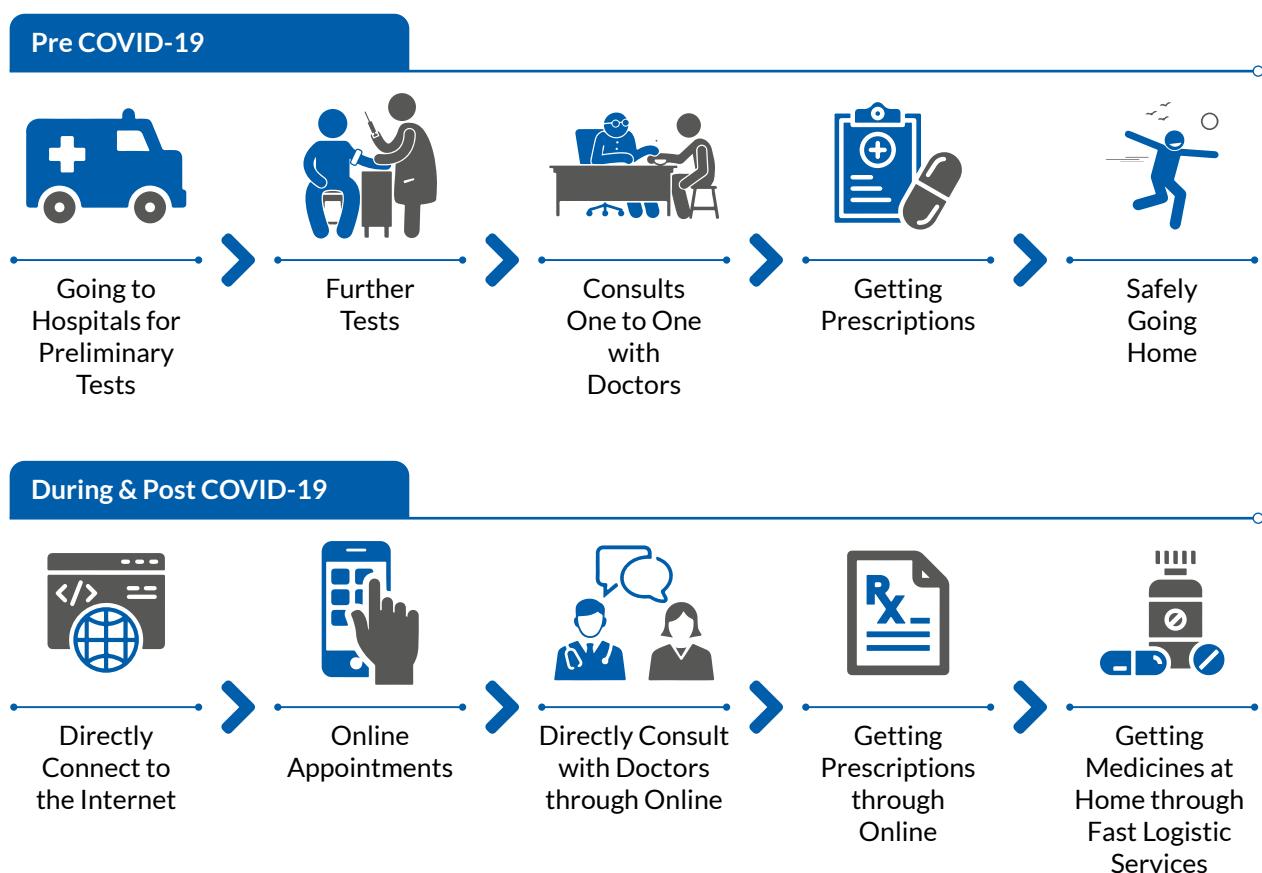
# DIGITAL HEALTHCARE TO COMBAT AGAINST THE PANDEMIC

The ongoing Covid-19 pandemic has not only exposed the fragility of our healthcare system but has also made policymakers around the world rethink the healthcare systems of their respective countries. There have been growing concerns over how to make the healthcare systems better adapt to crises like this. Developing nations like Bangladesh have suffered tremendously, which makes way for a discourse on how things can be better in terms of healthcare, particularly in such countries.

Bangladesh has been implementing digital health services to promote and protect public health, including

telehealth, video consultation, reporting even through data collection from the remote rural areas, monitoring, surveillance, human resource development including continued professional development, etc. since long before the COVID-19 pandemic. During the COVID-19 pandemic, additional services have been added including risk communications, contact tracing, and hot spot identification, etc., and strengthening of the telemedicine and other pre-existing services. In addition to the public sector, the private sectors also joined hands-on digital health services particularly telemedicine, video consultation, and others to serve the population in need.

## HealthCare Trend in Bangladesh:



## Boosting Digital Health Services:



### Pathao:

Pathao Health connects users to an online COVID-19 symptom checker and provides one-on-one medical services through phone and video consultations. Users can also obtain prescriptions and order medicines through the app.



### Foodpanda:

Many local pharmacies like Lazz pharma, have collaborated with foodpanda so that people can order medicines anytime from anywhere in Bangladesh.



### Tele-Communication Industry:

Data is a critical resource for supporting public health actions across the different phases of the COVID-19 pandemic. Mobile operators like Grameenphone, Robi, etc. are working with key stakeholders, including a2i and the National Telecommunications Monitoring Centre, on a COVID-19 Collective Intelligence System.

Digital tools and digital health solutions have provided critical support to Bangladesh's COVID-19 response, enabling access to essential information and health services. The government's digital health strategy focuses on developing instant and quality healthcare services via mobile apps and tapping into the country's large number of mobile subscribers to establish a countrywide digital

health system. The government has encouraged public-private partnerships (PPPs) since the beginning of the crisis, emphasizing close collaboration with digital health start-ups. The surge in demand for telemedicine and e-health has led to the advent of 15 digital healthcare providers providing these services. A few of the major players are listed here:

DIGITAL HEALTHCARE SERVICES	REMARKS
	Praava provides digital healthcare services, which have been receiving a massive number of calls from patients during the pandemic and supporting patients through home sample collections for tests, along with healthcare plans.
	It has a website, live chat option, mobile apps, and a call center to manage appointments and everything. The startup is handling appointment management for a couple of hospitals in Dhaka and helping people schedule appointments with physicians.
	Tonic provides a bundle of services for a monthly subscription fee including health content, over-the-phone consultation, appointment booking, and insurance. It makes information and suggestions about health and illness, positive health changes as well.
	DoctorKoi is a health-tech company that offers prescription writing software allowing a doctor to write a prescription from a database of 27,000 medications within just a few clicks. Currently, DoctorKoi is working with over 1300 doctors and has partnered with top pharmaceutical companies and processed over 2.6M digital prescriptions.
	Maya is a knowledge sharing and messaging platform which is available on Android and the web. It is providing real-time, on-demand services such as consultation, advice from experts on socio, psychological, health, and legal issues.

DIGITAL HEALTHCARE SERVICES	REMARKS
	It is a virtual hospital that supports the growing demand for telemedicine. Patients can consult with 42 senior consultants and doctors by video conferencing.
	DaktarBhai is a telemedicine platform, offers online doctor's appointment services with facilities for electronic health records.
	Rx71 is a startup that promises to offer a 360-degree digital health platform. Educating, and helping users keep tabs on various parameters of health with the help of a mobile platform. It also provides a doctors and hospitals directory where you can find doctors and hospitals and make appointments.
	Doctors.bd is largely a doctors' directory and appointment management system. It also has a blood donors database, hospital information, medical institute information, diagnostic center, clinics, and kidney/eye bank. Patients can make appointments online with their desired doctors. There is an option to online consultation where a patient can submit problems to a selected doctor and get help within 24 hours.
	Jeeon is a startup that trains and gives equipment to local intermediaries so that they can facilitate consultations with remote doctors to provide quality healthcare services to rural patients.
	Healthprior is one of the earliest initiatives in the digital health space. The platform offers health news and information, e-appointment, has an e-library where you can get free medical books and videos, and an e-store.
	It is a mobile telemedicine app that was launched during COVID-19. IT firm bdtask.com created the app by which patients can speak directly to doctors for advice and prescriptions.

### What we are getting from our digital health care services

- Delivering care in the right setting
- Accessibility
- Expanding Awareness and Knowledge
- Creating a great patient experience
- Convenience

### Going Forward Initiatives

- Adequate ICT Infrastructure
- Increase of User Acceptancy
- Developing E-Health Policy and Regulations
- Government support in terms of funding
- Proper training and Adequate knowledge

## PRAAVA HEALTH



**Sylvana Quader Sinha**

Founder, Managing Director, and CEO  
Praava Health

**MBR: What is the current landscape of the Digital healthcare system in Bangladesh? What advantages do you think the digital healthcare system is providing during this pandemic?**

**Sylvana Quader Sinha:** Telemedicine has had an extraordinary moment in Bangladesh and the world, allowing patients to connect remotely to doctors without exposing themselves to the risk of infection during the global pandemic. The opportunity to access medical care through telemedicine and also to access e-pharmacy services have adapted consumer behaviors to improve the efficiency of the healthcare system overall.

**MBR: Amid pandemic, there are a soaring number of patients clinics have to deal with. How is Praava managing with the changing situation and demand? How has the pandemic situation affected your business?**

**Sylvana Quader Sinha:** The pandemic has challenged and stretched us in a very positive



**PRAAVA HEALTH**

healthcare - anytime, anywhere

way. Initially, when the pandemic hit in spring 2020, we were overwhelmed by demand and frankly unprepared for the volume of inbound requests - like many healthcare systems across the world. This revealed some of the weaknesses in our processes and systems and forced us to get our house into order. During the recent surge, we found ourselves much better prepared than previously. Additionally, COVID accelerated the rollout of digital product launches - including telemedicine, e-pharmacy, and virtual care management solutions.

**MBR: How successful have you been in minimizing cases of COVID-19 through your treatments? What more do you think needs to be done in this type of rare crisis?**

**Sylvana Quader Sinha:** The citizens of the country need to take the risk of the virus seriously. The best way to protect is to avoid gathering in large groups, socially isolate as much as possible, and wear masks and wash your hands frequently. Unfortunately, many Bangladeshis have not needed public health guidance to control the spread of the virus.

We have seen some success in reducing the hospitalization of patients under our care, as 80% of cases can be managed effectively from home without accessing hospital care.

**MBR: What are the major challenges during this pandemic that you have been facing while operating Praava? How are you mitigating those?**

**Sylvana Quader Sinha:** A major challenge is protecting the health of our staff. We regularly test all employees on a rotating schedule to understand and contain spread within our teams and to our patients.

We have also enforced restrictions on accessing care at our flagship center, including requesting patients bring no more than one attendant.

Operating the company with a remote team has been difficult but it has improved our internal communications and also empowered lower levels of management and middle management, which has been important for the maturity of the business.

**MBR: Praava has been focusing simultaneously on an omnichannel model to serve its customers. In an age of technological advancement and increasing internet accessibility, how do you think you can upgrade your business further to give your patients improved and unique services?**

**Sylvana Quader Sinha:** We are eager to expand our physical presence across Dhaka city and also to deepen our digital footprint in the coming years, including through the rollout of a patient superapp - a one-stop-shop for virtual/remote healthcare needs on your phone.

**MBR: Service-wise, what standards do you endorse at Praava Health? How is it different from those that are being provided by top local private institutions as well as international chains?**

**Sylvana Quader Sinha:** Praava's doctors are applying clinical protocols as recommended by the National Institutes of Clinical Excellence (UK). Our lab is set up according to the international standards of the College of American Pathology and we also participate every month in RIQAS, the UK's accreditation system. We are not aware of any other labs in the country that are applying similar standards. We also operate a model pharmacy, one of only hundreds in Bangladesh, and source pharmaceutical products directly from manufacturers only for our pharmacy.

**MBR: What are the major goals of Praava? How does Praava plan to change medical services in Bangladesh? Where are you seeing Praava in the next 5 years?**

**Sylvana Quader Sinha:** Praava's "brick-and-click" healthcare platform integrates digital health and in-clinic experiences convenient to where everyone lives, works, and clicks. Over the next 5 years, we hope to deepen and expand our patient base across Bangladesh's urban centers, and to be able to deliver on the best patient experience in Bangladesh to patients across the country over time.

Our platform seamlessly combines technology with traditional health services — meaningful doctor-patient relationships (15-minute appointments) and quality diagnostics (lab and imaging) and medications — to improve patient experiences and outcomes. Praava's digital products include Bangladesh's first patient app (launched in 2018), as well as telemedicine, e-pharmacy, and virtual primary care. Praava is also the first in the region to introduce value-based healthcare concepts, aligning patient values with our own incentives.

# BONTON CONNECT



**Samiha Tahsin**  
CEO & Co-founder

**Omran Jamal**  
CTO & Co-founder

**MBR: How did the idea of Bonton Connect come into being? What motivated you to start Bonton Connect?**

**Samiha Tahsin:** My co-founder and I founded Bonton Connect when we were both students around November 2019. As we were both students, we knew that affordability is one of the biggest concerns for other fellow students like us and it was the same in the case of internet costs.

Bonton Connect was also founded on the foundation of neighbors and communities helping each other out by sharing their Wi-Fi. After facing a problem with my mobile internet connectivity one day, I came to know that my co-founder's neighbors shared their WiFi passwords so that if there was an emergency they could use each other's WiFi. The idea stuck in our minds and we felt we needed to dig in further. After a significant amount of exploration, we learned that some of the slums of Adabor, Dhaka, and a small village in Gaibandha already shared their internet manually because they cannot afford the upfront cost. This proved that the essence of sharing economy for internet connectivity already existed.

For our primary research, we tried to figure out whether this model was feasible hence my co-founder, Omran, created an app that helped us to determine the Wi-Fi density in Dhaka city. Every square meter of Dhaka city has a median number of 6 Wi-Fi networks and a maximum of 16 WiFi networks visible at all times, this means enough wireless internet signals are surrounding the people who can not afford mobile internet. Our idea gradually evolved and Bonton Connect came into being.

**MBR: Could you please give us an overview of Bonton Connect in terms of services you offer, the number of clients you have and the size of your business, etc.?**



**Samiha Tahsin:** Bonton Connect is a WiFi sharing platform that allows people to share their WiFis and helps people to connect to the shared WiFi at an affordable rate. When someone shares their WiFi through Bonton, the host (one who owns the router) can earn hours of internet time. The host can then later spend his hours on someone else's shared network when he/she is away from home.

We are essentially making the internet more available and affordable. We have launched our application with the option to “Share WiFi” in March 2021, and previously we partnered with local Internet Service Providers to provide hotspots in four different parts of Dhaka. We are currently allowing homeowners and businesses to share their WiFi through our application all over Bangladesh.

Bonton currently has 300 users and 60 people sharing their home WiFi all over Bangladesh since our launch last month.

**MBR: How was the response of people in the initial stage? What is the core competitive advantage of Bonton Connect?**

**Samiha Tahsin:** People were skeptical about sharing their WiFi in the beginning, since the question of data security arises. The WiFi security protocols have evolved, and our application blankets the router of the person sharing their WiFi with security protocols to defend against Man-In-the-Middle attacks and eavesdropping, among other common as well as uncommon attacks. We reached out to the people with security concerns to explain our added security features and we think after that initial understanding, the response is quite positive.

The competitive advantage of Bonton is that scaling for us is a marketing problem. Our application can automate any off-the-shelf routers off the market and let a person share their Wi-Fi no matter the host user's technical proficiency.

Bonton makes use of the existing infrastructure of WiFi networks to provide people with affordable internet. We also charge our users on a per-day basis rather than on a volume basis, meaning our internet does not come with a data limit. This way people don't have to worry about using up all their data volume at once, which according to our surveys is a major anxiety leading to low internet usage.

**MBR: What are the challenges Bonton Connect is currently facing in general and how you are mitigating those?**

**Samiha Tahsin:** One of the key challenges that Bonton faces is that educating people about the concept of WiFi sharing, which is fairly new in the form of an application. The concept of WiFi sharing has existed manually (via distributing passwords) only. The other challenge that we face is the security concerns, a lot of our customers generally ask us about whether it is possible to be hacked by a stranger who is using their Wi-Fi.

A lot of people also have the misconception that we are an Internet Service Provider, instead of a platform. We are trying to mitigate these challenges by educating our target audience about our application through our social media platforms and our content. We think we still have a long way to go about facing these challenges better.

**MBR: How a pandemic situation has affected your business?**

**Samiha Tahsin:** The pandemic has been an ongoing battle for businesses and in our case, it has been no different. Since the inception of Bonton, we have been going through recurrent lockdowns and we have had to change our course of action. For instance, we had planned to launch a few more hotspot zones in a few slums by partnering with Internet Service Providers to get that initial traction of users but it has been difficult to do that within the lockdown. However, due to the lockdown internet has become one of the necessities and this means there is rising demand. Therefore, people are more inclined to use our services and hence we have enabled the “Sharing Option” throughout the country to meet that demand.

**MBR: What are the strategic priorities of Bonton Connect at the moment? How do you hope to scale up the business?**

**Samiha Tahsin:** We are aiming for traction of users in the market currently and also iterating our application with the next updates. It's been a month since our launch, and we are currently receiving feedback from our customers. We are trying to incorporate as much feedback as possible for our next iteration. Our focus is on user growth and improving user experience currently. The goal is to create mobile internet free since we believe in this modern era it is a necessity.

We hope to scale up our business in a more efficient way by implementing AI for automating our routers so that people have a proliferation of networks around them that they can use WiFi on the go and never run out of mobile data volume.

**MBR: What are the lessons you have learned in terms of growing a business? What are the other plans of Bonton Connect?**

**Samiha Tahsin:** Growing a business is a never-ending process just like learning is. We have learned that our users have two of the most important roles for our business, being the best critic and also the prime supporters. During the pandemic, when we just started it seemed like the world decided to pause at the very moment. However, when our team was within the four walls of their homes, we realized how important of a problem we are solving since the internet has been one of the biggest dependables for our daily lives. We have learned to be steady and continue to do what we are doing for our passion for solving the problem.

Bonton Connect wants to make the internet essentially free and build an inclusive world where everyone can be online in the future.

The image shows a promotional graphic for the Bonton app. On the left, there's a white rectangular area with the Bonton logo in blue and teal, followed by the text "WiFi SHARING IS NEIGHBOURHOOD CARING" and "WiFi এন্ডেন করাই সমাজসেবা". Below this are download links for Google Play and the website [www.bonton.app](http://www.bonton.app). On the right, there's a large illustration of a building facade with several windows. Each window has a person inside using a device (laptop, phone). Pink WiFi signal icons connect the devices between the windows. A large QR code is shown in the bottom right corner.

# CAPITAL MARKET REVIEW

## Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market ended the month of April in positive territory. During the month, the broad index DSEX gained 3.8%, while blue chip index DS30 increased by 5.8%. On the other hand, Shariah index DSES advanced by 3.8%, respectively.

Among the regional peers, Vietnam (+4.0%) advanced the most in the month. Sri Lanka (+1.2%) also closed the month in positive, while Pakistan (-0.7%) faced correction. MSCI Frontier Markets Index gained 5.4%. Over the long term, Vietnam showed the most encouraging track record with a 5 years' return of 107.1%.

Table 1: Equity market performance of Bangladesh and peer countries

Indices	Index Points, April, 2021	Return*					
		1M	3M	YTD	12M	3Y	5Y
<b>Bangladesh</b>							
DSEX	5,479.6	3.8%	-3.0%	1.4%	36.7%	-4.5%	30.6%
DS30	2,110.9	5.8%	-2.3%	7.5%	58.6%	-1.5%	30.9%
DSES	1,249.8	3.8%	-1.2%	0.6%	35.7%	-5.7%	N/A
<b>Peer Countries</b>							
Pakistan (KSE 100)	44,262.4	-0.7%	-4.6%	1.2%	29.8%	-2.7%	27.5%
Sri Lanka (CSE - All Share)	7,208.2	1.2%	-16.8%	6.4%	57.7%	10.4%	10.6%
Vietnam (VNI)	1,239.4	4.0%	17.3%	12.3%	61.1%	18.0%	107.1%
<b>MSCI Frontier Markets Index</b>	<b>797.9</b>	<b>5.4%</b>	<b>6.6%</b>	<b>7.2%</b>	<b>32.6%</b>	<b>-2.6%</b>	<b>30.0%</b>

\*All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

## Liquidity Condition in Equity Market of Bangladesh

During April, the total market capitalization increased by 2.6%. The daily average turnover of April was BDT 7.2 bn (USD 84.8 mn), increasing by 4.3% from that of last month. Turnover velocity which represents overall liquidity of the market stood at 36.7% in April compared to 37.9% of last month. In 2020, turnover velocity of Bangladesh equity market was 30.1%, in comparison to 33.5% in 2019.

Table 2: Market capitalization and turnover statistics

Particulars	30-Apr-21	31-Mar-21	% change
Total market capitalization (USD* mn)	55,509	54,116	2.6%
Total equity market capitalization (USD mn)	48,520	47,163	2.9%
Total free float market capitalization (USD mn)	17,035	16,466	3.5%
Daily Avg. Turnover (USD mn)	84.8	81.3	4.3%
Turnover Velocity~	36.7%	37.9%	N/A

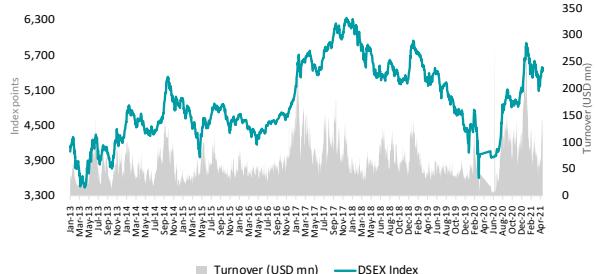
All USD figures are converted using an exchange rate of 84.80 as of April 30, 2021 as per Bangladesh Bank website.

~Turnover velocity is calculated by dividing monthly total turnover with month-end market capitalization. The figures are annualized.

## Historical Index Points and Market Participation Data

Since its inception on January 27, 2013, DSEX yielded a holding period return of 35.1% till April, 2021. During the same period, daily average turnover of the market amounted to BDT 5.7 bn (USD 66.7 mn) (Figure 1).

Figure 1: DSEX since inception along with market turnover

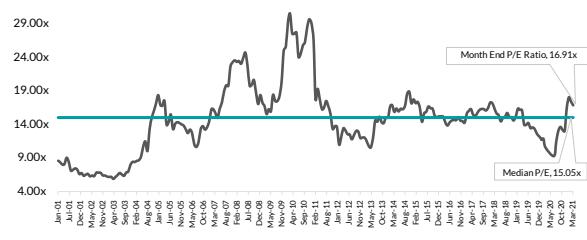


Source: DSE

## Market Valuation Level - P/E Ratio

The market P/E slightly increased to 16.91x in April compared to last month's 16.88x. It is higher than the 20 years' median market P/E of 15.05x (Figure 2). In terms of trailing 12 month P/E ratio, the equity market of Bangladesh is cheaper than its regional peers. (Figure 3).

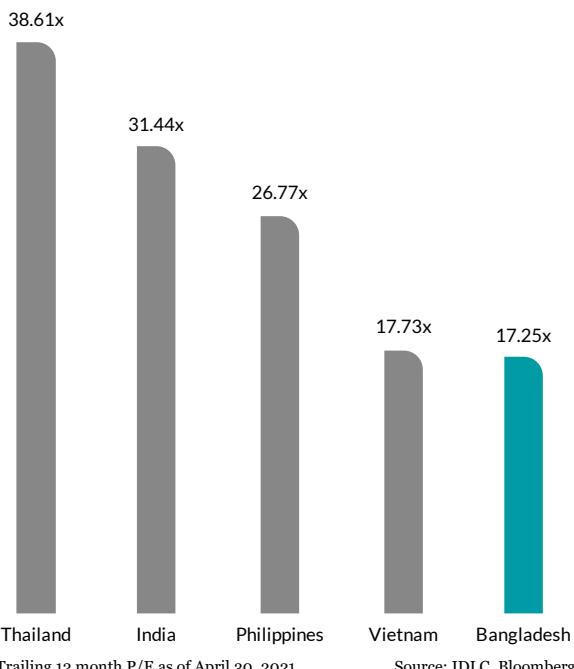
Figure 2: Historical market P/E\* and it's median  
Current Market P/E in Context of History



\*Price Earnings (P/E) Ratio is calculated by dividing total market capitalization of all profit making listed companies with their total audited annual earnings.

Source: CEIC, DSE

Figure 3: Current market P/E\* of Bangladesh and peer countries



Trailing 12 month P/E as of April 30, 2021.

Source: IDLC, Bloomberg

## Sector Performance

During April, Non-life Insurance (+32.9%), Cement (+22.5%), Pharmaceuticals & Chemicals (+4.6%) and Telecommunication (+3.0%) advanced the most among the major sectors. On the other hand, Textile (-7.3%) and Food & Allied (-1.5%) faced the most selling pressure.

Telecommunication sector has the highest dividend yield of 5.2% among all sectors.



**Table 3: Sector performance snapshot**

Sector	Market Capitalization (USD mn)		Return*						P/E (x)**	P/BV (x)^	Dividend Yield~
	Total	Free Float	1M	3M	YTD	12M	3Y	5Y			
Telecommunication	8,527	905	3.0%	-9.7%	5.8%	80.1%	3.4%	110.0%	18.8	7.5	5.2%
Pharmaceuticals & Chemicals	7,241	3,906	4.6%	-0.1%	1.8%	36.0%	19.6%	54.9%	17.9	2.8	1.8%
Bank	6,508	3,580	-1.1%	-5.5%	-2.7%	26.4%	-3.4%	80.7%	7.2	0.6	4.4%
Engineering	6,200	1,060	0.7%	6.2%	3.4%	118.5%	43.3%	70.2%	19.6	2.5	1.6%
Fuel & Power	5,244	1,388	2.4%	-2.3%	1.6%	21.1%	19.7%	39.1%	11.8	1.4	4.9%
Food & Allied	4,349	1,310	-1.5%	0.3%	24.9%	83.9%	47.0%	85.9%	26.3	8.5	3.4%
NBFI	2,027	652	2.8%	-14.8%	-8.4%	37.6%	-9.5%	46.2%	20.7	1.9	2.1%
Miscellaneous	2,147	842	5.3%	4.4%	27.6%	98.4%	93.4%	123.4%	43.0	2.0	1.2%
Textile	1,115	638	-7.3%	-11.4%	-12.7%	-0.4%	-25.4%	-0.5%	13.9	0.7	2.0%
Cement	1,309	519	22.5%	20.7%	27.1%	54.1%	-5.8%	-6.0%	14.7	2.9	1.4%
Non Life Insurance	1,305	741	32.9%	25.9%	9.7%	164.9%	196.5%	352.6%	22.0	2.3	1.8%
Life Insurance	643	361	3.4%	-2.8%	-5.0%	10.5%	9.5%	34.8%	26.7	6.6	2.0%
Travel & Leisure	273	145	-10.7%	-11.8%	-12.5%	-10.0%	-10.0%	30.9%	44.3	0.7	0.5%
Ceramics	306	124	18.3%	12.3%	12.0%	32.6%	2.9%	10.9%	52.5	1.7	1.8%
IT	301	186	3.3%	-0.5%	-10.5%	14.0%	1.5%	10.7%	20.9	2.0	1.6%
Services & Real Estate	211	108	4.4%	-5.8%	-7.5%	36.5%	-3.1%	-5.2%	16.7	1.0	2.8%
Tannery	217	106	1.6%	-0.3%	-3.3%	2.9%	-27.4%	-27.6%	23.0	1.6	1.2%
Paper & Printing	169	56	-4.3%	-7.6%	-11.7%	-3.1%	-56.7%	-39.5%	38.7	1.0	0.0%
Jute	29	17	14.7%	13.1%	-15.1%	37.6%	33.5%	197.6%	1,107.5	7.2	0.2%
<b>Market</b>	<b>46,019</b>	<b>17,035</b>	<b>3.8%</b>	<b>-3.0%</b>	<b>1.4%</b>	<b>36.7%</b>	<b>-4.5%</b>	<b>30.6%</b>	<b>15.2</b>	<b>1.7</b>	<b>3.2%</b>

\*All returns are Holding Period Return.

\*\*Price Earnings (P/E) Ratio is calculated by dividing total market capitalization of all profit making listed companies with their annualized earnings.

^P/BV is calculated by dividing total market capitalization of listed companies with their respective total book values, excluding companies with negative book values.

-Dividend yield is calculated by dividing last year's declared cash dividend with market capitalization.

### Cap Class Performance

During the month of April, all the Cap classes advanced except for Micro Cap Class (-2.5%). Large Cap was the highest dividend yielding (3.8%) class.

**Table 4: Performance of different market cap classes**

Cap Class	Market Capitalization of Constituent Companies (USD mn)	% of Total Equity Market Capitalization	Return*						P/E (x)	P/BV (x)	Dividend Yield^
			1M	3M	YTD	12M	3Y	5Y			
Large	≥119	81.3%	2.4%	-3.5%	4.1%	42.7%	39.1%	114.3%	14.2	1.8	3.8%
Mid	36-118	9.6%	4.6%	-2.4%	-2.5%	26.4%	-53.3%	-35.1%	13.2	0.9	2.1%
Small	12-35	7.1%	8.4%	3.3%	-3.3%	34.0%	33.5%	80.8%	20.2	1.0	2.0%
Micro	<12	1.9%	-2.5%	-3.1%	-10.1%	15.3%	-91.2%	-87.2%	29.5	0.6	0.6%
<b>Market</b>	-	-	<b>3.8%</b>	<b>-3.0%</b>	<b>1.4%</b>	<b>36.7%</b>	<b>-4.5%</b>	<b>30.6%</b>	<b>15.2</b>	<b>1.7</b>	<b>3.2%</b>

\*All returns are Holding Period Return

### Performance of 20 Largest Listed Companies in Bangladesh

Among the 20 largest listed companies in terms of market capitalization LHBL (+25.7%), BEXIMCO (+17.9%) and SQRPHARMA (+7.7%) advanced the most during April. Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BEXIMCO (+405.3%), UPGDCL (+208.6%) and BXPHARMA (+193.2%). On the other hand, BERGERPBL (-3.2%) and BATBC (-2.0%) declined the most during April.

Among the scrips, GP, TITASGAS, UPGDCL, SUMITPOWER, MARICO and BATBC recorded higher dividend yield compared to that of market.

**Table 5: Snapshot of 20 largest companies in terms of market capitalization**

DSE Code	Sector	Market Capitalization (USD mn)		Daily Avg. Turnover (USD mn)	Return*						P/E (x)	P/ BV (X)	Dividend Yield
		Total	Free Float		1M	3M	YTD	12M	3Y	5Y			
GP	Telecommunication	5,398	540	1.83	3.2%	-8.8%	-2.3%	49.2%	-14.9%	75.5%	12.8	15.7	8.1%
WALTONHIL	Engineering	4,251	41	0.35	-0.2%	13.6%	6.9%	N/A	N/A	N/A	27.9	4.6	1.7%
BATBC	Food & Allied	3,300	873	2.28	-2.0%	1.3%	34.0%	79.3%	51.0%	100.4%	25.7	8.5	3.9%
ROBI	Telecommunication	2,798	278	3.07	2.3%	N/A	52.0%	N/A	N/A	N/A	161.8	3.9	0.0%
SQURPHARMA	Pharmaceuticals & Chemicals	2,214	1,449	1.05	7.7%	-8.4%	-3.5%	31.9%	-12.4%	28.8%	12.1	2.6	2.1%
UPGDCL	Fuel & Power	1,911	191	1.78	5.4%	-0.8%	6.1%	46.7%	96.6%	208.6%	14.7	6.1	4.7%
RENATA	Pharmaceuticals & Chemicals	1,453	710	0.89	7.4%	9.5%	14.3%	37.1%	43.2%	96.1%	25.4	6.2	0.9%
BXPHARMA	Pharmaceuticals & Chemicals	1,010	705	3.49	3.6%	4.2%	0.8%	249.5%	108.1%	193.2%	19.4	2.8	0.7%
BERGERPBL	Miscellaneous	929	46	0.26	-3.2%	10.6%	18.8%	32.7%	71.6%	78.2%	35.3	10.8	1.7%
BEXIMCO	Miscellaneous	899	624	10.60	17.9%	-0.2%	52.6%	583.8%	211.7%	405.3%	155.4	1.3	0.6%
ICB	NBFI	869	28	0.04	4.2%	-13.8%	-7.4%	41.2%	-12.1%	37.8%	54.9	7.7	0.5%
LHBL	Cement	845	298	2.89	25.7%	25.3%	31.6%	74.8%	12.2%	17.8%	17.3	4.6	1.6%
MARICO	Pharmaceuticals & Chemicals	763	76	0.15	-1.1%	-4.6%	-3.9%	35.4%	90.4%	102.7%	20.8	35.1	4.4%
BRACBANK	Bank	685	368	0.71	7.4%	-9.3%	-1.1%	50.8%	-36.9%	114.0%	13.2	1.5	2.3%
SUMITPOWER	Fuel & Power	535	197	1.19	-0.9%	-7.6%	9.3%	18.7%	38.7%	64.7%	7.6	1.4	4.7%
ISLAMIBANK	Bank	530	258	0.53	-0.7%	1.1%	4.1%	74.1%	25.3%	61.9%	15.5	0.8	3.6%
OLYMPIC	Food & Allied	395	240	0.05	1.8%	-6.0%	-12.3%	14.9%	-31.3%	-34.3%	15.6	4.6	3.1%
UNILEVERCL	Food & Allied	392	48	0.04	0.4%	-6.5%	-0.1%	37.1%	106.7%	87.3%	67.7	29.5	1.6%
DUTCHBANGL	Bank	388	50	0.11	0.4%	0.4%	3.5%	28.9%	53.3%	92.7%	6.6	1.2	2.3%
TITASGAS	Fuel & Power	383	96	0.06	3.5%	-2.1%	6.5%	18.6%	1.0%	0.1%	11.5	0.5	7.9%
Market		46,019	17,035	84.77	3.8%	-3.0%	1.4%	36.7%	-4.5%	30.6%	15.2	1.7	3.2%

\*All returns are Holding Period Return.

<sup>^</sup>WALTONHIL got listed on September 23, 2020. ROBI got listed on December 24, 2020.

## Top Performing Mutual Funds

The top ten open end mutual funds based on 4 year CAGR outperformed the market, during the same period. Among them CAPM unit Fund (+11.4%) yielded the highest return. On YTD basis, all these funds outperformed the market except for LankaBangla 1st Balanced Unit Fund (-7.9%) and Seventh ICB Unit Fund (+1.0%).

Table 6: Top ten open end funds based on 4Y return (CAGR) performance

Name	Asset Management Company	Fund Size (USD mn)	NAV Return		
			2021 YTD*	2020	2017-2020
CAPM Unit Fund	CAPM	1.7	6.1%	30.6%	11.4%
UFS-Pragati Life Unit Fund	UFS	0.9	3.0%	35.5%	9.1%
LankaBangla 1st Balanced Unit Fund	LankaBangla	5.6	-7.9%	29.2%	8.7%
Peninsula AMCL BDBL Unit Fund One	Peninsula	2.7	10.0%	35.3%	8.5%
IDLC Balanced Fund	IDLC	9.2	6.0%	29.4%	8.3%
Seventh ICB Unit Fund	ICB	5.2	1.0%	20.4%	7.7%
VIPB Accelerated Income Unit Fund	VIPB	8.2	5.5%	13.0%	7.2%
ICB AMCL Pension Holders' Unit Fund	ICB	3.8	3.7%	36.5%	6.9%
ATC Shariah Unit Fund	ATCP	1.7	N/A	17.6%	6.6%
Third ICB Unit Fund	ICB	4.0	2.4%	23.9%	6.4%
<b>Market (Broad Index) Return (%)</b>			<b>1.4%</b>	<b>22.3%</b>	<b>1.8%</b>

\*Based on published NAV and DSEX point of April 29 , 2021

All the top ten closed end mutual funds on the basis of 5 years (2016-2020) performance yielded positive returns on YTD basis. Among them, 1STPRIMFMF (+7.8%) yielded the highest return.

Table 7: Top ten close end funds based on 5Y return (CAGR) performance

DSE Code	Fund Manager	Fund Size (USD mn)	Price <sup>1</sup> (BDT)	NAV <sup>1</sup> (BDT)	Price/NAV	Dividend Yield <sup>2</sup> (%)	NAV Return <sup>3</sup>				Redemption Year <sup>4</sup>
							2021 YTD	2020	2018-2020	2016-20	
NLI1STMF	VIPB	8.6	13.6	14.5	93.9%	3.7%	5.5%	13.4%	-0.1%	9.5%	2030
GRAMEENS2	AIMS	41.3	16.0	19.2	83.2%	4.4%	2.8%	18.5%	2.7%	9.2%	2030
SEBL1STMF	VIPB	16.0	12.6	13.6	92.6%	2.4%	5.2%	12.8%	-0.4%	9.1%	2029
RELIANCE1	AIMS	9.5	11.9	13.3	89.4%	0.0%	2.4%	15.5%	2.2%	8.7%	2029
1STPRIMFMF	ICB AMCL	2.7	17.2	11.6	148.7%	4.7%	7.8%	35.7%	3.1%	8.5%	2030
PRIME1ICBA	ICB AMCL	10.2	6.4	8.7	74.0%	7.8%	5.4%	33.0%	2.8%	8.1%	2030
ICBSONALI1	ICB	10.7	8.3	9.1	91.1%	6.0%	3.2%	28.3%	2.4%	7.8%	2023
ICBEPMF1S1	ICB	7.1	6.7	8.1	83.1%	7.5%	8.3%	40.0%	1.4%	6.9%	2030
ICBAMCL2ND	ICB	5.4	8.1	9.1	88.8%	6.2%	7.7%	35.1%	0.3%	6.9%	2027
LRGLOBMF1	LR GLOBAL	44.6	6.6	12.2	54.3%	6.1%	4.8%	24.9%	2.0%	6.7%	2031
<b>Market</b>							<b>1.4%</b>	<b>22.3%</b>	<b>-4.7%</b>	<b>3.1%</b>	

<sup>1</sup> Price as of May 03, 2021, and NAV published on April 29, 2021.

<sup>2</sup> On last cash dividend declared.

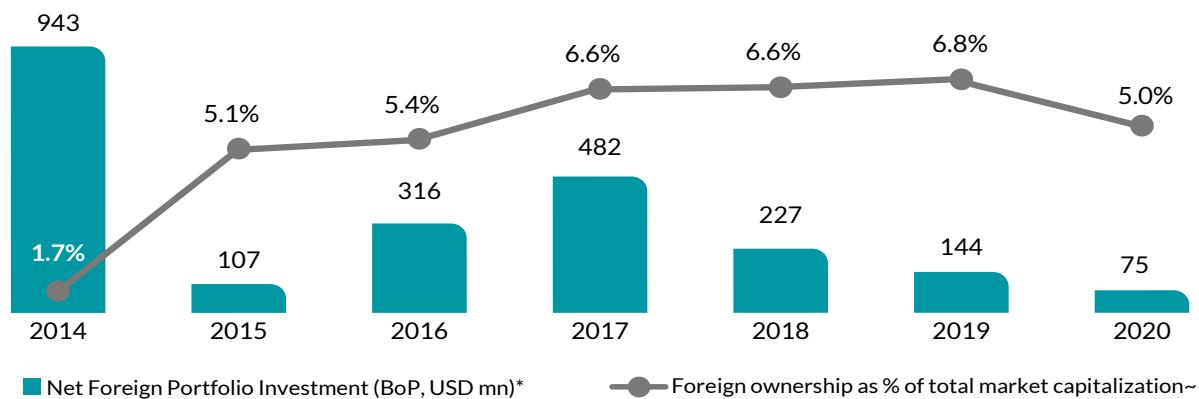
<sup>3</sup>CAGR computed for respected periods, except for 2019 and 2020 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

<sup>4</sup>In reference to BSEC Press Release বিএসইএস/মুখ্যমন্ত্র (গুরু বার্ষিক)/২০১১/১৫ published on April 16, 2018, tenure of existing listed closed end mutual funds can be extended by another tenure equal to maximum 10 years, provided that the full tenure of the subject fund does not exceed 20 years in total. However, the mutual funds those are not willing to extend their tenure will still have the option to convert or wind up as per rules and regulations.

## Foreign Participation in Equity Market of Bangladesh

Over last 5 years, Bangladesh equity market has seen a surge of foreign investment. As of March 2021, total foreign ownership stood at 4.7% of the total equity market capitalization, which was only 1.7% in 2014.

Figure 4: Net foreign portfolio investment and foreign ownership as % of total equity market capitalization



Source: DSE and Bangladesh Bank  
~% of foreign ownership of equity market capitalization data are as of December of the respective years

Among all the companies with foreign ownership, BRACBANK had the highest foreign shareholding of 38.0% as of March 2021, followed by OLYMPIC with 27.6%.

Table 8: Top ten companies with highest foreign shareholding as of March 2021

Ticker	Sector	Foreign Shareholding*
BRACBANK	Bank	38.0%
OLYMPIC	Food & Allied	27.6%
BXPHARMA	Pharmaceuticals & Chemicals	27.5%
RENATA	Pharmaceuticals & Chemicals	22.8%
DBH	NBFI	22.0%
MLDYEING	Textile	21.9%
ISLAMIBANK	Bank	20.5%
SHEPHERD	Textile	18.4%
VFSTDL	Textile	18.3%
BSRMLTD	Engineering	17.1%

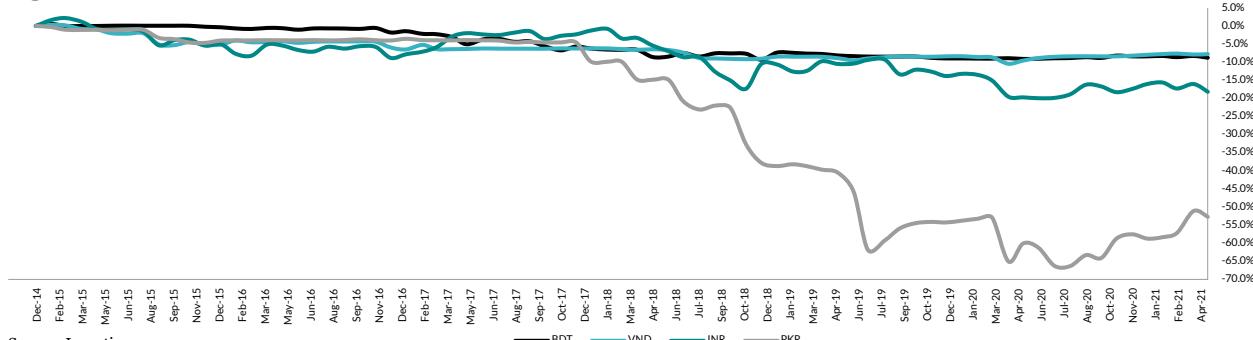
Source: DSE

\*Latest Data for Foreign share holding available on DSE are as of February 2021.

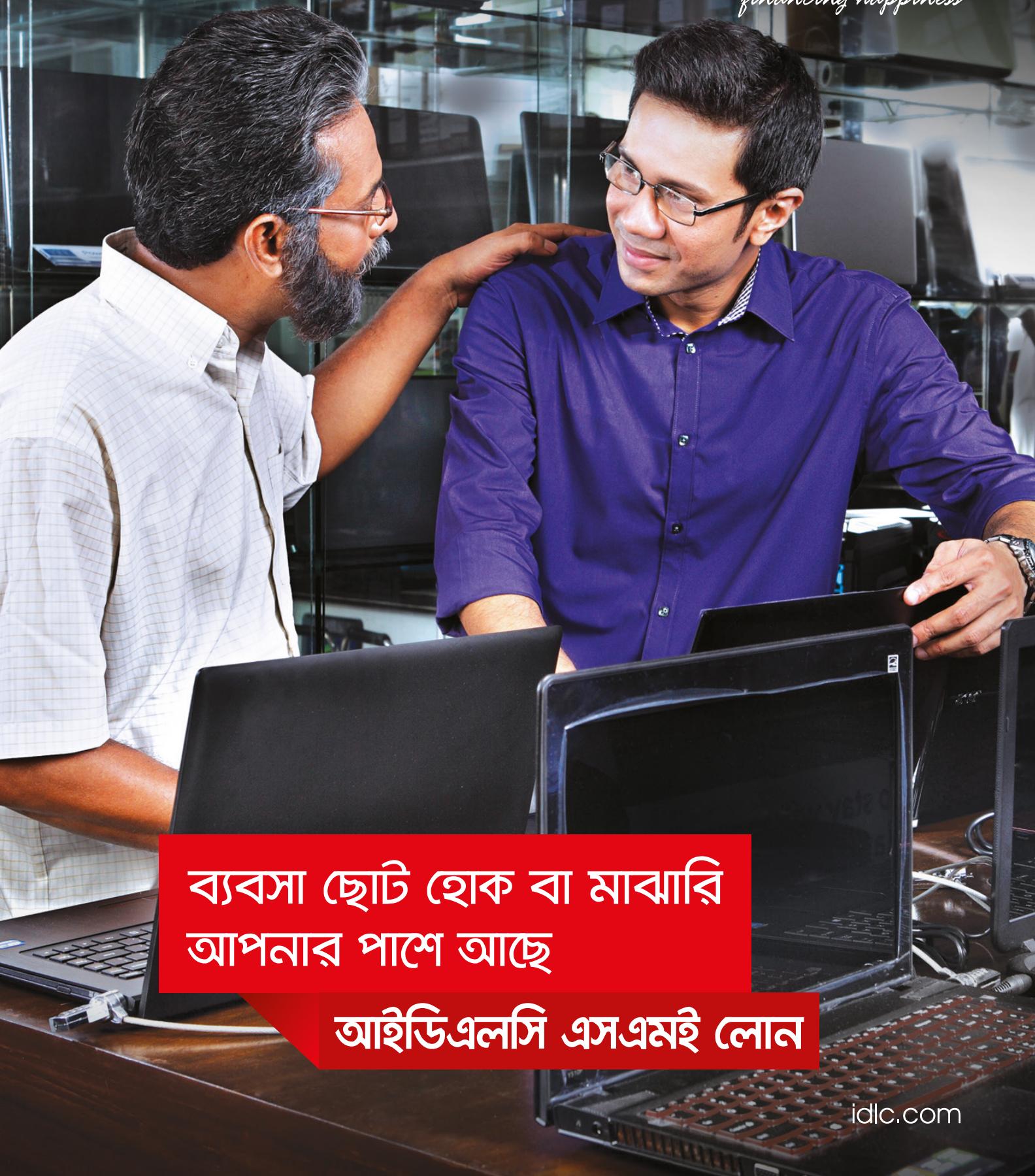
## Performance of BDT and Currencies of Peer Countries against USD

Since 2015, BDT retained its value better than majority of the currencies of peer countries. While BDT depreciated by 8.8% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 7.8%, 18.2% and 52.7%, respectively.

Figure 5: Five year's relative performance of BDT and peer currencies



Source: Investing.com



ব্যবসা ছেটি হোক বা মাঝারি  
আপনার পাশে আছে

আইডিএলসি এসএমই লোন