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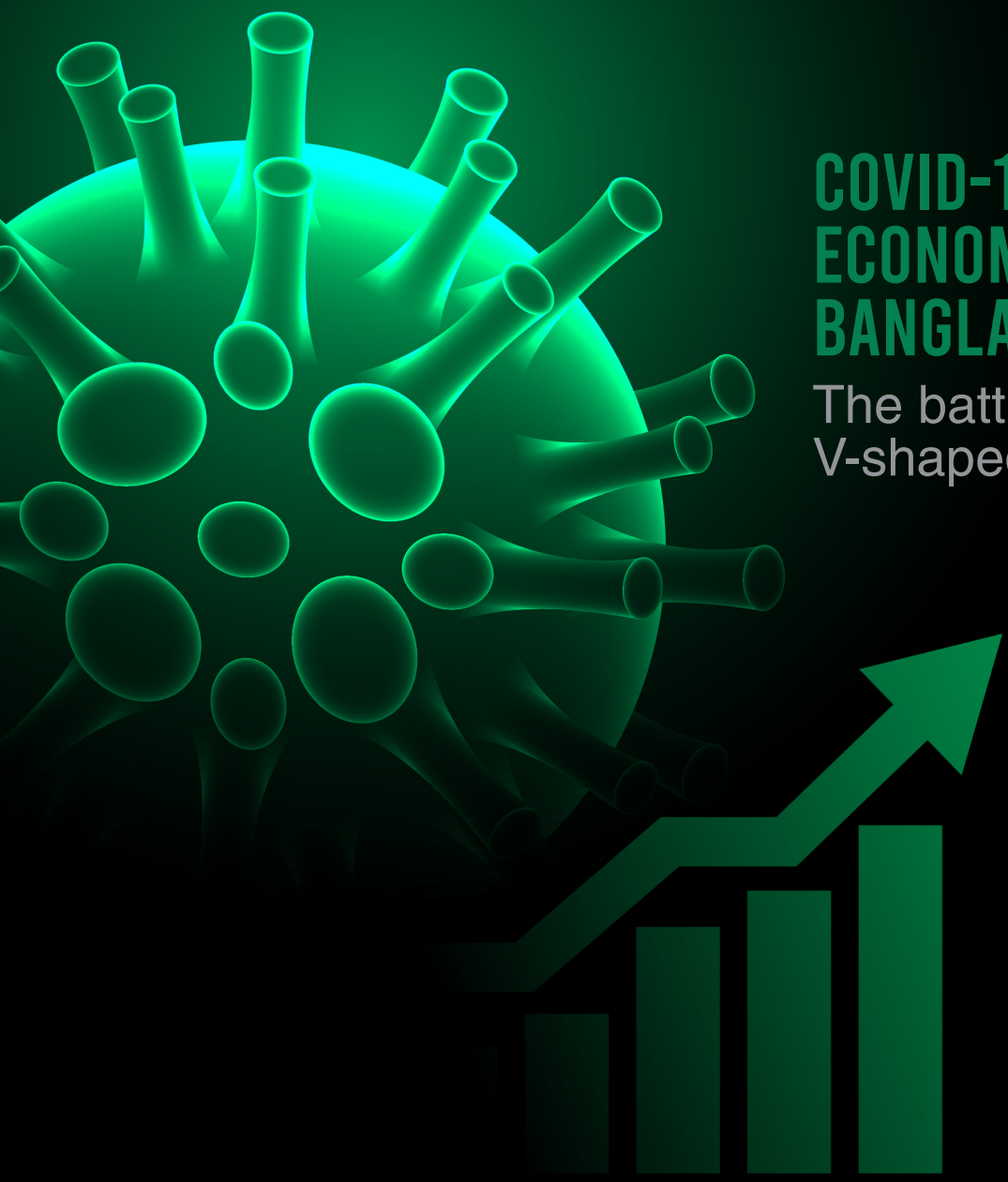
IDLC MONTHLY

BUSINESS REVIEW



COVID-19 AND THE ECONOMY OF BANGLADESH

The battle to attain V-shaped recovery

IDLC Finance Limited

financing happiness

contents

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FROM THE EDITOR

COVID-19: The pandemic to lead and work through together

"This is like a world war, except in this case, we're all on the same side."

Quoting the tech tycoon Bill Gates about the extent of damage the virus is creating to health, wealth and well-being.

From the beginning of this crisis, every country is effectively working to minimize the virus spread, limiting travel, imposing lockdown for months, testing and treating patients and cancelling social gathering even in the festivals. Then again, predicting the impact of this deadly virus is not an easy task for a developing country like Bangladesh, a densely populated country with a not-so-developed healthcare system.

From economy front, the country is having a hard time due to prolonged lock down and disrupted supply chain situation for most of the industries, apart from a handful industries for instance, grocery, and pharmaceuticals. Construction sector is facing the heat as the progression of mega projects slowed down. Banking sector is in a tight spot due to halting of private sector credit disbursement, reduction in settlement/opening of new LC and borrowers' inability to pay EMI. However, digital payment solution might be the one good thing came out of this pandemic, where starting from social safety net disbursement to RMG workers' wage disbursement – all happened in Mobile Financial Service (MFS) platform. As tough this situation as is for the business communities, stimulus packages declared by the government is likely to come to a relief.

The year 2020 is deemed to be game-changer in wake of this pandemic. The way of our approach to health, business, commute and every small details will be reshaped, like after every pandemic in the past. The post-pandemic world will need a lot of collaboration from our countrymen to start from the start.

Sushmita Saha
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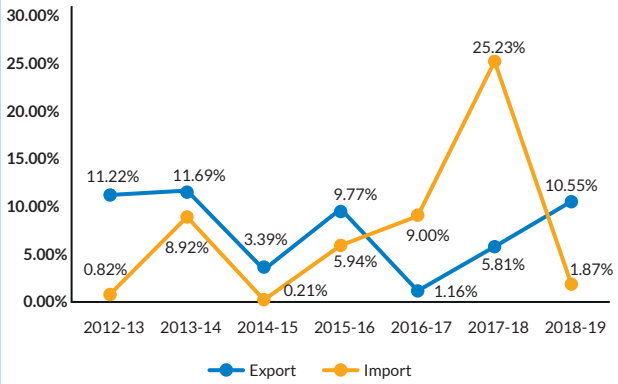
ECONOMY AT A GLANCE

Prepared by IDLCSL Research Team

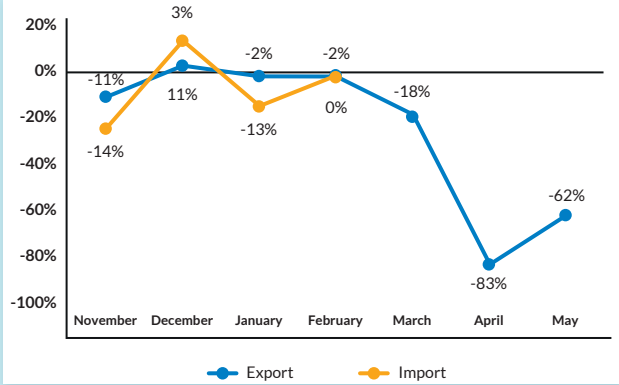
Growth in Export-Import Trade (Last 7 Years)

EXPORT-IMPORT

Growth in Export-Import Trade (Last 7 Years)

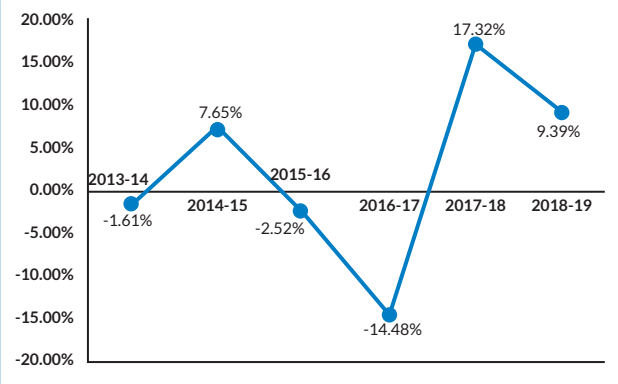


Export-Import Y-o-Y Growth- 2019-20

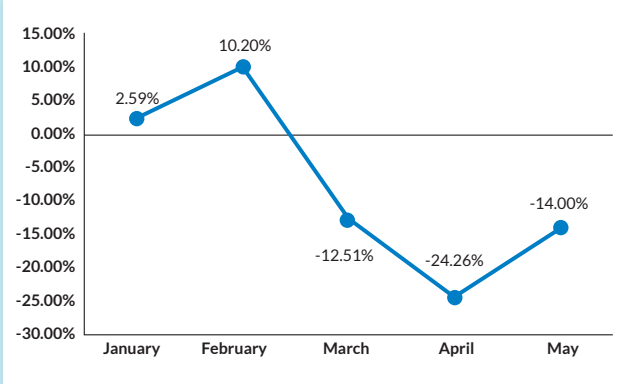


REMITTANCE

Remittance Growth of Last 6 years

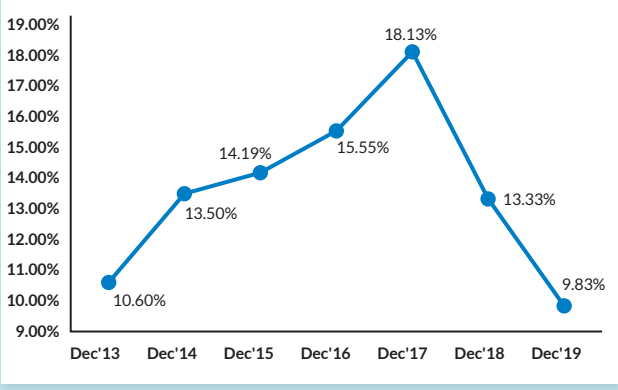


Remittance Growth-2019-20 (Y-O-Y)

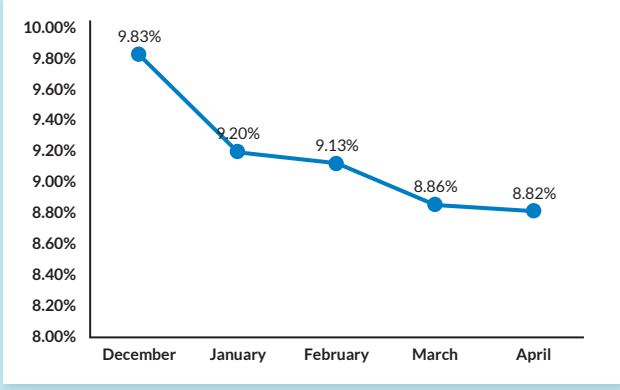


PRIVATE SECTOR CREDIT GROWTH

Private Credit Growth of last 7 years



Private sector credit growth -2019-20



MONTH IN BRIEF

● **Bangladesh Bank signs deals with 44 banks and 23 NBFIs over stimulus loan refinancing** to disburse BDT 15000 cr in loans for the implementation of the government-announced stimulus package for large industries and service sector.

● NBR has offered duty benefits to PPE, disinfectant and masks manufacturers **on import of a number of raw materials to make the protective gears available and affordable in the country.**

● A total of Tk 25.00 billion stimulus package was allocated **to help the youths and expatriates who lost jobs for the pandemic.**

● **IMF approves $732 million** to Bangladesh to address Covid-19 pandemic.

● **The trade deficit of the country stood at $10.77 billion in the July-February period** of the 2019-20 fiscal year, up from $9.64bn during the July-January period, according to central bank data.

● **Government to set 8.2% GDP growth target and 5.4% inflation** in FY21 with a hope to tackle coronavirus situation and economy recovery.

● Bangladesh Bank releases BDT 2,725.85 cr **in May for factory workers' April salary.**

● **Bangladesh Bank enhances three refinance schemes, cuts interest** to ensure long-term investment flow for the cottage, micro, small and medium enterprise (CMSME) sector.

● State-owned banks project **BDT 7717 cr losses amid pandemic**

● Bangladesh seeks 2-year duty-free access to US for RMG as the coronavirus pandemic put **the major export-earning sector in trouble amid cancellations of global orders.**

"THE OUTBREAK OF COVID-19 IS SEVERELY AFFECTING THE TWO MAIN SOURCES OF BANGLADESH'S EXTERNAL EARNINGS : EXPORTS OF READY-MADE GARMENTS AND REMITTANCES."

Ms. Antoinette Sayeh, Deputy Managing Director, IMF on an Executive Board's meeting

"Loss of jobs would be very high as some 1 crore to 1.5 crore people may be without work"

Ahsan H Mansur, Executive Director of Policy Research Institute, Bangladesh on loss of jobs caused by Covid-19.

"US welcomes Bangladesh's world-class large-scale PPE production to the global marketplace. The Beximco-Hanes partnership is another great example of how our two great nations are combating the Covid-19 pandemic,"

Earl R Miller, US Ambassador to Bangladesh in a ceremony to mark the occasion to see off Beximco's first shipment of PPE to the US.

"This 8.20 percent growth is mostly contributed by extended credit and forced loans"

Syed Mahbubur Rahman, Managing Director of Mutual Trust Bank Ltd. on the decline in the private sector credit growth in March.

"COVID-19 POSES SERIOUS HEALTH, SOCIAL, AND ECONOMIC THREATS TO THE REGION. IT IS IMPORTANT THAT WE FIND WAYS TO ENHANCE OUR COLLABORATION, INCLUDING CO-FINANCING, TO HELP DEVELOPING MEMBER COUNTRIES ADDRESS THE PANDEMIC"

Masatsugu Asakawa, President, ADB on the effect of Covid-19'

"COVID-19 HAS CHANGED THE FACE OF GLOBAL BUSINESS AND HAS TAKEN IT TO A POINT OF UNCERTAINTY. BUT WHILE WE FACE CHALLENGES, WE LOOK FORWARD TO NEW OPPORTUNITIES TO FIGHT THE BATTLE, WIN AND SUSTAIN"

Rubana Huq, President, Bangladesh Garment Manufacturers and Exporters Associationon RMG export fall.

WORLD ECONOMIC INDICATOR

Prepared by IDLCSL Research Team

Country	GDP size (USD in million)	Gross Domestic Product *(Yearly % Change)*	Inflation (%)	Inflation (%) As of	Current Account Balance *(% of GDP 2019)*	Interest Rates (%), Ten years treasury bond	Currency Units *(per USD)*
Frontier Market							
Sri Lanka	86.57	-0.50	4.00	May,2020	-3.60	9.28	185.78
Vietnam	261.64	2.70	2.40	May,2020	0.70	3.00	23,256.50
Kenya	98.61	1.00	5.47	May,2020	-4.60	12.51	106.70
Nigeria	446.54	-3.40	12.34	April,2020	-3.30	11.45	360.50
Bangladesh	**302.5**	**8.15**	**5.35**	May,2020	**-1.70**	**8.47**	**84.95**
Emerging Markets							
Brazil	1,847.02	-5.30	2.40	April,2020	-1.80	6.93	5.37
Saudi Arabia	779.29	-2.30	1.30	April,2020	-3.10	n/a	3.75
India	2,935.57	1.90	5.84	March,2020	-0.60	6.00	75.56
Indonesia	1,111.71	0.50	2.19	May,2020	-3.20	7.30	14,457.50
Malaysia	365.3	-1.70	-2.90	April,2020	-0.10	2.98	4.30
Philippines	356.81	0.60	2.20	April,2020	-2.30	3.31	50.30
Turkey	743.71	-5.00	10.94	April,2020	0.40	11.77	6.81
Thailand	529.18	-6.70	-2.99	April,2020	5.20	1.21	31.53
China	14,140.16	1.20	3.30	April,2020	0.50	2.78	7.11
Russia	1,637.89	-5.50	3.10	April,2020	0.70	5.49	68.95
Developed Markets							
France	2,707.07	-7.20	0.20	May,2020	-0.70	-0.05	0.90
Germany	3,863.34	-7.00	0.60	May,2020	6.60	-0.41	0.90
Italy	1,988.64	-9.10	-0.10	May,2020	3.10	1.45	0.90
Spain	1,397.87	-8.00	-1.00	May,2020	2.20	0.55	0.90
Hong Kong	372.99	-4.80	1.90	April,2020	6.00	0.58	7.75
Singapore	362.82	-3.50	-0.70	April,2020	14.80	0.84	1.40
United States	21,439.45	-5.90	0.30	April,2020	-2.60	0.68	n/a
Denmark	347.18	-6.50	0.00	April,2020	4.80	-0.24	6.68
Netherlands	902.36	-7.50	1.20	April,2020	9.00	-0.20	0.90
Australia	1,376.26	-6.70	2.20	March,2020	-0.60	0.93	1.46
Switzerland	715.36	-6.00	-1.10	April,2020	7.20	-0.43	0.96
Britain	2,743.59	-6.50	0.80	April,2020	-4.40	0.22	0.80

Bangladesh data: GDP size and real GDP are sourced from Bangladesh Bureau of Statistics as per 2018-19 data. Calculation Method of CA Balance (%of GDP): CA balance of FY18-19 / GDP of FY18-19. Interest rate (%) 10 years TB as per March,2020, Inflation as per May,2020 and Currency Unit (per USD) as per 2nd June,2020 are sourced from Bangladesh Bank

Nominal GDP: Data of all countries apart from Bangladesh is sourced from IMF estimates of 2019 data (October, 2019 Outlook)

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

Inflation : Data of all countries apart from Bangladesh is sourced from tradingeconomics.com as per 2nd June, 2020

Interest rates 10 years TB and Currency Unit : Data of all countries apart from Bangladesh is sourced from Investing.com as per 2nd June, 2020

5 TIPS TO REDUCE SCREEN TIME WHILE YOU'RE WORKING FROM HOME

Pre-quarantine, our eyes used to have the privilege of screen breaks by dint of formal meetings, drive-by chats, watercooler talks, coffee breaks or lunch times etc. Now, with those natural intervals eliminated, there's little to no break from the connection to technology. Moreover, video calls add an extra layer of fatigue that would not be experienced as acutely in an in-person setting. Having to focus on multiple faces simultaneously while also being conscious that everyone can see us, add extra layer of mental and emotional exhaustion. Since the body needs to be rigid for hours to stay inside a camera's range, this can also cause eye strain and muscle fatigue.

Here are a few strategies that have been most effective in order to manage screen breaks:

- **Don't default to Zoom**
  It is better to avoid video calling if not necessary. Even though Zoom and other platforms are providing wonderful services to minimize in-person interactions, it is better to go for phone calls if that work fine. Just because we can use video, does not mean we should since the level of intensity requires for video calls, is not always necessary for all conversations.

- **Limit your meeting time**
  It is always a good idea to set aside blocks of time to get work done. However, if anyone finds virtual meetings draining, this practice is even more essential. Blocking out time on schedule where we are not available for meetings, helps to know how much virtual communication we have each day. Thus, we can manage to limit our screen time, which is also beneficial to focus on other works.

- **Choose physical over digital**
  Choosing the physical option over digital one brings nothing but betterment for the eyes. For example, writing thoughts on paper while brain storming for an article, sketching the initial draft on a white board while Creating a road map for a big project, picking a print copy while reading a book etc. Look for ways that take the low-tech route if often fruitful in case of being creative too.

- **Move as much as possible**
  Moving around while working does not only counteract fatigue caused by sitting rigidly in front of computer but also can work as a small break as well. Movements can include taking a small walk to the kitchen, rolling shoulders to get the blood flowing, keeping the computer on a higher surface so that legs can stretch etc. Moreover, during a phone conversation where taking notes are not necessary, standing up or even walking back and forth during the conversation should also be considered.

- **Take tech-free breaks**
  Stepping away from technology not only gives your brain a break but also gives you the added bonus of perspective. It might feel more efficient to eat lunch in front of computer but a short lunch of 15 to 20 minutes while talking to family member, looking out a window or even simply eating without doing anything can help to have a clearer sense of the big picture.

However, after work activities like workout, taking a walk, gardening, or anything that keeps us active, refreshes your brain and helps to create some separation from the end of your work day and the beginning of your personal time. Going back to more in-person communications will be a wonderful relief but till then these strategies can help you counter that load and reduce digital fatigue.

ABOUT THE RESEARCH

5 Tips to Reduce Screen Time While You're WFH is a Harvard Business Review article by Elizabeth Grace Saunders. The article states five effective ways to ensure proper rest for the eyes while working from home.

SUPPLY-CHAIN RECOVERY IN CORONAVIRUS TIMES— PLAN FOR NOW AND THE FUTURE

RESEARCH IN FOCUS

Even as the immediate toll on human health from the spread of coronavirus mounts, the economic effects of the crisis are coming into sharp focus. Businesses must respond on multiple fronts at once. Many businesses are able to mobilize rapidly and set up crisis-management mechanisms. The focus is naturally short term.

What to do today?

In the current landscape, we see that a complete short-term response means tackling six sets of issues that require quick action across the end-to-end supply chain. These actions should be taken in parallel with steps to support the workforce and comply with the latest policy requirements:

1. Create transparency on multitier supply chains;
2. Estimate available inventory along the value chain;
3. Assess realistic final-customer demand and respond;
4. Optimize production and distribution capacity;
5. Identify and secure logistics capacity;
6. Manage cash and net working capital by running stress tests;

Create transparency

Working with operations and production teams to review your bills of materials (BOMs) and catalog components will identify the ones that are sourced from high-risk areas and lack ready substitutes. A risk index for each BOM commodity, based on uniqueness and location of suppliers, will help identify those parts at highest risk.

Once the critical components have been identified, companies can then assess the risk of interruption from tier-two and onward suppliers. Manufacturers should engage with all of their suppliers, across all tiers, to form a series of joint agreements to monitor lead times and inventory levels. In situations in which tier-one suppliers do not have visibility into their own supply chains or are not forthcoming with data on them, companies can form a hypothesis on this risk by triangulating from a range of information sources, including facility exposure by industry and parts category, shipment impacts, and export levels across countries and regions.

For risks that could stop or significantly slow production lines, businesses can identify alternative suppliers, where possible. If alternative suppliers are unavailable, businesses can work closely with affected tier-one organizations to address the risk collaboratively.

Estimate available inventory:

Businesses should estimate how much inventory is available. After-sales stock should be used as a bridge to keep production running. Estimating aids capacity planning during a ramp-up period. Specific categories to consider:

a) Finished goods held in warehouses and blocked inventory held for sales, quality control, and testing;

b) Spare-parts inventory that could be repurposed for new-product production,

c) Parts with lower-grade ratings or quality issues;

d) Parts in transit should be evaluated to see what steps can be taken to accelerate their arrival;

e) Supply currently with customers or dealers should be considered to see if stock could be bought back or transparency could be created for cross-delivery.

ABOUT THE RESEARCH

Supply-chain recovery in coronavirus times- plan for now and the future is a McKinsey & Company article by Knut Alicke, Xavier Azcue, and Edward Barriball. The article states that actions taken now to mitigate impacts on supply chains from coronavirus can also build resilience against future shocks.

Direct-to-consumer channels, market insights, and internal and external databases can provide information in assessing the current state of demand. When data sources are limited, open communication with direct customers can fill in some gaps. Forecasting demand requires a strict process to navigate uncertain and ever-evolving conditions successfully. Organizations should take the following actions:

a) Develop a demand-forecast strategy;

b) Use advanced statistical forecasting tools to generate a realistic forecast for base demand;

c) Integrate market intelligence into product-specific demand-forecasting models;

d) Ensure dynamic monitoring of forecasts in order to react quickly to inaccuracies;

A triaging process that prioritizes customers by strategic importance, margin, and revenue will help in safeguarding the continuity of commercial relationships.

Optimize production and distribution capacity

Optimizing production begins with ensuring employee safety. This includes sourcing and engaging with crisis-communication teams to communicate clearly with employees about infection-risk concerns and options for remote and home working.

COVID-19: Implications for business

Project the financial and operational implications of a shutdown, impact based on available capacity should be planned. Where possible, a digital, end-to-end S&OP platform can better match production and supply-chain planning with the expected demand in a variety of circumstances.

Identify and secure logistics capacity

Companies looking to ramp up production and making up time in their value chains, should pre book logistics capacity to minimize exposure to potential cost increases. Collaborating with partners can be an effective strategy to gain priority and increase capacity on more favorable terms. Maintaining a nimble approach to logistics management will be imperative in rapidly adapting to any situational or environmental changes.

Manage cash and net working capital

Companies will need all available internal forecasting capabilities to stress test their capital requirements on weekly and monthly bases. Reducing finished-goods inventory, with thoughtful, ambitious targets supported by strong governance, can contribute substantial savings. Improved logistics can allow companies to defer significant capital costs at no impact on customer service

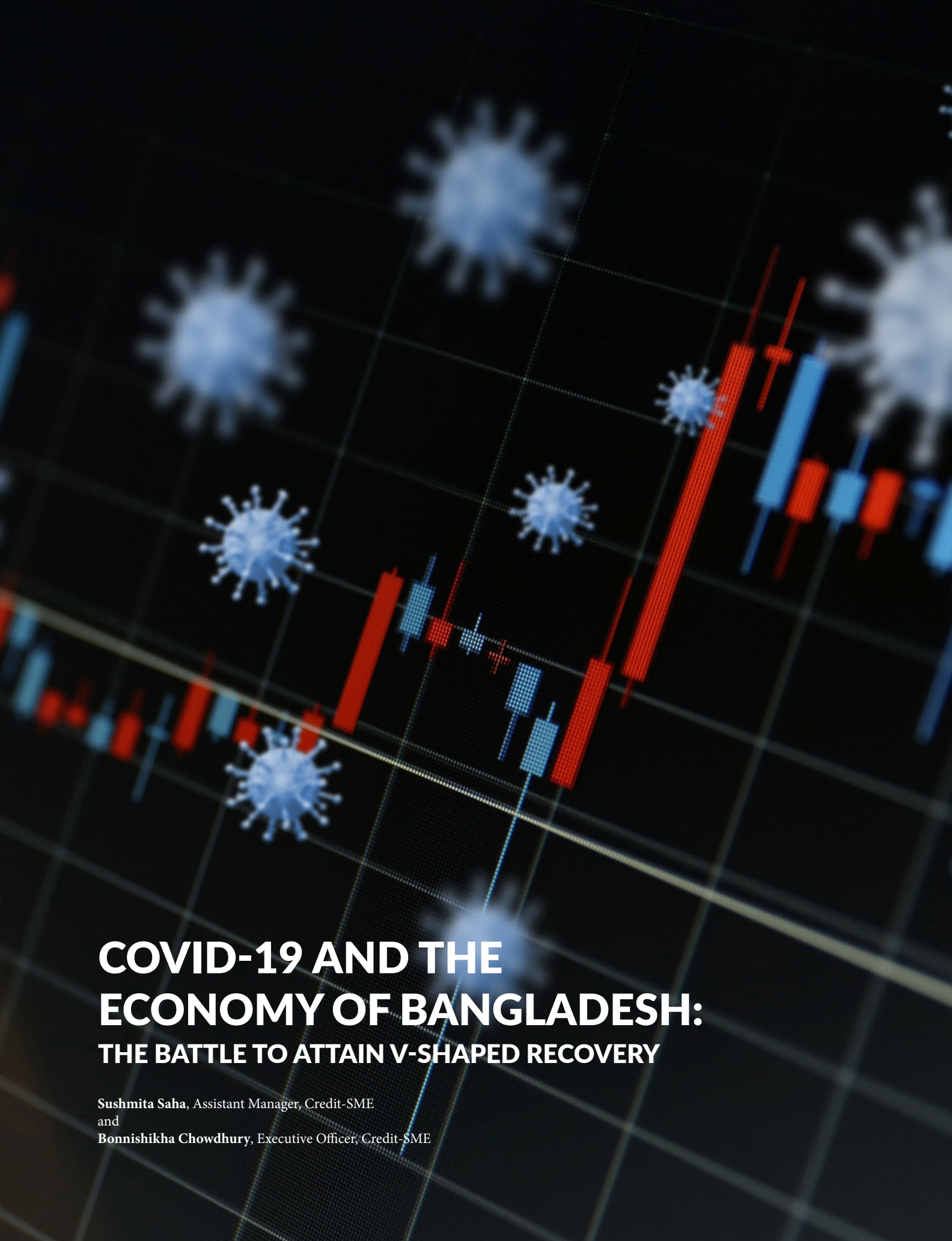
Building resilience for the future:

Once the immediate risks to a supply chain have been identified, leaders must then design a resilient supply chain for the future. This begins with establishing a supply-chain-risk function tasked with assessing risk, continually updating risk-impact estimates and remediation strategies, and overseeing risk governance. Processes and tools created during the crisis-management period should be codified into formal documentation, and the nerve center should become a permanent fixture to monitor supply-chain vulnerabilities continuously and reliably. Over time, stronger supplier collaboration can likewise reinforce an entire supplier ecosystem for greater resilience.

Finally, when coming out of the crisis, companies and governments should take a complete look at their supply-chain vulnerabilities and the shocks that could expose them much as the coronavirus has.

Organizations should build financial models that size the impact of various shock scenarios and decide how much “insurance” to buy through the mitigation of specific gaps, such as by establishing dual supply sources or relocating production.

Triaging the human issues facing companies and governments today and addressing them must be the number-one priority, especially for goods that are critical to maintain health and safety during the crisis. As the coronavirus pandemic subsides, the tasks will center on improving and strengthening supply-chain capabilities to prepare for the inevitable next shock.



COVID-19 AND THE ECONOMY OF BANGLADESH:

THE BATTLE TO ATTAIN V-SHAPED RECOVERY

Sushmita Saha, Assistant Manager, Credit-SME
and
Bonnishikha Chowdhury, Executive Officer, Credit-SME

COVID-19, the great Pandemic, changed the fundamentals of everything, starting from economy to business to healthcare and what not. The actual impact of this pandemic can be so dreadful that Noble- winner economist duo Abhijit Banerjee and Esther Duflo compared the pandemic similar to "bombings during a war", in that the levelling of the economy is mainly caused by external forces. To make matters worse, developing nations are going to face the COVID heat more than the developed ones, since greater portion of the world's population live there. In fact, for developing nations, it is hard to estimate the true impact of this deadly virus amidst poor healthcare system, more people under the poverty line.

Having said that, coronavirus crisis has dwarfed the Great Recession (spanned 18 months) in just 2 months in the United States.

An overwhelming amount of data has shown the extent of the economic pain: millions of Americans have filed unemployment-insurance claims, millions of jobs have been erased, and consumer spending, retail sales, and production have plummeted by record amounts. The hit to the labor market has been particularly extreme. It took just four weeks for the coronavirus downturn to erase the number of jobs created since 2009 and nine weeks for unemployment-insurance claims to surpass the Great Recession, which spanned 18 months.

To predict what can eventually happen to the world post-pandemic is quite challenging because of the unforeseen challenges. So far, two developed economies, Japan and United States of America entered into the claw of recession. In a V-shaped recovery, an economy suffers a sharp decline, and recovers quickly and strongly after that. The governments are trying to provide various stimulus packages, incentives and minimizing the effect of the contagious Coronavirus by effective lockdown. The battle is undoubtedly a tough one and the game can only be changed by developing strategies which will protect both health and economy.

Bangladesh and other South Asian governments are taking continuous immediate actions to manage health emergency and protect economy amidst of global economy fallout by the Covid-19 pandemic. It is expected that Bangladesh will experience a sharp economic downfall due to stagnant economic activities, collapsing trade, falling global and local demand for the garments' products, increased unemployment, rise in poverty and stress in the banking and financial sectors.

REAL GDP AT MARKET PRICES (in %)

Country	Fiscal Year	2019 (estimated)	2020 (forecasted)	2021 (forecasted)	2022 (forecasted)
Bangladesh	July to June	8.2	2 to 3	1.2 to 2.9	2.8 to 3.9
India	April to March	6.1	4.8 to 5	1.5 to 2.8	4 to 5
Pakistan	July to June	3.3	-2.2 to -1.3	0.3 to 0.9	3.2 to 3.3

Source: The World Bank

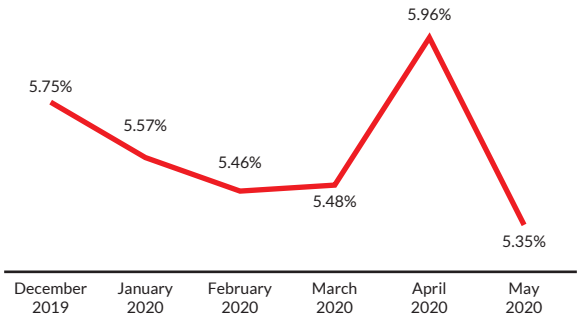
Impact of Covid-19 on selected Economic Indicators (annual % change) by IMF

Indicators	Pre-COVID situation		2020 (forecasted)	
	FY20	FY21	FY20	FY21
GDP	7.40%	7.30%	3.80%	5.70%
Inflation	5.70%	5.60%	5.70%	5.60%
Current Account Balance	-1%	-1.50%	-2.20%	-3.50%
Export	-1.50%	7%	-17.90%	-0.80%
Import	1%	10%	-8.80%	4.80%
Remittance	18%	7%	1.40%	-7.10%

It can be seen that Bangladesh's real GDP is forecasted to decline to a range of 2% to 3% in FY 2020 from an estimated real GDP of 8.2% in FY 2019 by the World Bank. However, the government of Bangladesh targets 8.2% GDP growth for the fiscal 2020-21 in the recently announced National Budget. The country hopes to control coronavirus situation by September and thus hope to see a quick economic recovery.

On the other hand, according to the latest report by the Bangladesh Bureau of Statistics (BBS), overall inflation fell to 5.35% in May from 5.96% in April. It is normal that inflation goes down when demand falls. Driven by plummeting income caused by pandemic situation, non-essential and luxury items are off people's purchase list. Moreover, Bangladesh missed two important seasons which would boost the consumer spending and business performance in normal situation otherwise: Pahela Baishakh (Bengali New Year) and Eid-Ul-Fitr. This explains the downward movement of inflation.

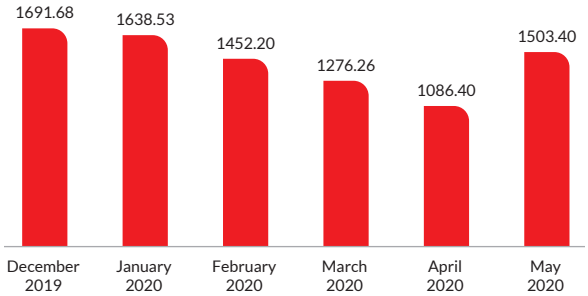
Downward movement of inflation



Source: Bangladesh Bank

On the other hand, remittance inflow dropped 14% in May 2020 year-on-year. After Ready Made Garments (RMG), remittance is the second pillar of Bangladesh economy. Bangladesh has around 10 million workers overseas. The Covid-19 pandemic has thrown them in uncertainty as economies remain under severe strain. Many saw their wages were cut, while many lost job opportunities. Many countries went into lockdown and houses for facilitating remittance went shut. However, inward remittance increased in May 2020 from that of April 2020, following the celebration of Eid-Ul-Fitr. The relaxation of conditions for incentives on the money sent by expatriates by the Central Bank lifted the sinking flow of remittance amid the pandemic situation. However, inflow may fall in June 2020 due to the post-festival effect and looming global recession.

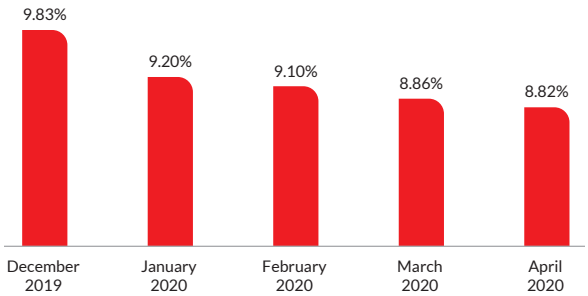
Deteriorating Remittance Inflows of Bangladesh (million/USD)



Source: Bangladesh Bank

Lower credit demand followed by disrupted supply chain is a devastating impact of the pandemic on a burgeoning economy like Bangladesh. This led to private sector credit growth as low as 8.82% in April 2020 on a year-on-year basis from 8.86% a month ago, according to Bangladesh Bank's latest statistics. Country's overall imports dropped by nearly 62% per cent or US$3.13 billion in April 2020 mainly due to the spread of coronavirus in different parts of the world including Bangladesh. Settlement of letters of credit (LCs), generally known as actual import, in terms of value, came down to $1.95 billion in April 2020 from $5.08 billion in the same month of 2019. On the other hand, opening of LCs, generally known as import orders, fell by nearly 70 per cent or $3.66 billion to $1.60 billion in April from $5.26 billion a year ago, according to the Central Bank data.

Growth Rate of Private Sector Credit (%)



Source: Bangladesh Bank

KEY INFO

- Remittance inflow dropped **14%** in May 2020 year-on-year
- **Inward remittance increased** in May 2020 from that of April 2020, following the celebration of Eid-Ul-Fitr
- Private sector credit growth as low as **8.82%** in April 2020 on a year-on-year
- Imports dropped by nearly **62% or US$3.13 billion** in April 2020
- Settlement of letters of credit (LCs) came down to **$1.95 billion** in April 2020 from **$5.08 billion** in the same month of 2019
- Opening of LCs, generally known as import orders, fell by nearly **70% or $3.66 billion**

Impact of COVID-19 on industries

- **Ready Made Garments (RMG)**

For the export-oriented industries in Bangladesh, one of the biggest barriers to overcoming the losses during pandemic is being dependent on China. China is Bangladesh's biggest trade partner, source of imports including raw materials and also an export destination for Bangladesh. Thus, even before the virus spread, our economy faced the hit in case of producing export oriented goods and exporting goods. 82% of our total export basket comprises of RMG, which puts this industry in a tight spot in wake of COVID-19. As per BGMEA web portal data till April 29, 2020, in total 982 million pieces of products or USD 3.18 billion worth export orders were cancelled/suspended. RMG and knitwear manufacturer losses constitute about 18 % of the total revenue of the garments sector. It is feared that many of the buyers may not sustain the crisis and be back to full-scale operation anytime soon or ever again.

Bangladesh, currently the second largest garment exporter worldwide, is also facing a tough competition from Vietnam. Vietnam has been performing strongly as it recently signed a free trade agreement with the European Union. Vietnam is a better choice for investment than Bangladesh as the country is concentrating on product diversification, while Bangladesh still manufactures basic apparels. Also, Vietnam is one of the few countries that combatted COCVID-19 at an early stage, whereas Bangladesh is still struggling with the widespread infection.

RMG Export Earnings in 2020 Facts

- Apparel export earnings may reach **$23-$24 bln** in 2020
- RMG export earnings in 2019 was **$33.07 bln**
- Export earnings in January to April 2019 was **$11.50 mln**
- Export earnings in January to April 2020 was **$8.45 mln**
- RMG export fell **14%** between July 2019 and April 2020, lowest in last 5 years
- Bangladesh RMG's export market experienced a **8% to 22%** fall all over the world

Source: The Business Standard

- **Agriculture**

A recent study by BRAC revealed that Farmers across the country have lost an estimated BDT 56,536 crore during the Covid-19 forced shutdown across the country. The study, done on 1,581 farmers across 64 districts, also reflects that due to the damages to their yields and low prices, each farmer suffered a loss of BDT 207,976 (on an average) during the period of past 45 days. According to the study, during late March 2020, demand for essential commodities went up by a staggering 300% due to the panic caused by

Covid-19, and later in May demands dried up which led to price drops, but the production of crops did not stop.

As Boro harvest is completed across the country, the nation is unlikely to face cereal shortage in the next six months, according to experts. Analysing the food stock situation, by the time the current and upcoming stock of Boro would be consumed, in the next six months, Aman should be ready for harvest unless any natural disaster takes place. However, the main challenge for the government in coming days will be ensuring supply of other food items including fish, livestock and vegetables. Vegetables and fish farmers are already facing hard times as they are unable to sell their produce.

This fiscal's budget allocates BDT 29,984 crore for agriculture sector, which is 5.3% of the proposed total budget. Although it has been termed that Agriculture is the second highest priority sector, the percentage allocation dropped from that of last year.

KEY INFO

- **2 crore tonnes** of rice might be grown in this Boro season
- **20.25 lakh tonnes** of food have been ordered to be sorted
- Food Directorate warehouses can store **19.5 lakh tonnes** of food
- The Government has over **15 lakh tonnes** in storage
- **27%** of the people are not getting food three times a day
- According to CPD, at least **6.84 crore** people need emergency assistance
- About **8 lakh tonnes** of food are needed per month for 6.84 crore poor people
- The government has the capacity of storing food for poor people that will last only **two and a half months**

Source: The Business Standard

- **Leather and Leather products**

  After apparels, leather and leather products are considered as the biggest foreign currency earner of Bangladesh. Leather and footwear combined accounts for 3.3% of the overall export basket. Bangladesh exported $1 billion worth of leather and leather products last fiscal year and this year's target had been set at $1.1 billion. However, since the corona virus out break this sector has been unstable. Rapid outbreak in Hong Kong, China and Italy has affected the exports. The exporters who export leather goods are have stocks piled up. On the other hand, due to lock down the factories were also closed.

- **Jute Industry**

  The jute industry is such an industry which require very small investment, do not require any import, but can earn a huge amount of foreign currency. However, this sector was already troubled with internal mismanagement now COVID-19 has hit our golden harvest hard. As per the opinion of industry experts, the aggregate production of this sector will fall at least 25% and that will lead 50,000 workers' employment in panic due to pandemic.

- **Real estate/Construction sector**

  Real estate sector is going to hit hard in the wake of pandemic situation. Private construction is not likely to pick up within next 6 months since, due to less purchasing capacity, mass people will buy essential commodities rather purchasing apartments. Also, the mega projects undertaken by the government took a slow turn. The government for the first time in decades planned to reduce the Annual Development Programme (ADP) to BDT 2.05 trillion. Due to the pandemic situation, the current state of the big projects are going slow, and also among the 10 big projects, Padma bridge and Metro rail will get the top most priority rather the rest. Having said that, it is inevitable that these projects will be ongoing, since construction work for all of them are in progress. It is a matter of concern for this sector that if government will undertake any new project in next couple of years, in the wake of this pandemic.

The production of related industries like cement, steel, tiles etc. also reduced significantly causing unemployment of a huge number of workers.

The new normal: E/F-commerce trend:

The whole pandemic situation all on a sudden spiked the demand of online based services to rocket high. Online grocery stores like Chaldal, Swapno etc. are experiencing double digit growths in the number of deliveries with Chaldal's average 5000 orders-per-day jumping to 10,000 to 15,000 orders-per-day on an average. However, the food delivery and ride sharing companies are facing trouble since people are preferring homemade foods due to hygiene issue and maintain social distancing. The ride sharing services have also been closed since lockdown period. On the other hand, some logistics services like Pathao, e-Courier, Biddyut, Paperfly, SA Paribahan are facing an unlikely surge in orders. Interestingly, online health care services are becoming more popular due to this situation. Doctorola, Olwel, Praava online health care are receiving thousands of calls every day.

Stimulus packages to rescue:

To save export oriented industry workers a stimulus package of Tk 5,000 crore was distributed to diminish the impact of the coronavirus on the country's economy and pay their salaries. Four fresh financial stimulus packages of Tk 67,750 crore is introduced for increasing public expenditure, formulating a stimulus package, widening social safety net coverage and increasing monetary supply. Moreover, Bangladesh government sought $1 billion in support from the International Monetary Fund and the World Bank as the country looks to support its people, businesses and industries reeling from the pandemic.

Takeaways for Bangladesh to manage supply chain disruption:

Bangladesh's quick economic recovery from the COVID-19 depends on the length of the shutdown, the performance of the global economy, meeting the basic needs to maintain an immediate steady economy and later by taking major measures for economy recovery.

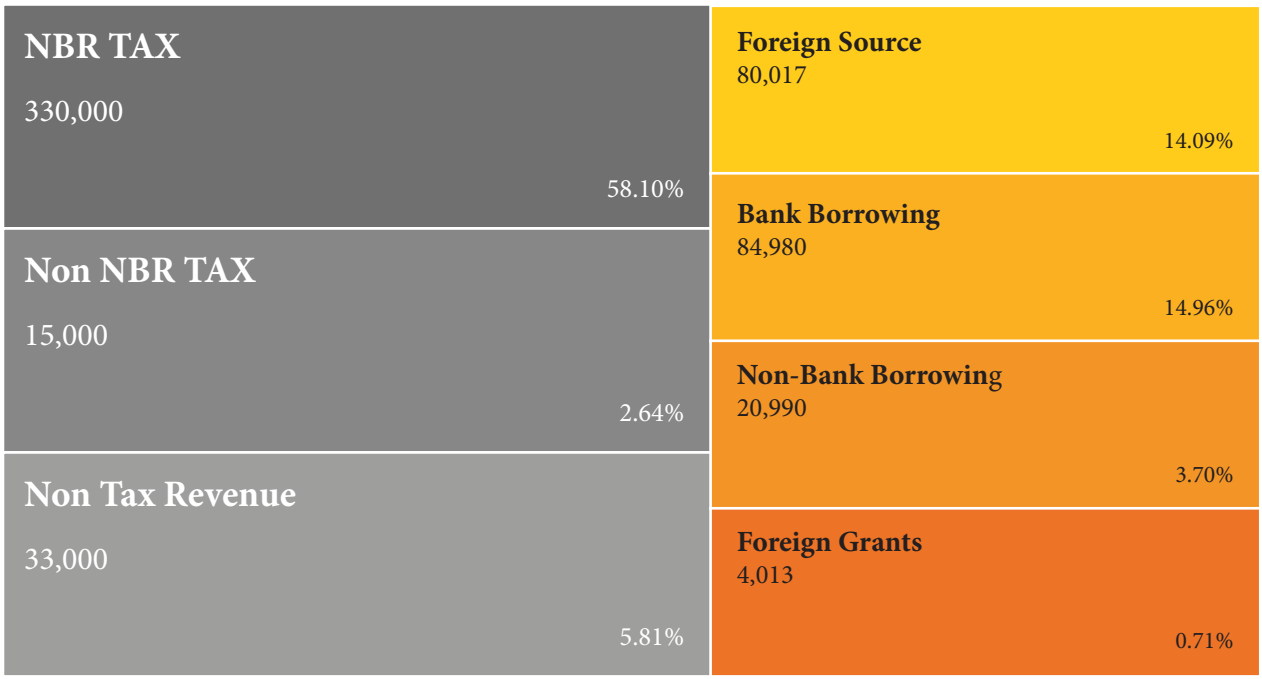
- To initially mitigate the risk of supply-chain, it is very important to educate the employees, suppliers, consumers and other stakeholders of the business about the crisis. The company should reinforce screening protocol, keep a detailed plan to manage absenteeism so that work is not disrupted, promote flexible working hours, work from home access by aligning IT systems and support, and make a contingency plan for the overall business.
- Understanding the demand impact specific to the business is very important. If answers to questions like what will be the short-term demand-supply synchronization strategy, how to prepare for any sudden shift in the potential logistics options, how to communicate with key customers in a crisis and finally what will be the rebound plan based on the global scenario, can be planned and executed, there is good chance to mitigate any risk that can cause disruption to supply chain.
- Leveraging advanced technologies such as the Internet, AI, block chain technology, robotics, and 5G, (digital supply network) DSNs are designed to plan and meet future challenges. No matter whatever crisis we face as a country or in the world, technology, enhanced digital privacy and use of visibility in different parts of business chain are inevitable for future undisruptive successes.
- Taking action beforehand and instill a system in place to channel immediate support, strong institutions and sustainability through citizen engagement.
- Bangladesh's GDP growth 2019-2020 is likely to decline but is forecasted to rebound in FY2021. As many citizens already lost their job and businesses going under losses, to boost aggregate demand, SMEs, service sector strength and trade and commerce promotion, the government can take fiscal measures to increase investment.
- The government needs to enhance the strength of the health sector by increasing capacity of medical equipment, doctors, nurses, and everything needed to accommodate treatment for the citizens.
- The agriculture sector needs to be taken care of as well because it is the main driver of the economy.
- Advancement and adoption in technology are extremely crucial for a crisis like pandemic. Better access of work from home, giving formal training to employees, preparing an alternate plan from the business end are extremely important to combat a crisis as such.
- From individual's end, saving is extremely important. Planning for the future, having alternate income sources, taking care of health and be aware of the global incidents should be taken more seriously.
- Bangladesh serves as an example of needing urgent project design that facilitates urgent responses, effective institutions and long-term partnerships, all of which can play key roles in disaster preparedness and response.

INS AND OUTS

(Budget FY 2020-21 resources and allocations)

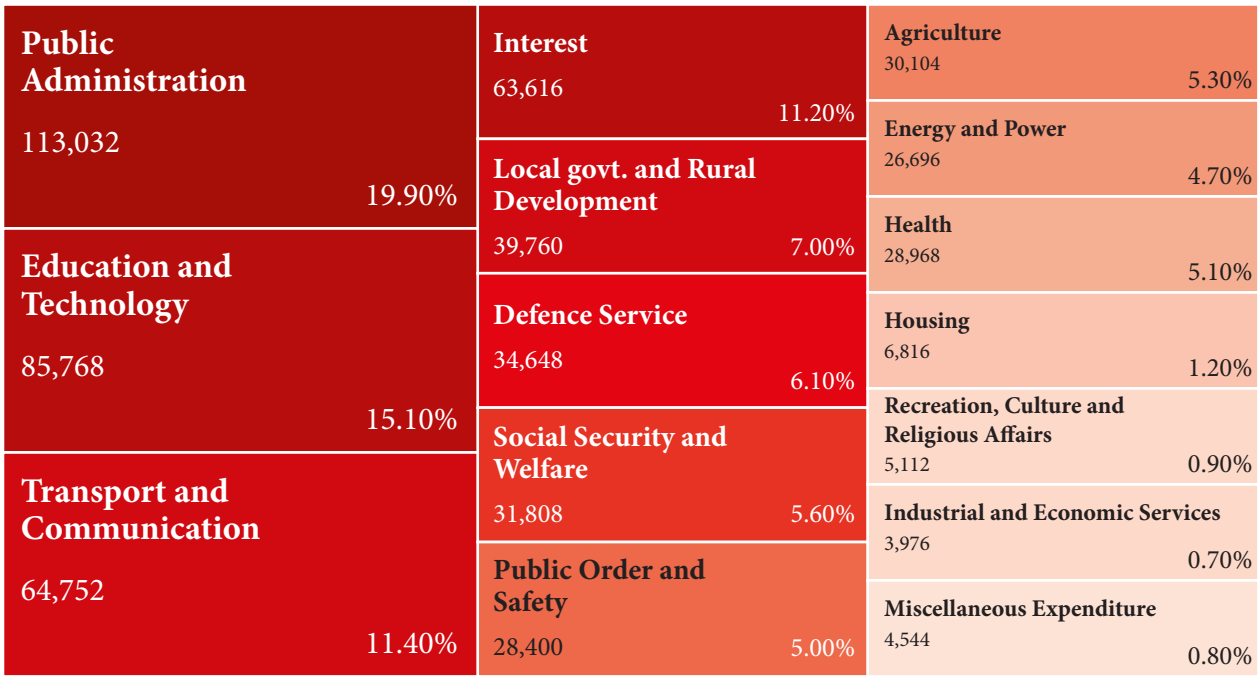
Coming from: Revenue - deficit

BDT 568,000 Cr



Going out: Expenditure

BDT 568,000 Cr



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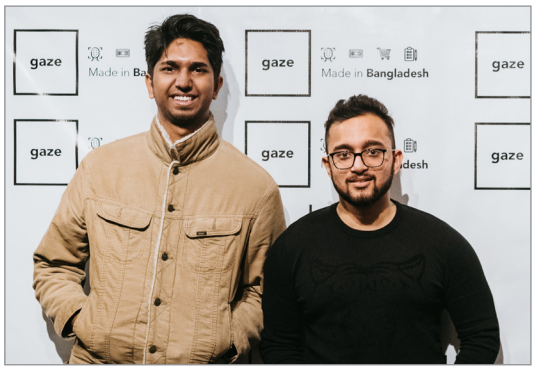
GAZE TECHNOLOGY LTD.



Mr. Shehzad Noor Taus Priyo Co-Founder & Chief Executive Officer of Gaze Technology Ltd. in an insightful conversation discussed their journey, current projects and future plans with Bonnishikha Chowdhury of MBR Team.

From left

Motasim Bir Rahman
Co-Founder, President & Chief Operating Officer

Shehzad Noor Taus Priyo
Co-Founder & Chief Executive Officer

MBR: How did the idea of Gaze Technology come into being? (Background) (Journey) and what is Gaze Technology's business model?

Shehzad Noor Taus Priyo: I was working at NVIDIA in Santa Clara, California while Motasim just moved to Vancouver, Canada when we first started thinking of building Gaze. We had a different idea at the time, but we worked on it anyway. We applied to Y Combinator, the world's largest startup accelerator, in the summer of 2018, got invited for an interview and later turned down. That was an important lesson for us.

Afterwards, we decided to move back home, to Dhaka, Bangladesh, so we could build our company here. We build software that makes cameras intelligent. Our software can monitor CCTV cameras in real-time using artificial intelligence using technologies like face recognition, license plate recognition, vehicle re-identification, etc.

Our revenue comes from subscription-based pricing on our software. We usually charge a recurring fee per camera per month, so the more cameras someone uses with the Gaze software, the more expensive it gets. Our customers include large conglomerates, factories and government agencies.

MBR: What are the services that you are providing through your platform? How many customers do you have currently?

Shehzad Noor Taus Priyo: We have worked with several organizations within the government of Bangladesh and its respective ministries. We also serve several conglomerates like Meghna Group of Industries, Akij Group of Industries, etc.

We provide them with intelligent software that can monitor their CCTV cameras for security, data collection, attendance monitoring, vehicle logging, real-time notifications and further analytics. Our capabilities include face recognition, person re-ID, activity recognition, pose detection, vehicle re-ID, license plate recognition, vehicle movement analytics, etc.

MBR: How likely you felt was this idea would bring out results in country like Bangladesh where people have not much knowledge about AI? And how successful has been the operation in Bangladesh?

Shehzad Noor Taus Priyo: We were very optimistic that it would work out in Bangladesh. I quit a very stable and high-reward job in California to move back here and Motasim left his life in Vancouver as well. We wouldn't do that if we didn't really believe in this. So far, the operation has been growing extremely fast. We managed to attract some of the best talent in the country to work with us and our product keeps improving every day, thanks to the feedback from our valued customers.

MBR: Where this industry is heading? Do you invite more youth to work on this field as well?

Shehzad Noor Taus Priyo: This industry is all about cutting-edge research. It is the future of computer technology. We need young people, currently in university or recent graduates, to dig deep into the mathematics of AI and really understand the various research problems to move this industry forward.

As a company, Gaze is investing heavily in research as well. We like to stay in touch with the global academic community conducting research in our field. We consistently follow academic journals, conferences and always push our team to contribute as well.

Our research division is currently led by Dr Nabeel Mohammed, who is himself a very esteemed researcher in this field and teacher (Asst. Professor). Having completed his PhD in computer vision from Australia, Dr Nabeel has published his work in over 30 different international journals and conferences. He's using his expertise and experience to lead the team at Gaze and simultaneously train interns who join us.

MBR: What are the challenges that you face in Bangladesh to carry out operation smoothly? What areas do you wish to see changes to enable a better working solution for everyone?

Shehzad Noor Taus Priyo: As AI is a new phenomenon around the world, it's difficult to attract talent almost anywhere. That challenge is particularly more difficult in Bangladesh. Unfortunately, not many companies help students in Bangladesh with research support and therefore a lot of brilliant students lack the resources needed to do cutting-edge AI research. A lot of them choose to leave the country as soon as they can to conduct research elsewhere, which causes severe brain drain. We are trying to change that. We think Bangladesh is the perfect place for researchers to stay in as we have the potential for government funding, foreign funding and great mentorship from Bangladeshis who worked/studied around the world.

The government is investing heavily in technology and as a Bangladeshi company, we also managed to attract significant foreign capital. These things mean, we now have the opportunity to support brilliant students, allowing them to prosper in Bangladesh, without having to leave.

MBR: Where do you see Gaze technology in the future? Do you plan to diverse the company?

Shehzad Noor Taus Priyo: Gaze will always be an AI company. We are currently focused on camera-based AI and smart cities, but in the future we could expand into areas like speech recognition, natural language processing/understanding, etc. In the next decade, I see Gaze as one of the top 3 biggest and highest-valued AI companies in the world.

IDLC Donates Essential Food Items for 35,000 Daily Wage Earners in Different Parts of the Country

IDLC Finance Limited took the initiative to donate essential food items for low income people & daily wage-earners living in different parts of the country.

In this initiative, five well-known local voluntary and development organizations partnered with IDLC for execution of the project. The partnering organizations are: Ovizatrik foundation, Sajida foundation, CSR Window Bangladesh, Shomvabona & Alokito Shishu who covered total 12 neglected districts including some slum areas in Dhaka & Chittagong. Under this initiative, IDLC distributed food packages to 8671 low income daily wage-earner families or around 35,000 people from different parts of the country. Primarily selected districts are Dhaka, Chittagong, Potuakhali, Bhola, Chuadanga, Rajshahi, Rangpur, Nilphamari, Mymenshing, Brammanbaria, Hobiganj & Sylhet. Each of the basket of food items provided each family with food item essentials containing rice, pulses, oils, potatoes, onions & some other daily livelihood commodities along with soaps for maintaining their hygiene during corona pandemic. Like always, IDLC believes in being a responsible part of the community, this initiative is also a part of such CSR efforts.

The economy of our country highly depends on the daily wage earners. In this pandemic, the low income daily labors are being affected the most as the government declared general holidays as a prevention measure. We are happy to contribute in some way by providing at least some essential food items for the people who are mostly affected during this pandemic.

Arif Khan
CEO and Managing Director
IDLC Finance Limited

IDLC Donates BDT 24 Million to Prime Minister's Relief & Welfare Fund in Response to Coronavirus Pandemic

IDLC has donated BDT 24 million to Prime Minister's Relief and Welfare Fund in response to coronavirus pandemic. Arif Khan, CEO & MD, IDLC Finance Limited has handed over the cheque at Prime Minister's office on June 4, 2020. Dr. Ahmad Kaikaus is currently performing as the Principal Secretary, Prime Minister's Office received the amount on behalf of Honorable Prime Minister. M Jamal Uddin, Deputy Managing Director, IDLC was also present during the occasion.

Apart from this donation IDLC has already distributed essential food items to 8,671 needy families across the country through 5 volunteer organizations. This donation is also part of continued CSR effort in response to the pandemic.

This is part of IDLC's continuous effort to support community, especially when in distress like the ongoing pandemic. IDLC always believes and drives sustainable business while caring for the community.

Arif Khan
CEO and Managing Director
IDLC Finance Limited

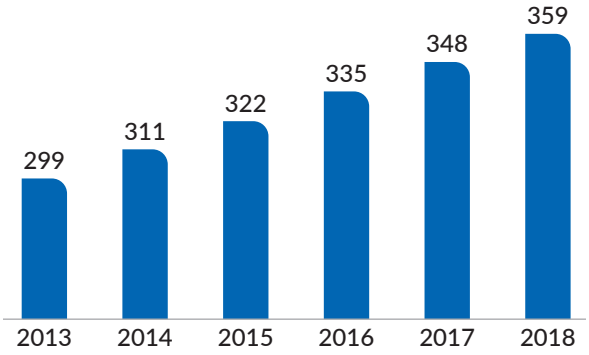
IDLC's Boat Ambulance has been serving the patients relentlessly during the pandemic.

RESPONSIBLE TODAY FOR A SUSTAINABLE TOMORROW: A LOCAL MANUFACTURER TURNING WASTAGE INTO FIBERS FOR RMG

Mr. Faiek Fazal, Senior Manager, Corporate
and
Md. Zahin Riaz, Intern, Corporate

In the midst of a growing world economy of highly integrated countries working together, achieving magic GDP growths, Greta Thunberg emerged and informed us of the darker side of this illusion of human advancement. With that in mind, pollution has been increasing dramatically and global warming is being pushed to brink of being irrecoverable. Every country has a part to play in this, Bangladesh included as they generate 821,250 tons of plastic per year as per an article done by The New Age in 2019. The pace at which the rate of production of plastic for the world is increasing is astounding, reaching 359 million metric tons in 2018 as per statista.com. Businessman and companies alike are putting together their resources to progress towards innovation that is compatible and beneficial for the environment. This progression has led to the introduction of the recycling plant in Bangladesh. Debonair Synthetic Fiber Limited is the one leading this innovation. The recycling plant will take PET plastic bottles and then convert them into pellets which can be further melted to be used as raw materials (PSF threads) for their garments industry. This provides the huge benefit of providing backward linkage as the country has an abundant amount of plastic bottles piling up at landfills, the idea seems all the more beneficially, entering a sort of circular economy if you will.

Figure 1:Plastic Production for the world annually (in million metric tons)



Source: Global plastic production, statista.com

Damages dealt to the environment

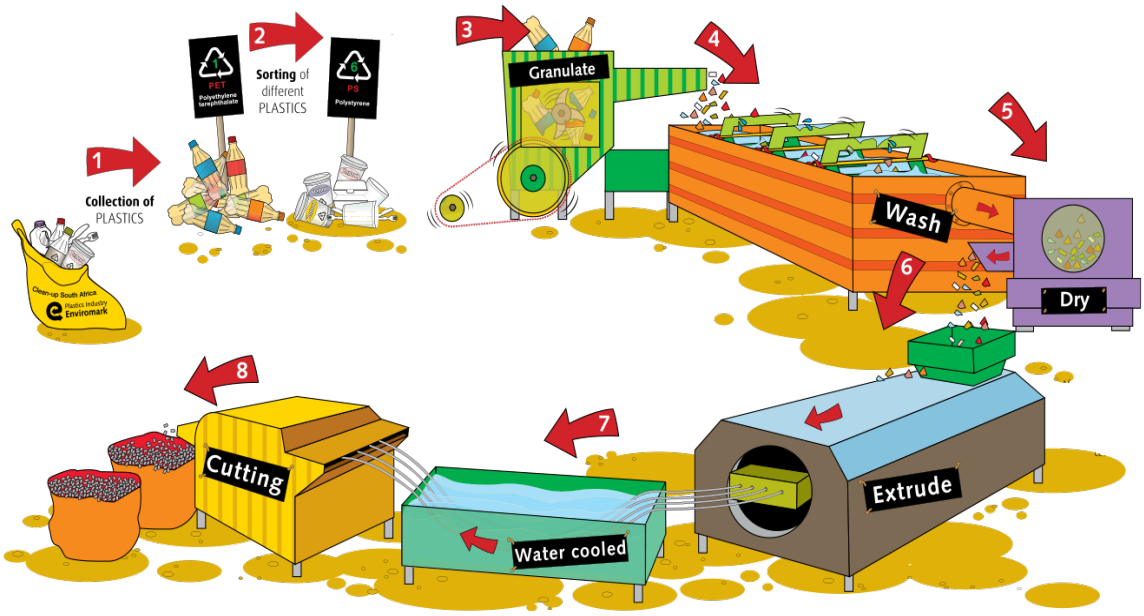
Plastic waste build-up has been a problematic factor for the past few decades, however, the topic has only become a point of major concern in the past few years. Above data of an average amount of plastic production was given, the other horrifying statistic is the cumulative. About 7.8 billion metric tons of plastic has piled up, one ton for each person on the planet by 2015 (Hannah Ritchie and Max Roser (2018) - "Plastic Pollution"). Landfill sites are being over-filled and burning along with dumping is just another quick fix for the impending doom that will be faced by future generation. However, that's not all there is to the problems surrounding plastic. As they are dumped in landfills, the pressure leads to toxic waste to be excreted which rainwater eventually takes into the rivers and sea. The Plastic waste can also be broken down into micro-plastics which can then come up the food chain through fish and other such animals that we eat. Animals cannot decipher plastic from food. Thus, they tend to take in polyethylene particles. This harms wildlife to the point of extinction. In light of this, Bangladesh has been a huge contributor to such a foreshadowing disaster. By 2018, Bangladesh has already reached capacity in a number of their landfill sites, including the ones in Dhaka. Those sites being in a disastrous state and with waste piling up at a fast pace, plans for expansion was called but no further step has been taken. Even though, policies and laws have been in place, the unabated use of plastic for packaging and handling by companies is still going on recklessly. A research done in collaboration with government's Department of Environment found that 25% of the waste generated was leaked to the environment. This pollutes rivers and streams that lead up to the Bay of Bengal putting fishes and other marine life at risk. Policies need to be well-placed, so that, no sort of loopholes can follow through, along with the spread of general knowledge on the impact of these pollution. Formal mechanisms need to be in place for plastic pollution to have a safe outlet and the externalities can be internalized, which some companies are following for the better.

Everyone starts small

The recycling industry can be seen as similar to a small plant that is just starting to sprout and grow its roots. The industry has only started to take shape with only a few others competitors in the market. The huge amount of waste may seem overwhelming, but Debonair and the few others stand firm with the idea that greater risks lead to greater returns. As the eventual profits roll in, companies will start to flock and will enhance the size of this sector; as environmentally profitable ventures are low in numbers. This will allow for other complimentary industries to emerge.

Before such formal recycling centers of great importance were established, recycling was done informally by scavengers and citizens who were left out of the job markets. If we look back, even China, started recycling plastic and other such waste informally, a practice is still in place. These waste collectors take HDPE and PET bottles from dumps, houses and even streets. They are then sent to wholesalers or small recycling shop and eventually, sent to manufacturing firms for use. They run this in an unregulated environment and without incurring any cost to the government. This also doubles as a small scale waste management, poorly though, as the scavengers lack the knowledge of segregation. However, this informal sector cannot be the solution and formal recycling centers, that can manage huge quantities of waste is a demand of time. In 2017, the results of a research that was conducted by the government's Department of Health showed that the informal sector was only capable of covering 36% of that year's waste. This may seem as an achievement but this also means that 64% pile up in landfills and dumped to surrounding environment.

The manufacturing process



The recycling center in discussion, intends on converting the plastic bottles into reusable fibers that can be integrated into a garments factory. The process in details is a bit complicated with the breakdown of components, but the steps can be understood relatively easily.

The diagram shows how everything follows in the mechanical process of recycling. The process follows, firstly, the bottles have to be collected then categorized accordingly. After which, they are broken into small chunks then washed, again heated and compressed to form pellets. The pellets can then be heated to form fibers which can be utilized in the garment industry.

These recycling centers will mainly be working with Polyethylene Terephthalate (PET) bottles. However, there are a number of different classifications for plastic and can be seen to be as an outlet for future opportunities through which integration for higher value addition for the country can be done. The different types of plastic are:

- **Polyethylene Terephthalate (PET, PETE):** Known for superior clarity, strength, toughness, and as an efficient barrier to gas and moisture. Commonly used in the bottling of soft drinks, water, and salad dressing, and for peanut butter jars.

- **High-Density Polyethylene (HDPE):** Known for its stiffness, strength, toughness, resistance to moisture, and permeability to gas. HDPE is commonly used in the bottling of milk, juice, and water, as well as for trash and retail bags.

- **Polyvinyl Chloride (PVC):** Known for its versatility, clarity, bendability, strength, and toughness. PVC is commonly used in juice bottles, cling films, and PVC piping.

- **Low-Density Polyethylene (LDPE):** Known for its ease of processing, strength, toughness, flexibility, ease of sealing, and as an efficient moisture barrier. It's commonly used for frozen food bags, freezable bottles, and flexible container lids.

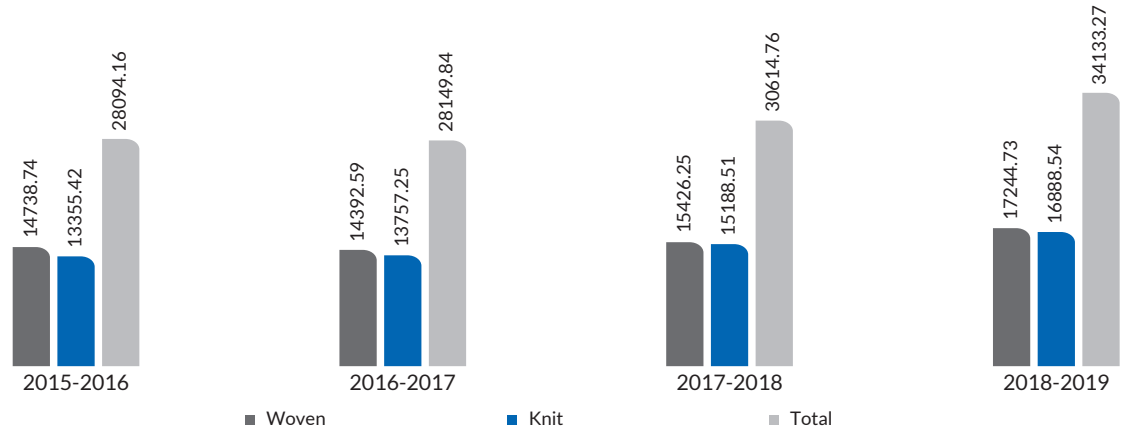
The countries following the trend

Due to our slow pace of technological advancement in the past two decades, we only recently entered the recycling industry and building upon this innovation. Thus, to say the least, recycling has always been a part of the world economy both informally and formally and can also be said that Bangladesh is finally catching up. Thailand and China has entered the business years ago, with China being in the sector for almost three decades. China was the biggest importer of waste for several years and at their peak, imported 45% of the world's waste from the Western countries. This was beneficial for them as the raw materials produced in their country was inferior to the plastic waste they accumulated from foreign sources. Thus, they recycled these products to form packaging and plastic sandals and other such conventional items. So, we can conclude that the recycling centers had a huge influence upon their Current Account Balance of Payments and the growth of their economy. However, the growth of such industries could not keep up with the pace of waste accumulation. The local residents did not segregate and local waste along with imported ones proved to be a huge burden for the Chinese government. Thus, they implemented the "National Sword" program in 2017, which reduces its foreign intake of waste. By late 2019, the enforcement of stringent laws under this program led to a 99% reduction in imported waste. This became a cause for concern for the Western countries that relied upon importing waste as their pipeline for the problem. Thailand, who was not as big of a player as China, also had built up their plastic recycling industry, started taking in a portion of the waste that China took in. Thailand also, benefitted greatly from this industry. The sector created greater employment opportunities through the recycling centers and waste collection management, which was required in bulk. The recycling centers also help in reducing the amount of Carbon dioxide emission, as the calculation goes, 100kg of recycled plastic helps to avoid 1.5kg of CO2. Thus, in accordance to a study done by UNESCAP in Thailand at the Sai Mai District "Closing the Loop", 14454 tons of plastic recycling are reducing more than 21,681 tons of CO2 equivalent from avoided fossil fuels per year.

The ever-growing sector

Diving into another related industry, the garments industry has become a prominent segment of our small but great nation. It is an important part of the export sector taking up 84% of all exports and grew to become a $34.13 billion industry in 2018-19, employing about 45 lakh people. A mammoth of an industry that stands as the nation's backbone. However, through the cracks of

Bangladesh's Apparel Export to World (In USD/Mln)



Data Source: Export Promotion Bureau Compiled by BGMEA

such greatness some lacking can be seen. The industry has weak backward linkages, thus, a lot of its raw materials have to be imported and harmful chemicals are used in washing and dyeing of the clothes. These in itself can be said to be a cause of concern for the industry. However, the support of the recycling industry could fix this. This different segment can help fill in the gap as the recycled plastic can transform into PSF fibers which can cost less than the average when companies import. An added benefit of recycling is that the costs tend to dip down as the economies of scale associated with the industry. Along with the provision of increased employment opportunities and lesser burden upon the environment, the preparation of a 'substitute' backward horizontal integration will be immense. This will prove to be an amazing base sturdy enough to face harsh international competition and pave a roadmap for the future. Also, to consider, is the factor of reduction in environmental harm that could have occurred. Based on the study "Closing the Loop", that estimated one ton of plastic recycled will reduce the chance of carbon emission of 1.5kg, if virgin plastic was being made from scratch. Thus, if the industry were to grow large enough to capture the entire plastic waste deposits, then the harmful effects prevented would amount to 1,231,875kg of carbon emission. This process may not help in recovery but will be a massive aid from halting any further damage to the environment.

Pros and Cons for the venture

In light of all the discussions, we now turn towards the effects caused by the recycling center on the economy and its surrounding. There is no doubt that the benefit of the environment will be immense with reduction in plastic dumping and inadvertently reducing the demand for crude oil, even if it is one center. Everything starts small and will have an effect that multiplies hugely into the long term. For example, the development of the recycling center will create opportunities for employment, both during the periods of execution

Introducing Debonair

Debonair Synthetic Fibers Ltd. (DSFL), a company born in Bangladesh is one of the companies jumping on the bandwagon travelling first into an environmental healthy, yet prospective future. The company intends on initiating a plan of developing a recycling center for the production of Polyester Staple Fiber (PSF) to reduce their amount of virgin plastic usage. They intend on taking advantage of the situation where China has developed some issues regarding their recycling plants. This will take some years for them to come back into operation, leading to a deficit of PET flakes required by manufacturers. Considering also that the Recycling Industry has only grown to about $35.4 billion in valuation as of 2018, the market can be deemed to be in a growing stage. Plastic production, as of figure 1, was 359 million metric tons, which is much higher than what the recycling is able to keep up speed with. Thus, with their predatory instinct, Debonair intends on taking a share of the demanding market. Also, the company ensuring quality as the finest, will provide the highest grade material and machinery into its production. The company also set the goal of achieving platinum level LEED (Leadership in Energy and Environmental Design) certification to better improve upon their goodwill and conviction that will sway the customers to have a better perception of the company.

and operation, numbering 106 people. This effect will eventually spread itself onto other related industries and create greater employment. This system will also help in reducing the cost in the long term through greater efficiency. In addition to this, the greatest benefit achieved by the company and also the economy: would be to provide with some backward linkage. However, like every new initiative, there are some challenges to this project as well. For instance, the project will require a substantial amount of funding and the set-up is expensive. The opportunity cost is substantial and implementation of the project may also cause slight

disturbance in the ecosystem where it is being set up. Experience is needed for operation and maintenance of the center, which is scarce in Bangladesh for this sector. In conclusion, it can be stated that, the project's feasibility is significantly dependent upon the resilience of the management and the entrepreneur on how to see through the challenges of this new initiative.

More on LEED

LEED certification is a form of rating system which evaluates the environmental performance of the company's infrastructure building process and production process. This accreditation is very highly regarded and can be an indicator of how efficiently a building is performing. Bangladesh has a total 90 RMG sector companies that have been accredited by LEED certification, including 24 companies with platinum rating (the highest on the scale). Bangladesh has the highest number of green garment factories in the world: *An unbelievable feat!* This could be stated as baby steps taken by our RMG sector towards the protection and rehabilitation of the environment. The implementation of green factories also provide an increase in goodwill for the adopting entities, thus adding value in the decision making process of the foreign buyers when deciding whom to trade with. With the entire world stressed with uncertainty of our earth's future, every step taken towards the preservation of the earth is of huge significance.

Role of FI

Coming to a related point, a project of this scale will always require a form of push to get off the right foot, as like any other business every firm requires capital and Financial Institutions can always help with that. As the company intends on following the LEED guidelines and also developing a recycling plant, they are required to install a number of equipments that promotes environmental & workplace safety measurements. All these require a good amount of investment, and banks and FIs are facilitating that through commercial loans at preferred rates. IDLC Finance Limited is a proud partner of this journey by Debonair Group.

Bangladesh Bank also supports entrepreneurs who are undertaking environmental friendly schemes in their business strategies. When guidelines that promote health and safety improvements are followed and the initiatives are certified by respective authorities, the central bank ensures that, the loans will have a lower interest rate. This scheme also has the benefit for the banks and financial institutions: if the loan sanctioned matches the criteria set by the regulators, then Bangladesh bank will reimburse the fund to the lenders at a preferred rate. In this way, the scheme helps to motivate both the lender and the borrower in participating to become more environmentally responsible.

Even though, strict measures and companies with burning passion to tread new plains have come up, we are still far away from the desired result of improving the environment. Plastic pollution is happening at extraordinary speeds and other such innovative ideas are needed to combat such world destroying problems. India used its garbage plastic bottles as bricks and China found that landfill sites that have been filled to the brim can be turned into amusement parks. Bangladesh had its own spark of ingenuity, as they used the plastic bottles to form natural air conditioners for communities in villages. Following such out of the box thinking will eventually lead us to an idea that may well alleviate us of this looming disaster. Recycling centers is our best bet as of now, and improving on this and not remaining only attached to this idea is the main job as we go forward.

Mr. Faiek Fazal, Senior Manager, Corporate, IDLC Finance Ltd. on behalf of MBR team had an intellectual conversation with Mohammad Ayub Khan, Managing Director of Debonair Group regarding the sustainable path that the company has undertaken to provide an intricate picture about their journey.

Mohammad Ayub Khan

Managing Director, Debonair Group

MBR: What motivated you to take this "Fiber from Plastic waste" project? What are the hurdles that were faced by Debonair when deriving strategies regarding the recycling center and meshing it with the current business plan?

Mohammad Ayub Khan: Since the whole world is contaminated with various types of pollutions, in particular mindless use of plastic items, which is no exception to our environment in Bangladesh too, it is the shared responsibility of every citizen on earth to protect our environment from pollution. So, the prime and the foremost reason to take up this project is to become more responsible and responsive towards our environment and to save our country from plastic pollution. Further, as we are 100% export-oriented garment manufacturer our buyers are showing more interest in final product that are made of recycled fiber. Thus, by implementing recycled fiber project we will be able to satisfy our customers with their requirements, as well it will give us competitive advantage as we are the front-runner for such type of business in Bangladesh. Motivating factors like, making more employment, contributing more to national GDP and earning more foreign currency are worth to mention here.

Debonair always poses with diversified mindset which we proved earlier by taking over and turning many sick businesses into profitable ones. However, for recycled fiber project the main challenge we had to face was inadequate knowledge and information to do R&D around this new industry. Secondly, selection of vendor and locating available local expertise. Despite some bumpy ride at the initial stage of the project, we actually gained confidence later stage and cohesively planned out every related issue neatly with our current business plan. In doing so, we now know that we will be the off-taker of at least 80% of recycled fiber produced in our fiber plant, and this strength works for us as a diminishing factor for selling fiber to external market.

MBR: What is your take on the weak backward linkage available in the garments sector and how will the recycling center fill in for the important role and prove upon its estimated cost efficiency?

Mohammad Ayub Khan: As said, being 100% export oriented hi-tech jacket manufacturer, we are always narrowed by the local sources of raw materials need for making products. Even in most cases, we have to source it form China and other foreign countries that contribute to longer lead time usually blamed for slow production and higher cost of production. So, our strategy from the beginning is to make strong backward linkage facilities under one umbrella, and to materialize that we stablished many backward linkages facilitates within our capacity and control. In fact, vigorously we have gone one step further to take up recycled fiber making project which no one has ever stepped in earlier. This unique project will make us able to feed recycle fiber immediately after production into our padding production and fake down floors. Virtually, there will be zero lead time for padding and quilting production. This significant move will definitely bring cost and quality benefits to our business not only by the figure but also value-added services to our customers through offering one stop solution.

MBR: What type of support did you receive from relevant institutions: in terms of financing, regulations, compliance, towards such a forward-facing project and what are your expectations for the future?

Mohammad Ayub Khan: Our recycled fiber project is well appreciated by all of our financial partners

and everyone accolades and attuned on our proposal. However, we could secure low cost finances on a very flexible term from two financial institutions, to name so are; IDCOL for import of capital machineries and IDLC for civil construction works. To make fiber project fully compliant and state-of-the-art, we have taken all sort of approval form local and central government. What we except out of this project is to create cleaner and greener environment in which Debonair business could practice sustainable manufacturing. Our ultimate goal is to manufacture synthetic fabric by using recycled synthetic yarn form the recycled fiber project.

MBR: It is observed that you are also undertaking LEED certification, with the recycling center, how does these developments add benefit to your company and can the incremental cost for the certification be covered by a higher product price?

Mohammad Ayub Khan: Yes, numerous international certifications on recycled fiber and green project approval by LEED certification is underway. Honestly, multi-fold benefits of such certifications will outweigh the cost of certification. There will be little or no tangible effect on our product pricing due to certification. Rather, it will boost our image and goodwill, which in turn will help us to attract more prestigious international buyers with better price offer.

MBR: Is the environmental concern a core ideology in your business? Does the core ideology of the business connect well with the workers and managers to form a coherent production process?

Mohammad Ayub Khan: Definitely, the core idea of recycled fiber business is to save our environment by reducing environment footprint as much as possible. All our employees at all levels are highly responsive to environment and are always committed to follow our motto on environmental protection. Throughout our production processes we consistently apply 3R philosophy, that is recycle, reuse and reduce.

MBR: As a large company in an enormous industry that intends on treading into a new industry for the environment, what advice can you provide to the upcoming entrepreneurs as well as veteran industrialists?

Mohammad Ayub Khan: For upcoming entrepreneurs our advice is to consider investing in industry or sector by which you can ensure better environmental protection and implement strategies to create a pollution free livable earth for future generation. Moreover, for veteran industrialists, it's never too late, you can also contribute to reducing environmental degradation by replacing existing plant with an environmentally friendly and energy efficient one, and formulate strategy to reduce wastage throughout the whole production process.

Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of March in negative territory. Most global indices performed similarly due to the worsening situation of the global pandemic. During the month, the broad index DSEX fell by 10.5%, losing about 471.9 points. The blue chip index DS30 and the Shariah index DSES also declined by 10.8% and 11.9%, respectively.

Among the regional peers, Pakistan, Sri Lanka and Vietnam's index declined by 23.0%, 18.3% and 24.9% respectively. Additionally, the MSCI Frontier Markets Index also declined by 21.4%. Over the long term, only Vietnam showed the most encouraging track record with a 5 years' return of 20.2%.

Table 1: Equity market performance in Bangladesh and peer countries

Indices	Index Points, March, 2020	Return*					
		1M	3M	YTD	12M	3Y	5Y
Bangladesh							
DSEX	4,008.3	-10.5%	-10.0%	-10.0%	-27.0%	-29.9%	-11.5%
DS30	1,330.8	-10.8%	-12.1%	-12.1%	-32.3%	-36.3%	-23.0%
DSES	920.7	-11.9%	-7.9%	-7.9%	-27.8%	-29.4%	N/A
Peer Countries							
Pakistan (KSE 100)	29,231.6	-23.0%	-28.2%	-28.2%	-24.4%	-39.3%	-3.3%
Sri Lanka (CSE - All Share)	4,571.6	-18.3%	-25.4%	-25.4%	-17.7%	-24.6%	-33.0%
Vietnam (VNI)	662.5	-24.9%	-31.1%	-31.1%	-32.4%	-8.3%	20.2%
MSCI Frontier Markets Index	**571.9**	**-21.4%**	**-25.4%**	**-25.4%**	**-20.4%**	**-17.4%**	**-19.0%**

*All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

Liquidity Condition in Equity Market of Bangladesh

During March, the total market capitalization decreased by 9.0%, while free float market capitalization also decreased by 10.6%. The daily average turnover of March 2019 was BDT 3.7 bn (USD 43.5 mn), decreasing by 40.6% from that of last month. Accordingly, turnover velocity which represents overall liquidity of the market decreased to 25.5% in March compared to 43.5% of last month. In 2019, turnover velocity of Bangladesh equity market was 33.5%, in comparison to 34.4% in 2018.

Table 2: Market capitalization and turnover statistics

Particulars	25-Mar-20	29-Feb-20	% change
Total market capitalization (USD* mn)	36,755	40,375	-9.0%
Total equity market capitalization (USD mn)	29,898	33,477	-10.7%
Total free float market capitalization (USD mn)	12,181	13,623	-10.6%
Daily Avg. Turnover (USD mn)	43.5	73.1	-40.6%
Turnover Velocity~	25.5%	43.5%	N/A

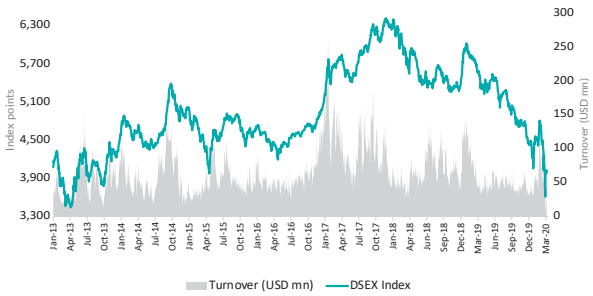
* All USD figures are converted using an exchange rate of 84.95 as of March 25, 2020 as per Bangladesh Bank website.

~ 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 -1.2% till March, 2020. During the same period, daily average turnover of the market amounted to BDT 5.3 bn (USD 63.0 mn) (Figure 1).

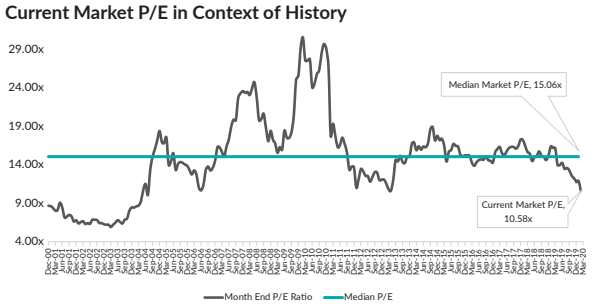
Figure 1: DSEX since inception along with market turnover



Market Valuation Level - P/E Ratio

The market P/E decreased to 10.58x in March compared to last month's 10.88x. It is also way lower than the 19 years' median market P/E of 15.06x (Figure 2). In terms of trailing 12 month P/E ratio equity market of Bangladesh is one of the cheapest among its regional peers. (Figure 3).

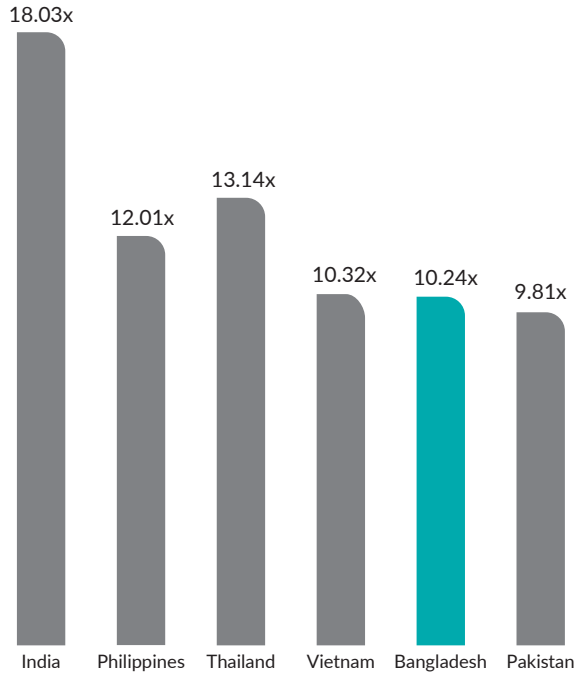
Figure 2: Historical market P/E* and it's median



*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 March 31, 2020 for all countries, except Bangladesh for which March 25, 2020 was the last trading day of the month.

Source: IDLC, Bloomberg

Sector Performance

During March, all the sectors yielded negative returns. Among the major sectors Textile, Engineering and Telecommunications yielded the most negative returns of -16.1%, -15.5% and -13.1% respectively.

The largest sector in terms of market capitalization, Bank is relatively undervalued in terms of P/E ratio. On the other hand, Fuel & Power sector has the highest dividend yield of 6.5% 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			
Bank	5,353	3,032	-6.1%	-14.3%	-14.3%	-21.1%	-16.4%	50.4%	6.9	0.5	3.6%
Pharmaceuticals & Chemicals	5,355	2,777	-6.4%	-2.5%	-2.5%	-11.2%	1.2%	35.0%	9.5	9.4	2.2%
Telecommunication	3,950	420	-13.1%	-15.2%	-15.2%	-39.3%	-18.1%	-15.6%	13.5	2.0	5.3%
Fuel & Power	4,161	1,116	-9.9%	-4.8%	-4.8%	-25.0%	-0.2%	24.5%	9.9	1.2	6.5%
Food & Allied	2,434	865	-6.1%	-3.3%	-3.3%	-36.1%	4.7%	-3.5%	17.1	5.0	4.0%
Engineering	1,549	801	-15.5%	-10.3%	-10.3%	-29.8%	-27.9%	29.8%	13.7	1.0	3.0%
NBFI	1,450	441	-10.6%	-11.3%	-11.3%	-31.7%	-45.6%	-8.4%	10.8	1.3	3.0%
Textile	1,121	642	-16.1%	-10.1%	-10.1%	-29.7%	-13.9%	29.5%	11.3	0.7	2.8%
Miscellaneous	1,087	273	-9.9%	-5.0%	-5.0%	-27.0%	-3.4%	41.9%	19.2	1.0	2.2%
Cement	866	355	-14.8%	5.7%	5.7%	-29.8%	-49.4%	-54.7%	23.9	1.9	2.7%
Life Insurance	583	256	-12.6%	-19.1%	-19.1%	-9.5%	2.8%	-6.3%	11.0	6.0	2.1%
Non-Life Insurance	472	274	-14.3%	-18.9%	-18.9%	-10.9%	7.9%	58.0%	10.7	0.9	3.5%
Ceramics	236	95	-9.5%	-11.1%	-11.1%	-30.8%	-26.3%	-3.0%	37.5	1.3	3.4%
Tannery	210	102	-11.8%	-8.0%	-8.0%	-34.6%	-30.7%	-25.1%	19.8	1.6	3.7%
Travel & Leisure	295	152	-2.6%	11.2%	11.2%	21.6%	18.0%	45.0%	22.4	0.7	2.7%
IT	231	145	-12.5%	-11.7%	-11.7%	-14.6%	34.9%	180.9%	22.7	1.1	1.5%
Services & Real Estate	154	79	-19.1%	-3.3%	-3.3%	-24.7%	-48.9%	-37.9%	11.0	0.7	3.6%
Paper & Printing	113	41	-14.7%	-2.2%	-2.2%	-30.5%	439.0%	481.7%	16.2	1.7	2.8%
Jute	21	13	-10.1%	-31.6%	-31.6%	-60.7%	49.0%	139.8%	32.9	5.2	1.4%
Market	**29,616**	**11,867**	**-10.5%**	**-10.0%**	**-10.0%**	**-27.0%**	**-29.9%**	**-11.5%**	**10.7**	**1.1**	**3.8%**

*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 excluding companies trading at an annualized P/E greater than 80.0x.

^P/BV is calculated by dividing total market capitalization of listed companies with their 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 March, all cap classes yielded negative returns. Among them, the large cap was the highest dividend yielding (4.4%) 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	78.9%	-10.3%	-10.3%	-10.3%	-31.8%	-11.5%	4.4%	10.3	1.2	4.4%
Mid	36-118	12.3%	-7.0%	-5.8%	-5.8%	-14.6%	-14.4%	20.0%	11.8	0.9	2.9%
Small	12-35	7.2%	-9.5%	-3.0%	-3.0%	-23.3%	-24.6%	12.6%	13.7	0.7	3.0%
Micro	<12	1.6%	-12.1%	-9.7%	-9.7%	-25.0%	-23.8%	10.7%	16.3	0.4	1.2%
Market	**-**	**-**	**-10.5%**	**-10.0%**	**-10.0%**	**-27.0%**	**-29.9%**	**-11.5%**	**10.7**	**1.1**	**3.8%**

*All returns are Holding Period Returns

Performance of 20 Largest Listed Companies in Bangladesh

Among the 20 largest listed companies in terms of market capitalization, only GLAXOSMITH (+10.2%) advanced the most in March, followed by BATBC (-3.9%), MARICO (-4.2%) and RENATA (-5.8%) that produced the least negative returns. OLYMPIC (-18.1%) faced the highest selling pressure during the month.

Majority of these companies yielded outstanding return over longer time horizon (5 years) such as DUTCHBANGL (+106.4%), EBL (+99.9%), RENATA (+86.3%) and BRACBANK (+71.2%).

Among the scrips, SUMITPOWER, TITASGAS, ISLAMIBANK, EBL, GP, UPGDCL, DUTCHBANGL, PUBALIBANK, BATBC, MARICO recorded a 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	3,796	380	0.17	-13.0%	-15.2%	-15.2%	-39.1%	-17.8%	-15.2%	9.3	11.1	5.4%
BATBC	Food & Allied	1,923	509	0.22	-3.9%	-2.3%	-2.3%	-36.8%	20.3%	-3.8%	17.7	5.0	4.4%
SQURPHARMA	Pharmaceuticals & Chemicals	1,714	1,122	0.57	-10.8%	-9.2%	-9.2%	-29.6%	-20.3%	6.9%	10.6	2.1	2.3%
UPGDCL	Fuel & Power	1,366	137	0.03	-12.7%	-10.2%	-10.2%	-46.3%	109.8%	N/A	18.3	4.4	5.4%
RENATA	Pharmaceuticals & Chemicals	1,070	523	28.71	-5.8%	-6.4%	-6.4%	-4.3%	40.2%	86.3%	22.9	4.6	0.9%
BERGERPBL	Miscellaneous	714	36	0.05	-7.0%	-5.2%	-5.2%	-25.9%	27.9%	68.0%	28.1	8.3	1.9%
ICB	NBFI	618	20	0.02	-14.7%	-10.9%	-10.9%	-35.5%	-54.8%	-29.3%	(29.5)	5.5	0.0%
MARICO	Pharmaceuticals & Chemicals	579	58	0.02	-4.2%	-4.9%	-4.9%	14.0%	78.2%	34.4%	17.3	26.7	4.2%
LHBL	Cement	506	179	0.50	-16.1%	10.1%	10.1%	-10.0%	-46.3%	-65.5%	24.7	2.8	2.7%
BRACBANK	Bank	463	258	0.04	-14.0%	-44.1%	-44.1%	-52.8%	-35.8%	71.2%	8.7	1.0	0.0%
SUMITPOWER	Fuel & Power	450	166	0.10	-10.1%	2.3%	2.3%	0.4%	13.8%	56.6%	6.3	1.2	9.8%
OLYMPIC	Food & Allied	354	255	0.00	-18.1%	-9.0%	-9.0%	-33.5%	-43.3%	-5.4%	14.3	4.1	3.2%
TITASGAS	Fuel & Power	348	87	0.03	-11.0%	-3.2%	-3.2%	-16.0%	-29.4%	-47.2%	9.2	0.4	8.7%
DUTCHBANGL	Bank	346	45	0.07	-7.1%	-17.5%	-17.5%	-31.0%	45.3%	106.4%	6.8	1.1	5.1%
ISLAMIBANK	Bank	320	164	0.01	-10.1%	-11.5%	-11.5%	-32.3%	-54.0%	0.7%	5.8	0.5	5.9%
EBL	Bank	297	203	0.02	-7.7%	-6.3%	-6.3%	-3.0%	28.9%	99.9%	8.2	1.0	5.8%
GLAXOSMITH	Pharmaceuticals & Chemicals	290	52	0.00	10.2%	19.7%	19.7%	52.7%	49.1%	29.7%	25.0	21.8	2.6%
NATLIFEINS	Life Insurance	290	66	0.08	-9.5%	-18.7%	-18.7%	32.4%	72.5%	61.3%		18.7	0.8%
BXPHARMA	Pharmaceuticals & Chemicals	290	252	0.02	-16.8%	-12.5%	-12.5%	-26.5%	-42.0%	30.1%	7.1	0.8	2.5%
PUBALIBANK	Bank	251	175	0.04	-11.2%	-13.8%	-13.8%	-14.8%	11.9%	46.4%	5.7	0.1	4.7%
Market		**29,616**	**11,867**	**43.46**	**-10.5%**	**-10.0%**	**-10.0%**	**-27.0%**	**-29.9%**	**-11.5%**	**10.7**	**1.1**	**3.8%**

*All returns are Holding Period Return.

^Five years' return is not available for UPGDCL as they were not listed then.

Top Performing Mutual Funds

The top ten open end mutual funds based on 3 year CAGR outperformed the market, during the same period. Among them, CAPM Unit Fund (+5.7%) yielded the highest return. On YTD 2020 basis, all the funds generated negative returns. CAPM Unit Fund (-1.0%) generated the least negative returns.

Table 6: Top ten open end funds based on 3Y return (CAGR) performance

Name	Asset Management Company	Fund Size (USD mn)	Return		
			2020 YTD*	2019	2017-2019
CAPM Unit Fund	CAPM	1.4	-1.0%	-7.3%	5.7%
VIPB Accelerated Income Unit Fund	VIPB	8.1	-9.9%	-4.6%	5.4%
Seventh ICB Unit Fund	ICB	3.6	-10.8%	-7.8%	3.8%
ATC Shariah Unit Fund	ATCP AML	1.5	-5.8%	-10.8%	3.2%
LankaBangla 1st Balanced Unit Fund	LankaBangla	4.7	-3.1%	-8.0%	2.6%
Sixth ICB Unit Fund	ICB	2.4	-12.0%	-8.4%	2.4%
MTB Unit Fund	Alliance	8.8	-3.3%	-0.9%	1.7%
UFS-Popular Life Unit Fund	UFS	8.1	-7.4%	-9.0%	1.6%
Third ICB Unit Fund	ICB	2.9	-5.6%	-8.2%	1.1%
Peninsula AMCL BDBL Unit Fund One	Peninsula	2.2	-6.5%	-7.7%	0.9%
Market (Broad Index) Return (%)			**-10.0%**	**-18.0%**	**-4.3%**

*Based on published NAV and DSEX point of March 19, 2020

The top ten closed end mutual funds on the basis of 5 years (2015-2019) performance yielded negative returns on YTD basis. AIBL1STIMF (-3.5%), RELIANCE1 (-5.2%), and GRAMEENS2 (-6.2%) yielded the least negative returns. All these funds are traded at a lucrative discount compared to their NAV. Besides, all the funds also offered higher dividend yields compared to market (Table 7).

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

DSE Code	Fund	Fund Size (USD mn)	Price[1] (BDT)	NAV[1] (BDT)	Price/ NAV	Dividend Yield[2] (%)	NAV Return[3]				Redemption Year[4]
							2020 YTD	2019	2017-19	2015-19	
NLI1STMF	561.2	6.6	9.6	11.2	86.1%	13.5%	-11.2%	-4.5%	5.0%	9.7%	2020
SEBL1STMF	1,040.8	12.3	9.4	10.4	90.1%	12.8%	-11.1%	-4.4%	4.7%	8.7%	2023
ATCSLGF	612.9	7.2	6.8	9.9	68.5%	11.0%	-8.1%	-8.1%	4.1%	7.5%	2020
EBL1STMF	1,328.8	15.6	4.1	9.2	44.7%	7.3%	-7.6%	-5.0%	4.4%	6.8%	2029
PHPMF1	2,579.3	30.4	4.2	9.2	45.9%	7.1%	-8.0%	-3.5%	4.7%	6.2%	2030
RELIANCE1	646.1	7.6	8.1	10.7	75.8%	12.3%	-5.2%	-6.6%	3.8%	6.2%	2029
GRAMEENS2	2,801.6	33.0	11.1	15.4	72.3%	8.1%	-6.2%	-7.1%	4.5%	6.0%	2031
1JANATAMF	2,690.5	31.7	4.1	9.3	44.2%	7.3%	-7.8%	-4.0%	3.5%	5.8%	2031
POPULAR1MF	2,769.6	32.6	4.2	9.3	45.4%	7.1%	-8.0%	-4.6%	3.8%	5.8%	2030
AIBL1STIMF	911.0	10.7	7.0	9.1	76.8%	11.4%	-3.5%	-6.4%	2.1%	5.3%	2030
Market						**3.8%**	**10.0%**	**-18.0%**	**-4.3%**	**-1.9%**	

1 Price as of March 22, 2020, and NAV published on March 19, 2020.

2 On last cash dividend declared.

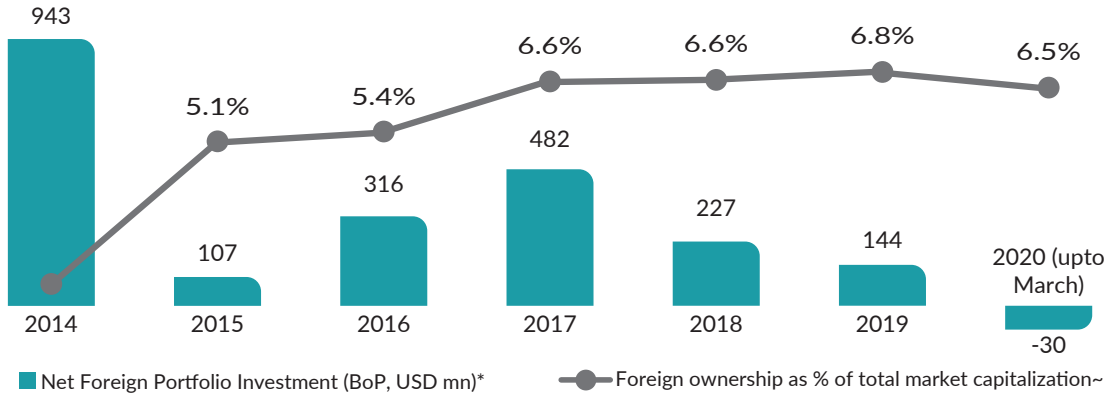
3 CAGR computed for respected periods, except for 2019 and 2020 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

4 In reference to BSEC Press Release বিএসইবস/মুখপাত্র (৩য় খন্ড)/২০১১/২৫ published on March 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 February, 2020 total foreign ownership stood at 6.5% 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
*Net portfolio investment data are as of December of the respective years, except 2020.
~% of foreign ownership of equity market capitalization data are as of December of the respective years, except 2020 (as of February).

Among all the companies with foreign ownership, BRACBANK had the highest foreign shareholding of 43.2% as of February 2020, followed by DBH with 41.2%.

Table 8: Top ten companies with highest foreign shareholding as of February 2020

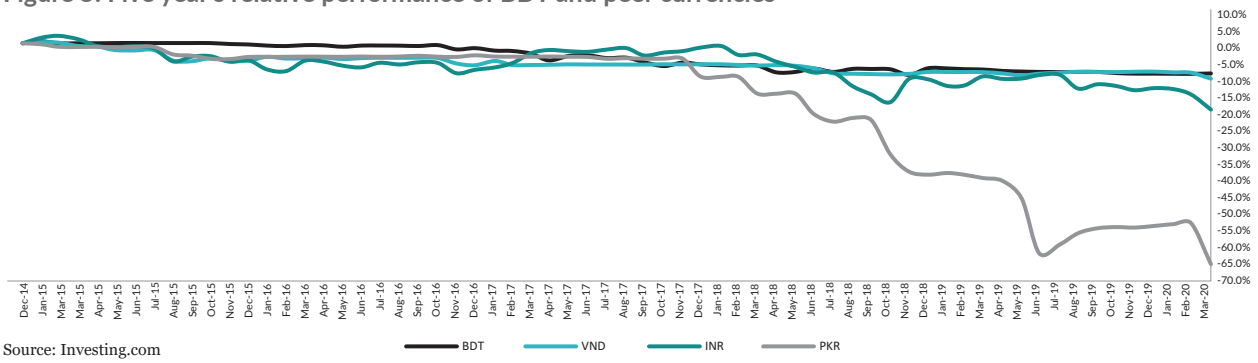
Ticker	Sector	Foreign Shareholding
BRACBANK	Bank	43.2%
DBH	NBFI	41.2%
OLYMPIC	Food & Allied	40.0%
BXPHARMA	Pharmaceuticals & Chemicals	36.3%
ISLAMIBANK	Bank	23.5%
RENATA	Pharmaceuticals & Chemicals	22.8%
MLDYEING	Textile	21.9%
SHEPHERD	Textile	19.5%
SQURPHARMA	Pharmaceuticals & Chemicals	19.5%
VFSTDL	Textile	18.3%

Source: DSE

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 8.9% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 10.4%, 19.5% and 65.0%, respectively.

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



Source: Investing.com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