

**IDLC MONTHLY**

# **BUSINESS**

## **REVIEW**

**DELIVERY SERVICES  
AMIDST PANDEMIC:  
SAFEGUARDING  
CONSUMER DEMAND**





## আইডিএলসি ফিক্সড ডিপোজিট

### আস্থা থাক বিশ্বস্ত হাতে

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

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

 16409  [idlc.com](http://idlc.com)

# contents



03  
Economy at a Glance

---

04  
Month In Brief

---

05  
For the Record

---

06  
World Economic Indicator

---

07  
Banking Data Corner

---

08-13  
Idea Watch

- **Work From Home(WFH):**  
Scenario, Prospects & Challenges

14-16  
Research in Focus

- Comprehensive Analysis On  
The Prospects Of E-Commerce  
And F-Commerce Businesses  
From Lenders' Perspective In  
Bangladesh

---

17-21  
Cover Story

**DELIVERY SERVICES AMIDST  
PANDEMIC: SAFEGUARDING  
CONSUMER DEMAND**

Even a few years ago delivering products at the doorsteps was a hidden market and now this sector is booming at an annual growth of 100%. Especially during the general holidays logistic service providers were the unsung superheroes as they were saving the community from contamination. However, the pandemic came with a quick but massive change in market dynamics as necessity was given more priority than luxury and the local logistic service providers had to go through a massive transformation in order to cater the sudden change in demand.

22-23  
Economy Update

- **IDLC Investments Manages  
Robi's IPO: The Biggest Ever In  
Bangladesh**

---

24-27  
Expert Opinion

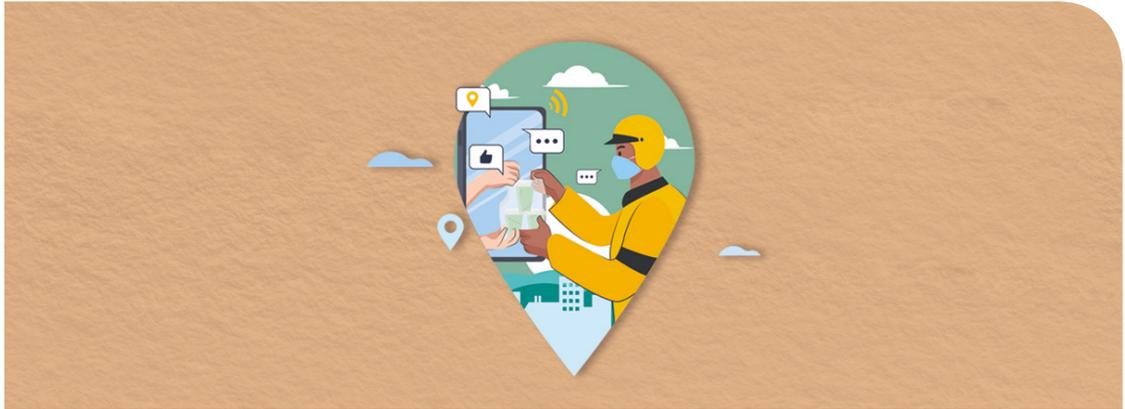
- Mr. Hussain M Elius  
Co-founder & CEO, Pathao
- Mr. Waseem Alim  
Co-founder & CEO, Chaldal

---

28 -33  
Capital Market Review

FROM THE

# EDITOR



## Delivery Service to the rescue for consumer demand in a pandemic-driven world

A global event as prominent as the Covid-19 outbreak is likely to have an impact on the life style of people all over the world. Thus, a sudden change in consumer behavior is not surprising, rather rational. However, the success of a business depends on how fast and efficiently it can cope up with any unfavorable situation as risk is a fundamental element of any business. Before pandemic, the biggest vertical to deliver for logistic service providers of the country was e-commerce and f-commerce, covering around 60% of the whole pie which mostly consisted luxury products. After the corona virus outbreak, in no time the demand for grocery and essentials reached sky-rocket. The market leader, Chaldal was receiving 16,000 orders per day which was only 2,500 before pandemic. On the other hand, food delivery services dropped by 80% since all the restaurants were closed. However, when

the whole country was staying inside home in order to minimize Covid-19 contamination, the logistics service providers were serving day and night to cater the sudden shift of the consumer demand. They responded to the situation swiftly by either extending their verticals or shifting their concentration to adjust the shift in market dynamics. As we are moving on with this new normal arrangements, the booming sectors must capitalize on this opening at once and focus on practices like consumer retention, that will make this growth more sustainable. On the other hand, a post Covid-19 boom for the verticals which are lagging behind, seems to be on the cards.

### Sushmita Saha

Assistant Manager  
IDLC Finance Limited

---

## INDUSTRY & EQUITY ANALYSIS TEAM

**ASIF SAAD BIN SHAMS**

Email: shams@idlc.com

**ADNAN RASHID**

Email: adnan@idlc.com

**SUSHMITA SAHA**

Email: sushmita@idlc.com

**BONNISHIKHA CHOWDHURY**

Email: shikha@idlc.com

**MD. DELOWAR HOSSAIN**

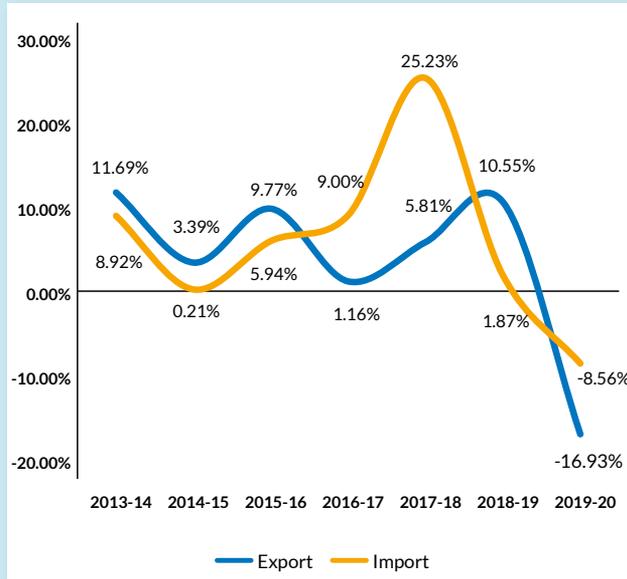
Email: mdelowar@idlc.com

# ECONOMY AT A GLANCE

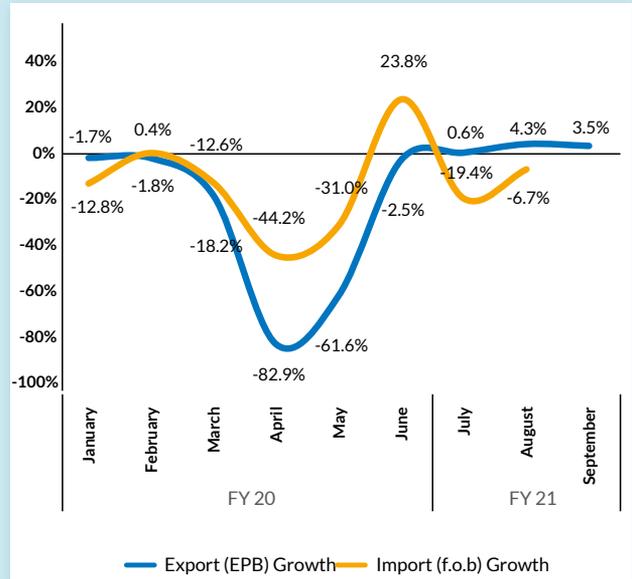
Prepared by IDLCSL Research Team

## EXPORT-IMPORT

Growth in Export Import Trade (Last 7 Years)

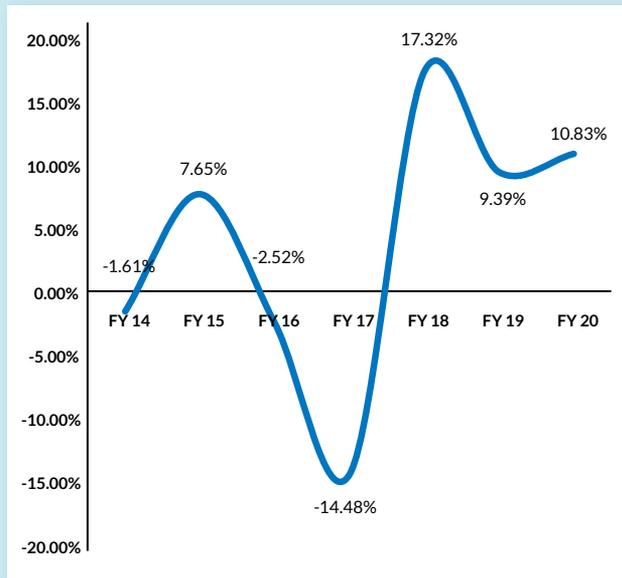


Export Import Growth 2020

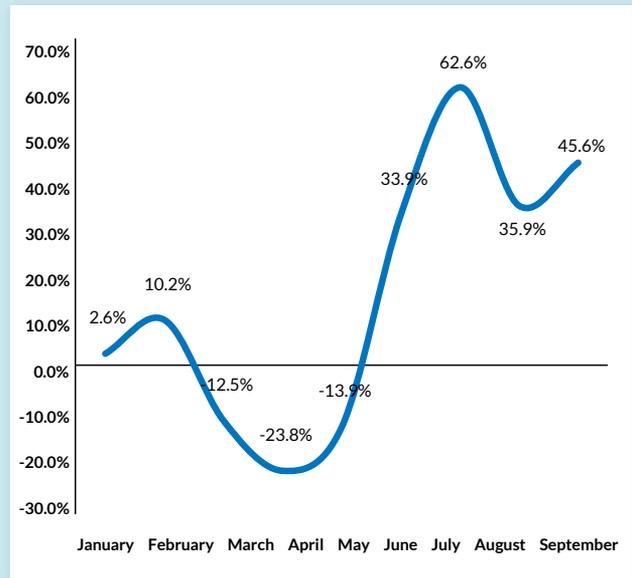


## REMITTANCE

Remittance Growth (Last 7 Years)



Remittance Growth (Last 9 Months)



## ■ MONTH IN BRIEF

---

● **Bangladesh's import orders dropped by nearly 20% or USD 713 mn** in August'20 compared to July'20 due to lower demand particularly for apparel and clothing because of the ongoing Covid-19 pandemic.

● **The country's current account balance saw a surplus during** the ongoing Covid-19 pandemic, reaching over USD 3 billion during the July-August period of the current fiscal year.

● The weighted average spread between lending and deposit rates offered by **commercial banks rose to 2.87% in August from 2.77% in July. It was 4.07% in March.**

● The Bangladesh Bank has fixed the maximum interest rate **for credit card loans at 20%.**

● **Robi gets nod for country's biggest ever** IPO and IDLC Investments is the Issue Manager

● **Foreign aid pledges shrank in the first two months** of FY 2020-21 by 75.51% YoY while fund disbursements from the pipeline dropped by about 29%.

● **77.15% of BDT 330 bn stimulus package for large industry has been disbursed.**

● **Runner Automobiles Ltd to invest BDT 3 bn to manufacture Bajaj three-wheelers.**

● **The Department of National Savings (DNS) data showed that net sales** of the government-run savings tools came down to BDT 37.05 bn in this July, 2020 compared to BDT 93.23 bn in June, 2020.

● Internet banking transaction ceiling enhanced **by 4 times.**

*THE IMPLEMENTATION OF VARIOUS STIMULUS PACKAGES HAS GIVEN A BOOST TO THE COUNTRY'S PRIVATE SECTOR CREDIT GROWTH*

**MA Halim Chowdhury**, Managing Director of Pubali Bank Ltd. on private sector credit growth.

**There is no doubt that the stimulus fund has brought a positive output for the economy. But we have to ensure whether the fund is being used correctly**

**Ahsan H Mansur**, Executive Director of the Policy Research Institute of Bangladesh on stimulus package for large industry disbursed.

**This is a very important and crucial step towards expanding the automobile manufacturing capabilities in Bangladesh and developing local expertise including vendors**

**Hafizur Rahman Khan**, Chairman of Runner Automobiles Ltd. on manufacturing Bajaj three-wheelers.

**WE CAN SEE A COMFORTABLE PICTURE OF THE COUNTRY'S BALANCE OF PAYMENT AS OUR IMPORT PAYMENT HAS DECREASED. RECENTLY BOTH QUANTITY AND VALUE OF IMPORT HAVE DECREASED AMID LOWER DEMAND IN LOCAL MARKET AND PRICE FALL IN THE INTERNATIONAL MARKET**

**Dr Khondaker Golam Moazzem**, Research Director of Centre for Policy Dialogue on country's current account balance surplus.

**The investment target set at the vision paper 2041 is so much ambitious that it might be difficult even to it go closer to it**

**Dr Zahid Hussain**, Former Lead Economist of the World Bank's Dhaka office on raising investment-GDP ratio by 2041.

**RECENT ECONOMIC PERFORMANCE IN EXPORTS AND REMITTANCES, AND THE GOVERNMENT'S MACROECONOMIC MANAGEMENT, INCLUDING SECURING FOREIGN FUNDS FOR ECONOMIC STIMULUS AND SOCIAL PROTECTION, HAVE MADE THIS RECOVERY FEASIBLE**

**Manmohan Parkash**, Country Director of The Asian Development Bank (ADB) in Dhaka on GDP growth forecast for Bangladesh in FY21.

Country	Nominal GDP: October, 2019 (USD in billion)	Real GDP Growth: April 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	86.57	-0.50	4.00	Sep, 2020	-3.60	7.38	184.50
Vietnam	261.64	2.70	2.98	Sep, 2020	0.70	2.41	23,192.00
Kenya	98.61	1.00	4.20	Sep, 2020	-4.60	11.87	108.50
Nigeria	446.54	-3.40	13.22	Aug, 2020	-3.30	7.86	381.10
<b>Bangladesh</b>	<b>330.11</b>	<b>5.24</b>	<b>5.68</b>	<b>Aug, 2020</b>	<b>-1.5%</b>	<b>6.8</b>	<b>84.84</b>
<b>Emerging Markets</b>							
Brazil	1,847.02	-5.30	2.44	Aug, 2020	-1.80	7.44	5.68
Saudi Arabia	779.29	-2.30	6.20	Aug, 2020	-3.10	n/a	3.75
India	2,935.57	1.90	6.69	Aug, 2020	-0.60	6.00	73.30
Indonesia	1,111.71	0.50	1.42	Sep, 2020	-3.20	7.02	14,860.00
Malaysia	365.3	-1.70	-1.40	Aug, 2020	-0.10	2.75	4.16
Philippines	356.81	0.60	2.40	Aug, 2020	-2.30	2.84	48.49
Turkey	743.71	-5.00	11.77	Aug, 2020	0.40	13.16	7.77
Thailand	529.18	-6.70	-0.50	Aug, 2020	5.20	1.33	31.57
China	14,140.16	1.20	2.40	Aug, 2020	0.50	3.16	6.79
Russia	1,637.89	-5.50	3.60	Aug, 2020	0.70	6.19	78.19
<b>Developed Markets</b>							
France	2,707.07	-7.20	0.10	Sep, 2020	-0.70	-0.26	0.85
Germany	3,863.34	-7.00	-0.20	Sep, 2020	6.60	-0.54	0.85
Italy	1,988.64	-9.10	-0.50	Sep, 2020	3.10	0.78	0.85
Spain	1,397.87	-8.00	-0.40	Sep, 2020	2.20	0.22	0.85
Hong Kong	372.99	-4.80	-0.40	Aug, 2020	6.00	0.43	7.75
Singapore	362.82	-3.50	-0.40	Aug, 2020	14.80	0.86	1.36
United States	21,439.45	-5.90	1.30	Aug, 2020	-2.60	0.70	1.00
Denmark	347.18	-6.50	0.50	Aug, 2020	4.80	-0.34	6.35
Netherlands	902.36	-7.50	0.70	Aug, 2020	9.00	-0.43	0.85
Australia	1,376.26	-6.70	-0.30	June, 2020	0.91	0.87	1.40
Switzerland	715.36	-6.00	-0.80	Sep, 2020	7.20	-0.52	0.92
Britain	2,743.59	-6.50	0.20	Aug, 2020	-4.40	0.25	0.77

**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 September, 2020, Inflation as per August, 2020 and Currency Unit (per USD) as per 4th October, 2020 are sourced from Bangladesh Bank. In July to August, FY-21 the current account balance of Bangladesh was USD 3.3 bn.

**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).

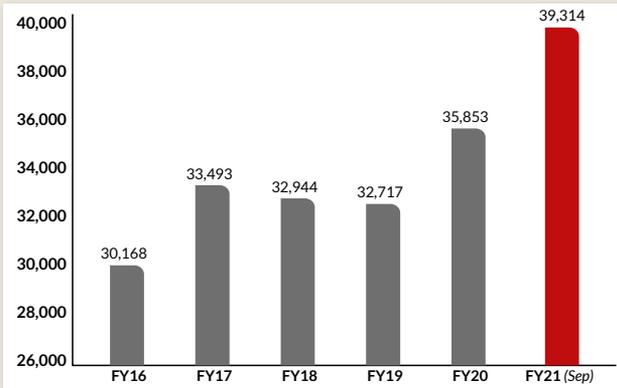
**Inflation:** Data of all countries apart from Bangladesh is sourced from tradingeconomics.com as per 4th October, 2020.

**Interest rates 10 years TB and Currency Unit:** Data of all countries apart from Bangladesh is sourced from Investing.com as per 4th October, 2020.

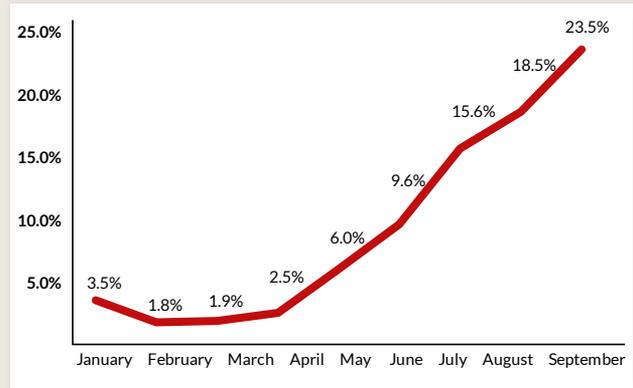
# BANKING DATA CORNER

Prepared by IDLCSL Research Team

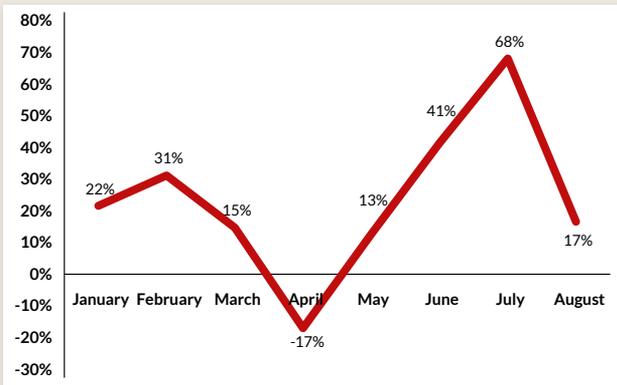
### Foreign Exchange reserve (In million USD)



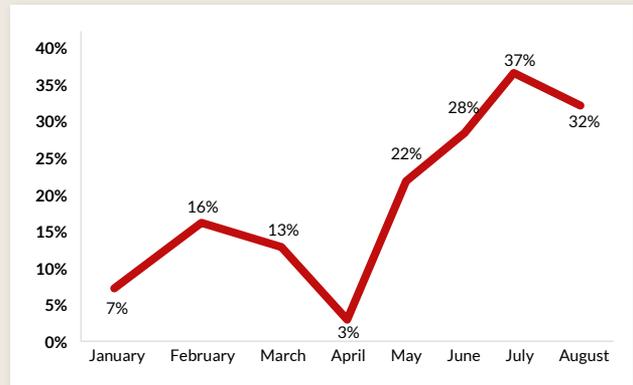
### Foreign Exchange Reserve YoY Growth 2020



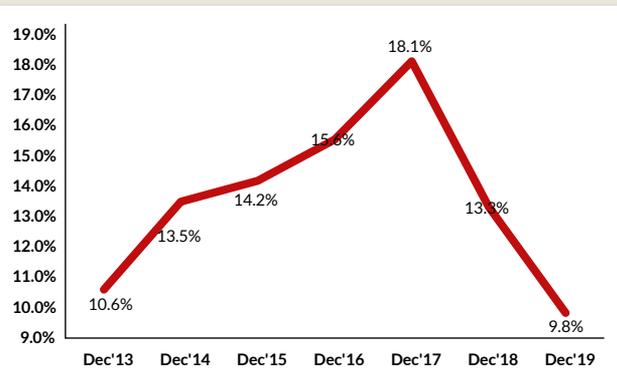
### MFS Total transaction YoY Growth 2020



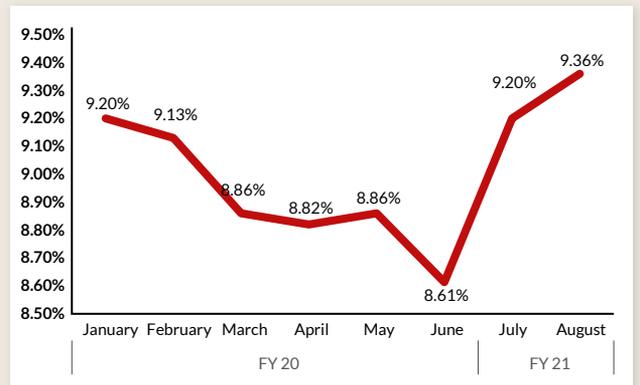
### MFS No. of total transaction YoY Growth 2020



### Private credit growth (Last 7 years)



### Private sector credit growth (Last 8 months)



Source: Bangladesh Bank

## WORK FROM HOME

### Scenario, Prospects & Challenges

*Anisha Saha, Virtual Intern, IDLC Finance Limited (North South University)*

#### Preface of work from home

In the new normal life, the most heard topic is work from home. By definition work from home means employees are working from their residence rather than from the office. WFH is the acronym for the concept. WFH provides flexible work hour and also the task of the employer is done with ease. It is a modern work approach which enables through internet and sophisticated software. Organizations have adapted the transition of the workplace. During the pandemic, companies have made their employees to work remotely.

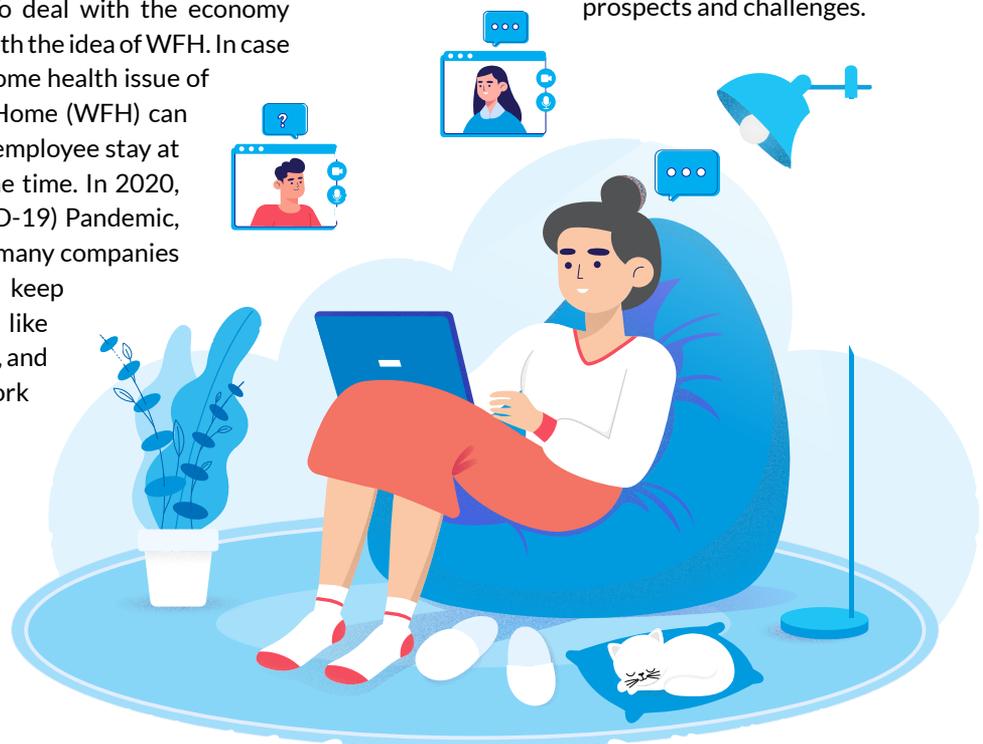
Work from home as a concept is very important in current times. According to the study of 'Coronavirus: Economy down, poverty up in Bangladesh' by DW shows that 3 out of 5 people are at high risk of economic and health vulnerabilities. During the pandemic all level of people are affected in both the ways. Health issues are something that cannot be subsidized permanently. But economic issues can be dealt with some option. To deal with the economy companies have come up with the idea of WFH. In case of the employee is facing some health issue of self or family, Work from Home (WFH) can be a great tool for helping employee stay at home and work at the same time. In 2020, during Coronavirus (COVID-19) Pandemic, Work from Home enabled many companies to remain productive and keep themselves relevant. Roles like IT, Management, Designing, and Media etc. continued to work with the WFH option.

#### Perspective of WFH both Local & International

In the context of Bangladesh, WFH is a completely new term

which has introduced because of Covid-19 pandemic. On 26th march Government has called for a holiday of 10days and after that the holidays got extended to control the COVID situation. As the holidays were getting extended so the productivity was decreasing in a huge manner. To minimize the loss companies came up with the idea to introduce WFH. At first most of the private companies had asked their employees to keep their operation running during the holiday period using telecommuting.

To mitigate the severity of the crisis situation, the percentage of employees working from home has increased tremendously worldwide. The Economic Times India Inc. is considering WFH as a new constant because it involves cost saving, convenience, and productivity. All the tech giants have made the decision to continue work from home at least for 10 months as they have considered WFH as a permanent feature and have started analysing its prospects and challenges.



## List of companies (local & international)

The companies those who are using WFH in the pandemic are listed below:

IDLC Finance Limited	Banglalink	Robi Axiata Limited
Grameenphone	HSBC	Standard Chartered
Arla Foods	Unilever	CitiBank
Transparency International	Reckitt Benckiser Bangladesh Ltd.	Nestlé Bangladesh Limited
Brac	Bkash	World Bank
Asian Development Bank	Berger Paints Bangladesh Ltd	Unicef

Those international companies who have made work from home permanent during the pandemic:

Google	Microsoft Corporation	Twitter
Amazon.com	Apple	Facebook
Recreational Equipment Inc. (REI)	Nationwide Mutual Insurance Company	Uber Technologies Inc.
Deloitte	Zillow Group	Salesforce
Hitachi	Coinbase	Mastercard
Nielsen Holdings	Spotify	Groupe PSA
BOX	Nokia Networks & Solutions	Reuters

## WFH policies in current practice

Work from home policies are set of guidelines that are practiced when employees work remotely. The employees are instructed thoroughly and also being monitored by the managers. Because of the pandemic, companies are offering flexibility and in return they want more productivity. Microsoft's founder Bill Gates said once "Companies that give extra flexibility to their employees will have the edge". As the situation is getting worse day by day almost all the companies are flexible with WFH ensuring employees health issues. As WFH can impact the bottom line of a business so managers are forced to maintain the productivity level in order to sustain in this situation. So, managers are implying some policies or practices that will keep the employees engaged all time with the organization.

- **Plan the work before the day starts:** Starting the day by conducting a team meeting with the team head discussing the activities and tasks for the day is the plan.
- **Goals & Deadlines:** The goals and deadlines are set same as the way before. The goals and deadlines

are maintained more strictly now. In terms of deadlines, flexibility has been tightened a bit more than physical office.

- **Result oriented culture:** Productivity should be measured by the result. And in order to maintain the productivity level compensation based work is a definite way. Employees will be compensated according to their productivity.
- **Tracking Progress:** Managers keep tracking the progress of a task assigned to an employee. By keeping track on the progress manager can substantially measure employee's activity.
- **Roster Duty:** Maintaining all the safety measures of employees some organizations are providing roster duties. Financial institutions have divided their employees into 2 sets. Set A and set B will work alternatively every week but if one of the employee will get sick then the whole set will go to home quarantine and other set will work.
- **End of the day report summary:** A report based on the summary of work progress needs to be submitted to the manager before the day ends.

- **Rules for engagement:** For the employee engagement, communication is a must. In the virtual internship of IDLC, mentors are conducting Zoom meetings with the interns regularly and for urgency they are using IM.
- **Encouragement & appreciation:** To make WFH effective, managers are continuously encouraging the employees and appreciating with their job.

### Work process flow of WFH applying companies

Information and communication technology (ICT) offers us a 'modern tool' to fight the pandemic. ICT facilitates working from home, allowing countries to not only safeguard public health, but also to help safeguard their economies. It is thus not surprising that governments across the world have encouraged employers to allow their workers to work from home, where possible. Still, the potential for working from home varies across the world, as a result of differences in occupational structure, but also the infrastructure available to support working remotely. Optimum use of different information technology (IT) services can help offset the work loss of professionals to some extent amid the prevailing social distancing regime in the wake of Covid-19 pandemic, experts said. Companies have

shifted all their meetings online and started working from home. And this happened only because of digital transformation. Enterprises have adopted Business Process Automation. Business Process Automation means automating key business of any organization by managing information, data and processes followed in order to reduce costs, resources and investments.

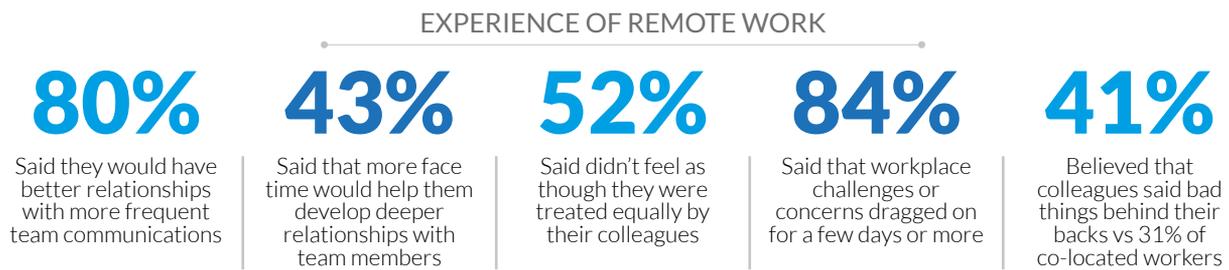
In Bangladesh, financial institutions were using emails for file sharing. They were actually doing the job using their own PC, but as the situation got worsen and went to complete WFH process they started using VPN to get the access to their office PC. There are some banking software's which are used by some financial institutions to give the access of their internal interface to the employees who are working remotely. Employees can get the access to their work PC by using their home PCs. Other than financial institutions FMCGs (Fast Moving Consumer Goods) were using emails to share their files. Basically at the beginning of the situation most of the companies were using emails to transfer the files but after a while they started using different software to get the job done without any hassle. As the time is passing by organizations are getting used to with different methods of WFH and getting expertise to work remotely.



### Activity monitoring tools of WFH companies

Corona epidemic has triggered the employees to work from to be safe from the contagious virus. It has forced millions of employee to work from home completely. And the companies are encouraged to provide WFH services as per the guidance given by the Government.

Not only are the companies also the educational institutions have been forced to carry on their day to day activities via online. According to Harvard Business Review and McKinsey & Company abrupt shift to remote working can reduce cohesion and increase inefficiency as reflected in the survey.

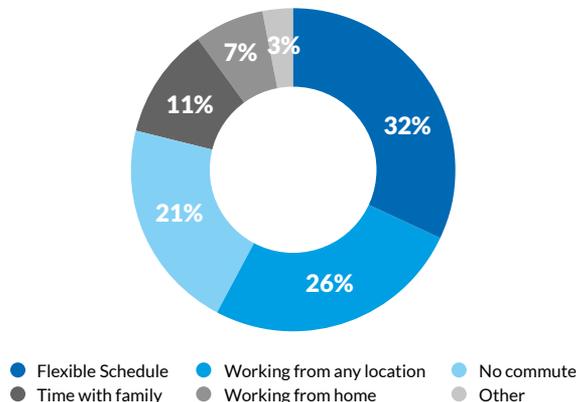


This is the statistics from the experience of the employees who are working remotely during the crisis. As WFH is completely a new concept in Bangladesh, employers are not very familiar with all the productivity measuring tools. And thus with the situation going on, different organizations are starting adopting new tools and techniques. WFH is a new concept but still employers are trying to maintain some productivity measures. For example, a financial institution has been using SLA to measure employee's activity since lockdown. SLA stands for service level agreement which signifies that a fixed number of days are needed to complete an assigned task. By measuring the period of time to complete the task can be the denominator to measure productivity level of an employee.

### Prospects of WFH (both in BD & World context)

More than 5 months has passed away and Government has forced us to stay at home to maintain social distancing and to control the situation of the contagious disease Covid-19. So the current scenario with Covid-19 has paved the way for a technological change, which means a paradigm shift in the s-curve. With the virtue of technology and IT companies are able to keep their business process ongoing in this hazardous situation. Video conferencing, cloud computing has made this paradigm shift successful. Experts say that even when the coronavirus is in the rear-view mirror, many of us will still be working from home. Work from home has become a necessity to sustain in the economy. As so all the companies have started Work from home model to get the work done. According to the VISUAL CAPITALIST 98% people would like to continue work from home to reduce the risk of COVID-19.

#### Top Benefits of Remote Working



While coronavirus is evolving all over the world companies are planning the long term strategies. The very first strategy will be to cut all the expenses and to generate highest revenue. To reduce the expenses companies will go with the work from home model. And thus many companies are declaring that after the post covid-19 situation they will continue with the work from home model. To ensure the productivity organizations are coming up with strong WFH structure and policies. Along with some disadvantages there are many advantages. One key advantage is the learning as an organisation getting resilience and capabilities to continue to deliver value while working remotely and by keeping everyone safe. This will be a big driver to get people to work from the comfort of their homes. Many companies have already declared to continue work from home after the pandemic. Google extended its work-from-home policy by an entire year on July 27 until June 2021.

The success of WFH model will completely depend on the company's infrastructure in a country. If the company plans to go on completely paperless office then work from home will work. But in our country that will be kind of impossible. Organizations find WFH to be an effective working modality under the existing circumstance, as it ensures productivity as well as health safety.

The future of work from home is a critical issue that needs to be addressed by the IT fraternity and if a viable solution is found for it, then there is no doubt that more and more organizations would be adopting the work from home model in the future.

### Challenges of WFH

World is witnessing the impact of Covid-19 on all facets of life, in all countries and in all industries. No one is certain about how much and how long the impact of the pandemic will last on the global economy.

The first and foremost challenge is the technology adaptation. We are not very prompt to accept the change and that is why in Bangladesh many organizations are struggling with the survival in this situation. To make WFH successful we need a strong IT infrastructure and technology adaptation. Without IT infrastructure organizations will have to deal with long term losses.

Work from home also has a human challenge. The absence of water cooler conversations, impromptu meetings and cafeteria discussions with colleagues could impact productivity. Companies want to make sure that their employees don't lose the human touch with their colleagues. Employees need to brainstorm to solve any problem. And this brainstorming comes when one is chitchatting with their colleagues. A way out is to have employees come to office a few time. Along with the WFH feature there also will be physical office. We need a combination of both so that productivity remains in the level. Because of WFH employees are facing communication gap among colleagues. And also there is a lack of knowledge sharing among employee.

Globally, working from home, or WFH, is not a new practice, but in Bangladesh, most offices require employees to be physically present during working hours. Sometimes it becomes difficult to manage a large number of employees remotely, especially when neither the supervisor nor the team is accustomed with this model. As WFH is a completely new feature in our country we are dealing with such kind of challenges.

There could be challenges on the home front also. Many employees may not have a spare room at home for long term WFH. Or, millennial living in paying guest-type accommodations may not have the space or freedom to install the required infrastructure, such as a broadband line or a power back-up system. Working from home requires having functional computer, strong Internet connection, and a distraction-free place to work in.

## Recommendation

Pandemic has put an impact on our day to day life. Every sphere of life has been affected. Our economy has faced a downward shift in the curve. We have stepped into a new life due to the pandemic. As we all know that we have to deal with this new normal life and only making it online can help us to deal with it. Almost every company is trying to continue their business process online and keeping their productivity level in a sustainability manner. Productivity is directly connected to profitability and to remain profitable in the industry companies need to adapt some solutions to make WFH more effective.



- **Equip the team with tech & productivity tools:** One of the most important aspects of working from is the tools that are needed for WFH. Employees need to be well equipped with the technologies and the gadgets. Companies should provide all the gadgets to make WFH hassle free.
- **Track employee's productivity with software:** There are different kinds of tracking software. This software monitor how much time actually an employee is spending to complete one task or site or app. Using the software it is very easy to track remote workforce. Some of them are:
  - **CLEVER CONTROL:** It is remote desktop monitoring software that allows knowing what employees are doing at the moment from any device and any place. This employee monitoring software is cloud-based and permits to view newly recorded data on online account. Employer needs to check employees' time and attendance statistics is to connect to the Internet and log into CleverControl account.

- **HUBSTAFF:** Hubstaff is also a good solution for employee screen monitoring because of its features and simple user interface. Firstly, it has a smart time tracking system that records the team's activity and allows viewing reports. Further, the app tracks URLs, websites, applications and makes screenshots of the browser. The company also offers a mobile-based time tracking app recording the team's GPS location and also has an in-built payroll system. Other features of Hubstaff software are team scheduling, reports, task management, offline time tracking, invoicing, and integrations with more than 30 third-parties.
- **ACTIVTRAK:** ActivTrak tracks employees' efficient and inefficient time. It compares the team members' productivity to detect lazybones. It also blocks unproductive websites & apps and establishes remote policies to measure their effectiveness. Also, the tool records videos and makes screenshots when the remote member misuses the device.
- **SPYRIX EMPLOYEE MONITORING:** Spyrix offers remote employee time tracking, screenshots capture, chat control, web, and application usage recording, as well as live viewing of the computer screens. The app is also good for requesting reports about every employee's activities at the workplace.
- **TIME DOCTOR:** Time Doctor is time management software for real time tracking of tasks and preventing wasted time. It is useful for individuals and companies for tracking remote team's time management and overall productivity. It records employee internet use and provides a simple report of websites visited and application used. Time Doctor takes screenshots every 3 minutes as a way to confirm that employees are working.
- **TOGGL:** Toggl is great virtual software to see if remote employees are working. With features and plans suited to smaller businesses and entrepreneurs, it's effective for simple task management and time tracking. It is an advanced automated virtual timesheet management for easy access to detailed records. It is used for keyboard tracking to monitor employees' activity.
- **RESCUE TIME:** RescueTime is a web-based employee productivity platform that runs in the background. It tracks the time spending on a particular tool or website during work hours. It can block sites that are considered distracting. Rescuetime allows specifying productivity goals and notifies if employees are spending too much time on a particular task. It gives detailed reports about time usage to help improve employee's productivity levels.
- **WORKPULS:** It is monitoring solution which allows an employer to view what apps and websites team members are using or visiting during working hours individually, in a team, or on a company level. WorkPuls can also capture screenshots at a set time period or triggered by suspicious team's activities. This app stores company's data for 2 years so that employer can get the access for recorded logs from up to 24 months.



# COMPREHENSIVE ANALYSIS ON THE PROSPECTS OF E-COMMERCE AND F-COMMERCE BUSINESSES FROM LENDERS' PERSPECTIVE IN BANGLADESH

---

## RESEARCH IN FOCUS

*Mahmood Tabina Aida Xaviera, Virtual Intern, IDLC Finance Ltd. (McGill University)*

### THE INDUSTRY

#### E-Commerce and F-Commerce:

E-commerce (Electronic commerce) is defined as the buying and selling of goods and services through an electronic medium. F-commerce is a form of e-commerce that is done through Facebook. E-commerce businesses in Bangladesh can be classified into four main categories:

---

#### **B2B (BUSINESS-TO-BUSINESS):**

A business sells its products to other businesses. Bgmea.com.bd is an example of a B2B platform.

#### **B2C (BUSINESS-TO-CONSUMER):**

A business sells its products to individual consumers. Daraz.com is a B2C business.

#### **C2C (CONSUMER-TO-CONSUMER):**

An individual sells/exchanges products with other individuals. Bikroy.com is an example of a C2C business.

#### **B2G (BUSINESS-TO-GOVERNMENT):**

A business sells its products to the government. Such businesses are used for government operations such as licensing, public purchasing and are playing a part in e-governance.

---

Operating an e-commerce or f-commerce business has its unique advantages. It eliminates the need to have brick and mortar stores, saving on numerous startup and maintenance costs. It allows establishing better customer relationships, through more direct contact. It is also easier and quicker to scale e-commerce businesses, through methods such as increasing ad revenue, dropshipping etc.

Globally, e-commerce is growing at a healthy rate in almost every country. It is anticipated that a total of \$3.914 trillion will be earned in e-commerce sales worldwide in 2020, with a 16.5% growth rate. Due to China's dominance in this market with a projected earnings of \$2.088 trillion, 62.6% of all e-commerce sales will take place in the Asia-Pacific (\$2.448 trillion). North America will account for 19.1% (\$749 billion) and Western Europe 12.7% (\$498.32 billion).

According to Statista, neighbouring countries India and Pakistan are expected to earn \$40,845.4m and \$3,282m respectively from the industry by the end of 2020.

#### **Overview of Current E-Commerce and F-Commerce Businesses in Bangladesh:**

The e-commerce industry started in Bangladesh in the late 90s but saw slow growth from 2000 to 2008. When Bangladesh Bank approved online payments in 2009, the industry began to grow. E-commerce started to develop as a proper ecosystem in 2012 and was further boosted by an increase in the use of technology and the internet, as well as Bangladesh Bank opening up international purchases via debit/credit cards in 2013. In 2016, \$50 million was invested in the e-commerce sector in Bangladesh, \$10 million of which was Foreign Direct Investment.

It is estimated that there are currently 100 e-commerce businesses in Bangladesh and 10000 f-commerce businesses. F-commerce is quite popular in the country due to the lack of huge investment and paperwork required to start such a business. The size of the e-commerce market is currently \$2.077 billion, with Bangladesh set to earn \$2,455.4m in e-commerce sales.

Multiple factors make this market appealing to both consumers and sellers alike:

- **Rising internet usage:** With growing access to technology throughout the country, internet usage and penetration is increasing substantially every year. As of June 2020, there were 103.476 million internet users.
- **Increasing smartphone penetration:** Thanks to the affordability of mobile phones, smartphone penetration in Bangladesh is at 40% and is set to reach 69% in 2025.
- **A young population:** Having a large percentage of tech-savvy young people, around 45% of Bangladesh's population are potential e-commerce consumers.
- **The popularity of Facebook:** There are approximately 38 million Facebook users in Bangladesh with 16 million being users aged 15-

24, a huge segment of the target market. The ease of access to f-commerce businesses on a site frequented by millions has given rise to greater demand and new Facebook-based businesses opening rapidly.

Notable e-commerce sites in Bangladesh, according to Alexa:

- **Pureplay e-commerce:** rokomari.com
- **Online grocery:** chaldal.com
- **Lifestyle and electronics:** pickaboo.com, bagdoom.com, othoba.com, priyoshop.com, banglashoppers.com
- **Online marketplace:** daraz.com.bd, ajkerdeal.com, clickbd.com

### **E-Commerce, F-Commerce and COVID-19:**

COVID-19 and the subsequent lockdown has led to an unforeseen rise in demand with supply-chain disruptions for certain e-commerce and f-commerce businesses. An e-CAB study consisting of 1,100 of its member companies has estimated an overall industry loss of Tk. 666 crore, especially in f-commerce and non-essential e-commerce businesses. There has been an estimated increase in orders of around 3-4 times for necessities and a decrease in orders for luxury goods, due to households trying to cut back on spending. This has led to many businesses of such products to either suffer from losses or start selling groceries and other essential goods. The nature of this rapid growth in demand led many businesses to be unprepared to meet such needs. Chaldal.com, for example, has employed more delivery men to deal with the rise in orders. The average order size rose from an average of Tk. 1300 to Tk. 3,750, with the company having over 5000 orders per day. However, to cope with this they are having to set maximum order limits and longer delivery times. Companies are also facing labour shortages, with many workers leaving Dhaka due to the pandemic. Order cancellations and delays are quite common due to area-specific lockdowns, as well as an increase in costs for e-commerce businesses having to take safety measures, such as PPEs and masks for their deliverymen.

The situation, on the other hand, has brought in some benefits besides an increase in demand. It has given rise to greater diversification and innovation. Many large e-commerce businesses such as Bikroy.com, AjkerDeal.com and PriyoShop.com have diversified into selling groceries and essential goods. Food delivery businesses - Foodpanda, HungryNaki and Pathao - have done the same. Businesses that only had physical stores have made the move to f-commerce and e-commerce selling, opening Facebook pages and

websites to provide delivery. Companies have come up with creative ideas to boost sales at this time: E-courier introduced the first bot-based messenger for shopping online; Hellotask Ltd, a business that provides home service workers, has launched a project to turn apartment basements into grocery stores solely for the inhabitants of the buildings.

### **Challenges:**

While it is an industry with immense potential, e-commerce has its fair share of challenges in Bangladesh. Customers often feel discouraged to buy products due to the fear of them not being of the quality advertised online. The lack of a good transportation system and proper logistics channels also affect e-commerce businesses significantly. It poses difficulties in delivering products on time, and in all parts of the country. The majority of e-commerce businesses are based in Dhaka and Chittagong, and this sector is hardly able to reach rural areas in Bangladesh due to the lack of infrastructure. There is a lack of warehousing and inventory management systems. F-commerce businesses also have their unique challenges. Many f-commerce businesses are resellers or importers and face high tariff rates on their products. The lack of a proper legal structure and monitoring of f-commerce businesses has led this sector to be disorderly and face threats of defamation.

E-commerce businesses face several financial issues as well. Due to most of the payments for online purchases being made on delivery, such transactions are less transparent and may be subject to tax evasion. However, this arises due to the absence of a proper payment system, a lack of faith in online payments and low usage of debit and credit cards. Currently, initiatives like bKash are offsetting this issue. The industry also suffers from a lack of funding. Local banks are generally reluctant to give out loans to e-commerce businesses due to a lack of collateral, and many investors tend to look for short-term benefits, which is hard to gain from most of the smaller scale, startup e-commerce/f-commerce businesses.

### **Future Prospects:**

The future of the e-commerce industry looks quite promising. It is expected that post-COVID-19, such initiatives will have led to a substantial rise in the industry's growth rate. According to a German research firm, Bangladesh's e-commerce market will reach \$3 billion by 2023. Their report reveals details about the following specific types of popular online businesses as well:

- **Online fashion market** - worth \$598 million in 2019, and is set to reach \$1.24 billion by 2023

- **Electronic products sold online** - worth \$457 million in 2019
- **Online sales of furniture and appliances** - worth around \$196 million in 2019, and is expected to go up to \$352 million by 2023
- **Online sales of toys and hobby products** - stood at \$260 million in 2019, and may double to \$442 million by 2023

More FDI is likely to come in the future for e-commerce businesses: The International Finance Corporation (IFC) has shortlisted and is monitoring 43 startups to provide funding. Chinese company Xiaomi is planning to set up an e-commerce platform in Bangladesh within the next few years.

## THE LENDER(S)

### Overview of Funding Available for E-Commerce and F-Commerce Businesses in Bangladesh:

Globally, there are numerous incentives in place to fund e-commerce and f-commerce businesses. Working capital loan products are quite common such as line of credit, a type of loan that allows merchants to make multiple draws within their credit limit in accordance to their limit; accounts receivable loans which are given based on the sales order value of e-commerce businesses and merchant cash advance, which are loans based on past and future credit card receipts of merchants. Payability, a US based Fintech company, provides financing specifically for e-commerce businesses; through accelerated daily payouts and instant capital advance for inventory and marketing. In the UK, Boost Capital provides loans specially designed for such businesses, taking their structure and lack of collateral in account. LendingCrowd from the UK also provides e-commerce loans, and what makes their funding unique is that it is acquired from a community of investors across the country. India and China have huge amounts of funding going into the industry; with 10 and 25 companies acquiring funding of over \$100m respectively as of 2017. The China Construction Bank (CCB) has even gone a step further to have their own e-commerce site to host numerous sellers. Previously they had an agreement with Alibaba, the world's largest e-commerce company, through a service called AliLoan; a lending programme focused on e-commerce companies.

As mentioned previously, funding is a huge obstacle for e-commerce businesses in Bangladesh; especially for smaller startups. Banks and local venture capital firms, in general, are not equipped to finance e-commerce businesses. Total investment into this sector in Bangladesh has not even crossed \$100m. However, financial institutions here are beginning to realize

the potential of the e-commerce ecosystem and new initiatives are being taken:

- **New measures from the central bank:** Bangladesh Bank has drafted a law recognizing movable properties as collateral - which is quite beneficial for e-commerce businesses as a solution to the issue of not having collateral for loans.
- **Increased investment from venture capital firms:** Kiksha.com and Sindabad.com raised investment from Frontier Bangladesh, a local venture capital firm; Direct Fresh gained investment from multiple organizations: RSA Capital (lead investor), Business Research International Corporation Inc. (BRIC) - a global public and private equity investor - and Razor Capital, a private equity fund.
- **Greater Foreign Investment:** Chaldal.com, for example, has received investment from an early-stage venture fund and seed accelerator 500 Startups.
- **IDLC ShopUp E-Loan:** A unique initiative that has been launched recently, this loan aims to solve multiple issues e-commerce and f-commerce businesses are currently facing. It is processed digitally through an app, using the business' self-authenticated data, evaluating it through a weighted average scoring model, and then automatically disbursing the loans - with a cash-flow based repayment system. It benefits e-commerce and f-commerce businesses heavily; being the first of its kind in the country, the E-Loan system takes into account the fact that most online businesses do not have a set format or documentation to gain traditional loans. It focuses more on the business' working capital, giving loan installments based on cash flows. This, therefore, prevents businesses from getting over-financed; where they would struggle to pay back the loan. It is an initiative that has long term benefits too - as businesses grow they can borrow higher amounts to facilitate further expansion.

With the rise in online shopping due to the pandemic, consumer behavior is changing - now more than ever, e-commerce businesses need the support to expand and cater to these demands. The prospects of this ecosystem in Bangladesh are bright - the shift in attitude towards purchasing from such businesses is likely to persist in the long run, and these businesses have immense potential as discussed in this analysis. For lenders, investing in the e-commerce industry is worthwhile - it will give it the much needed financial back up to flourish and become competitive on a larger scale, contributing even more to Bangladesh's GDP.

# DELIVERY SERVICES AMIDST PANDEMIC: SAFEGUARDING CONSUMER DEMAND



**Sushmita Saha**  
Assistant Manager, Credit Risk Management

**Bonishikha Chowdhury**  
Executive Officer, Credit Risk Management

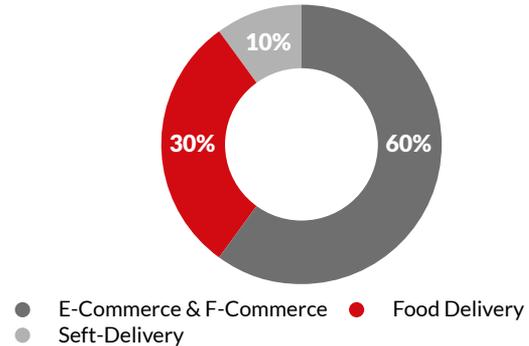
Delivery services has always been a blessing for both consumers and the country's economy. All thanks to technological development, rapid smart phone and internet penetration which made the delivery services just one click away. With time, verticals of delivery services are also widening. From parcel to food, from groceries to medicine, delivery services are broadening their horizons in order to cater the growing needs of the consumers. Moreover, the rapid growth of e-commerce in Bangladesh also played a vital role here. According to the Financial Express, as of January 2020, e-commerce was growing at 72% per month, indicating a sharply rising demand for deliveries.

However, when the government declared country wide general holidays in order to control Covid-19 contamination, the operations of logistic service providers faced significant obstacles, such as unprecedented demand surge for essentials, shortage of qualified workforce and safe packaging and delivery infrastructure etc. To comply with safety measures everyone preferred to stay at home as much as possible which made us rely more on the delivery services. Moreover, the pandemic also caused a wide change in the consumption pattern. The consumption of luxury items drastically fell and people started to focus more on daily essentials. Thus, the local logistic service providers had to bring a significant change in their model within a very short span of time in order to cater the growing demand. Moreover, a significant number of conventional brick and mortar based businesses also have adopted home delivery services to comply with the new normal and the number of such adoption is still growing.

### The before Pandemic Scenario:

Even a few years ago delivering products at the doorsteps was a hidden market and now, as per The Daily Star –January 2020 data, the logistics companies are altogether earning about BDT 5 million a day and hiring about 10,000 to deliver products. Moreover, the sector was booming at an annual growth of 100% this sector has just doubled its turnover compared to last year.

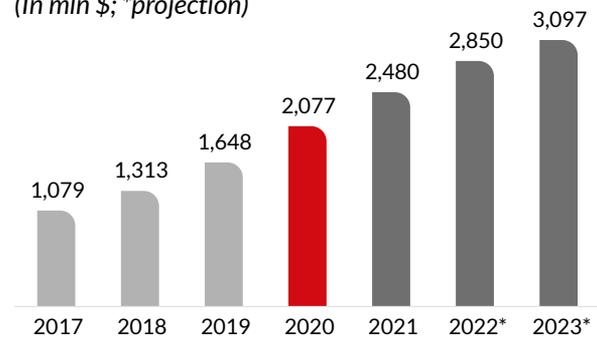
### Types of Food Delivery Services in Bangladesh



Source: The Daily Star, January 2020

### Bangladesh's e-commerce market size

(In mln \$; \*projection)



Source: The Daily Star

E-commerce and F-Commerce has always been the biggest sector for the local logistics service providers of the country. Thus, the boom in e-commerce and f-commerce helped the delivery service providers to grow and vice versa. Before pandemic, the number of deliveries per day was around 60,000 in this sector which was twice that of traditional couriers. There are 300 delivery companies in Dhaka only. However, key market players like Pathao, Biddyut, Paperfly, eCourier hold 90% of the market share. Comparing to the tech based services providers, the traditional courier services could not capture much of the market shares of E-Commerce & F-commerce segment but giants like SA Paribahan Courier Service and Sundarban Courier are still widely relied on for inter district deliveries. Moreover, The Post Office too has started carrying products of online business orders and handling more than thousand orders a day. BPO has provided services to 750,000 customers while conducted BDT 1,200 crore transactions in the month of April while countrywide

holidays were going on. Before pandemic groceries was not a very popular segment for deliveries. The market leader, Chaldal has their own delivery service arrangements thus, they did not have to rely much on the local services.

### Food:

After e-commerce and f-commerce food delivery shares the second biggest chunk of the pie. In the big cities there used to be around 30,000 deliveries in a day as per The Daily Star January, 2020 data. However, during the lockdown, for a certain period of time all the restaurants were closed down which resulted a sharp decline in sales. The key market players of this sectors are Hungry Naki, Pathao, Foodpanda and Shohoz. Uber Eats also used to be very popular among city dwellers. However, it left the Bangladesh market in June of this year. All the food delivery companies are backed by foreign investments states The Daily Star. However, top restaurants like KFC, Pizzahut, PizzaInn etc have their own delivery arrangement. On the other hand, homemade food suppliers like CookUp, Foosto etc have also been getting popularity and for delivery they often rely on their own delivery arrangements.

## KEY INFO

### The before Pandemic Scenario

- The number of deliveries per day was around **60,000** in e-commerce & f-commerce sector.
- Per day around **30,000** orders used to be delivered in food delivery sector.
- In self-delivery, the number of deliveries per day was around **10,000**.
- This sector was booming at an annual growth of **100%**.
- The logistics companies were altogether earning about **BDT 5 million** a day and hiring about **10,000** to deliver products

### Self-Delivery:

As mentioned before some top restaurants have their own delivery system which will fall under self-delivery category. Other than that, a lot of f-commerce businesses have self-delivery services. As per January data the number of daily self-deliveries were 10,000. However, apart from f-commerce a lot of brick and mortar businesses also used to deliver their products with own arrangements.

### Coping with Covid-19

Restriction on movement is indeed a new situation for the country people which made us largely dependent on delivery services. Thus, especially during the general holidays logistic service providers were the unsung superheroes as they were saving the community from contamination. However, it is obvious that the demand of delivery services was sky rocket but it was not same for all the verticals. Necessity was given more priority than luxury which resulted the demand of grocery delivery breaking demand of all the time. On the other hand, restaurants remained closed for a certain amount of time which caused a sharp fall in food delivery services. Moreover, e-commerce and f-commerce based businesses were also not in service during the holidays causing a fall in parcel delivery services. However, after the holidays the logistic service providers did not take much time in coming up with contingency plans and introduced new verticals in no time to cater the sky rocket demand.

### Food Delivery:

Food delivery platforms suffered the most since late march as all the restaurants were closed down. As per Light Castel Partners April, 2020 data, orders dropped by almost 80% during that time. However, The Daily Star stated in September, 2020 that till date, those platforms have not been able to recover more than 50% of the losses incurred. There was also a huge shortage of delivery man since a lot of them left for village after general holidays was declared.

Fortunately, the food delivery platforms responded swiftly to this situation. Platforms like Food panda, whose core business was delivering food, by mid-April they introduced Panda Mart to deliver groceries and

## KEY INFO

### Coping with Covid-19

- Food delivery orders drop by almost **80%** during general holidays
- Food delivery platforms have not been able to recover more than **50%** of the losses incurred
- In April 2020, BPO has provided services to **750,000** customers
- Chaldal on an average receives around **6,000** orders per day, which is **140%** higher than it was **6** months back
- Before pandemic, around **90%** of the daily online orders were for luxury products which now has come down to **30%**.
- Medicine delivery providers receiving **6 to 7** times higher orders than normal times

medicine. On the other hand, Pathao re launched Pathao Tong to deliver groceries and also extended their verticals with Pharma, shop, Bongo, Games etc. in order to adjust the shift in market dynamics.

Platforms like CookUp, Foosto etc. who use their own delivery services also faced a sharp decline since people were not ordering much due to safety concerns. On the other hand, when the Government allowed restaurants to start their operation in a limited scale, along with the big restaurants with self-delivery services, other restaurants also started providing delivery services by their own. Moreover, restaurants started to collaborate with more food delivery platforms to cover up the losses incurred during the shutdown period. Till now the restaurants and food delivery platforms are maintaining the safety and hygiene protocols like contactless delivery, using MFS or other payment gateways to avoid cash transaction, ensuring masks and gloves for the delivery personnel etc. Overall, this particular vertical of delivery services is recovering at a slow but steady pace.

### Grocery Delivery

Online grocery delivery pushed to breaking point during the pandemic. As per the Business Standard, before the Covid-19 outbreak in the country, Chaldal, a leading online shopping platform for household goods, used to have 2,500 orders every day. The volume of the daily orders multiplied to around 16,000 in April and May due to the nationwide shutdown put in place from March 26 to curb the spread of the deadly virus which resulted Chaldal to limit their per day number of orders since it was causing delay in delivery. In an effort to meet the excessive number of orders made each day, Chaldal had to make some technological and strategic changes to its organization, including replacing old servers and automating the refund process. The company hired 300 employees after the COVID-19 pressure mounted. In the current new normal situation, Chaldal on average receives around 6,000 orders per day, which is 140% higher than that of six months back.

Not just Chaldal, all online-based platforms that mainly retail everyday essentials have experienced a remarkable business growth during the pandemic. Conventional chain stores such as Meena Bazaar, Agora, Shwapno and Unimart have shifted their services to online also. Apart from their own delivery services, Shwapno collaborated with Pathao and Food Panda.

Moreover, some e-commerce and f-commerce who did not used to deliver groceries also swiftly changed their vertical to capture the market demand. For example, AirBringr who used to be solely P2P shopping platform started FreshBringr as their grocery supply wing. Market giants like Daraz, Bikroy.com, Sheba.xyz have also been delivering fresh groceries now.

### Parcel Delivery

While a number of e-commerce platforms that mainly retail essential goods are overwhelmed by an unprecedented number of orders, those that sell lifestyle and luxury items saw the demand for their products plummet to rock bottom causing fall in the parcel delivery services. As per the business standard, of all the e-commerce companies, around 80-85% sell fashion wear and gadgets, which have been impacted badly by the novel coronavirus outbreak. Before the

pandemic, around 90% of the daily online orders were for luxury products. But the number of orders has now dropped to 30% only.

However, the good news is, since May 2020 the e-commerce and f-commerce sectors are pulling over. For example, Daraz lost around 5,000 of its import-dependent merchants soon after travel bans were issued around the world in order to curb the spread of coronavirus (The Daily Star). In May, the company added more than 10,000 local retailers to its platform. To provide customers with a better shopping experience amid the coronavirus crisis, Daraz has completely revamped its logistics technology. Paperfly, another logistics company based e-commerce, witnessed a 10% decline in daily deliveries in May. In August the number of shipments made each day surged to 13,000, a 44% increase from its value during the pre-pandemic period, which it was just over 9,000, according to The Daily Star.

At the beginning of the outbreak because of weak logistics infrastructure and travel restrictions, e-commerce consumers suffered a lot. However, with new innovations and technology integration, business for the logistics services providers has extended.

### Medicine Delivery

As the government instructed law enforcement agencies to help the country's e-commerce providers in delivering medicines and daily essentials, like online groceries, virtual medicine platforms have also been getting huge response in recent times. They are receiving six to seven times higher orders than the normal times as people are maintaining social distancing and avoiding large gatherings because of the pandemic. Apart from e-commerce based businesses, large drugstores like Lazz Pharma, Tamanna Pharmacy also started delivery. Lazz pharma has their own delivery arrangement but Tamanna pharmacy collaborated with Pathao in order to provide home delivery of medical products. A lot of other local pharmacies also collaborated with Food Panda for medicine delivery services.

### Pandemic brings about innovation

The disruption in the market has made a lot of brick and mortar based businesses to go online and adopt delivery services. Besides, many brick and mortar stores and fast-moving consumer goods brands are partnering with e-commerce platforms to make their products easily available to consumers. For instance, global skincare brand Nivea has recently partnered with multiple e-commerce platforms to keep its supply chains moving to get closer to its consumers even if they are confined to their homes. E-courier has spotted the vacuum in online grocery and introduced the first BOT-based messenger shopping in the city. A BOT is a software application that runs automated tasks over the internet. If someone clicks on the link, a messenger

window will open and the BOT will help do the shopping, and people with no experience in online shopping can do it smoothly. They also added another new product named "missed call shopping", where if customers give a missed call, they will receive a return call to share their lists and address. The service is limited in the capital currently. Thus, it can be stated that the disruption in the market has created new windows for innovation.



While the crisis has sparked a skyrocket of demand for certain verticals of this sector, the industry as a whole is suffering along with most other industries. Moreover, risk is a fundamental element of any business. A global event as prominent as the COVID-19 outbreak is likely to have an impact on any business. The booming sectors must capitalize on this opening at once and focus on practices like consumer retention, that will make this growth more sustainable. On the other hand, as we are moving on with this new normal arrangements, a post COVID-19 boom for the verticals which are lagging behind, seems to be on the cards. A vast infrastructural and technological development along with new innovations can help the logistic service providers to be more flexible and cater the rapid shifts in market demand in no time.

## ECONOMY UPDATE

### IDLC INVESTMENTS MANAGES ROBI'S IPO: THE BIGGEST EVER IN BANGLADESH

#### IPO Snapshot

Bangladesh Securities & Exchange Commission has approved the IPO of Robi Axiata Limited on September 23, 2020 in its 741st Commission Meeting. With an issue size of BDT 5,237 million, Robi is set to be the biggest ever IPO in the history Bangladesh. The following outlines some of the highlights of Robi's IPO:

#### HIGHLIGHTS

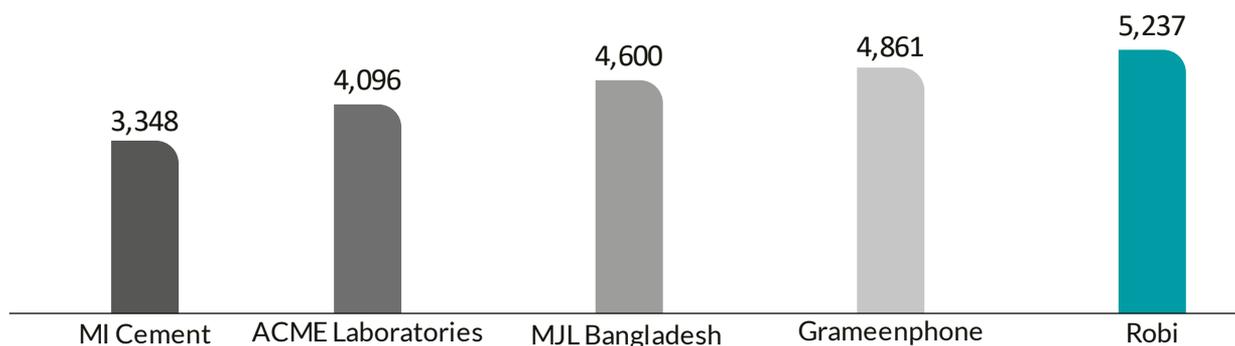
IPO Size	BDT 5,237 million
No. of shares to be issued	523 million
Pre-IPO Paid-up capital	BDT 47.14 billion
Issue Price	BDT 10.00
Net Profit After Tax	BDT 169 million
Net Asset Value per share	BDT 12.64
Authorized Share Capital	BDT 60.00 billion

Source: Prospectus of Robi Axiata Limited

The capital market of Bangladesh has witnessed large scale IPOs in the past, but none had crossed the BDT 5,000 million mark and through this, Robi has set a new benchmark for mega IPOs in Bangladesh. Furthermore, the last IPO of a multinational company took place around a decade ago. Also, as the second entrant of the telecommunication sector in the capital market, the listing of Robi will significantly boost the market capitalization. The fund raised from IPO will be used in network expansion.

#### Top 5 IPOs in Bangladesh

Figures in BDT million



Source: IDLC Investments Limited

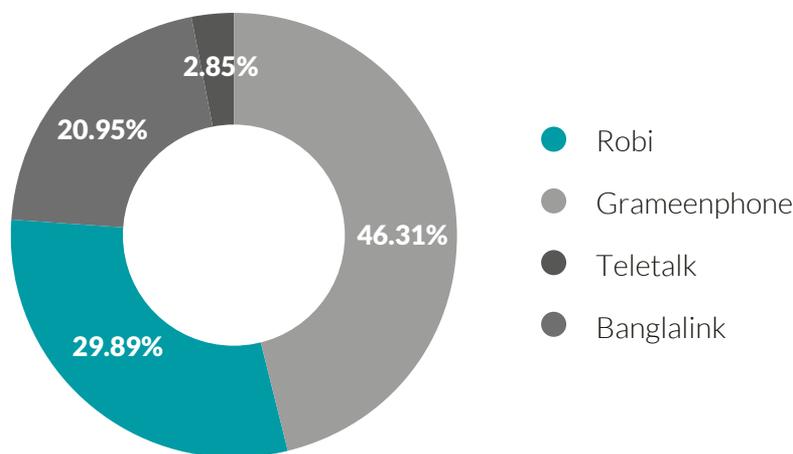
#### Robi and Telco Outlook

Robi was incorporated as a public limited company on October 22, 1995 as TM International (Bangladesh) Limited with the brand name 'Aktel'. In 2010, it was rebranded as 'Robi' and the Company changed its name to Robi Axiata Limited.

Robi Axiata Limited is a subsidiary Company of Axiata Investments (Labuan) Limited, which is also the subsidiary of the leading Asian telecom giant, Axiata Group Berhad, based in Malaysia. Other shareholders in the entity include Axiata Group Berhad, Bharti International (Singapore) Pte. Limited.

Robi is the second largest mobile network operator in Bangladesh with 49.100 million subscribers as of end of July 2020.<sup>1</sup>

### Market Share - Telco Sector <sup>2</sup>



### Role of IDLC Investments

IDLC Investments worked as the corporate advisor for the Robi-Airtel merger, which till date has been one of the biggest merger in Bangladesh. Robi initiated its plans to go public in early 2019 and subsequently appointed IDLC Investments as the issue manager for this journey.

Being awarded as the “Best Investment Bank in Bangladesh” by Euromoney Awards for Excellence for three consecutive years since 2018, IDLC Investments has managed some of the cornerstone IPOs of the country, which includes that of Berger Paints Bangladesh Limited, Marico Bangladesh Limited, first ever IPO in Bangladesh to exercise “Green Shoe Dilution Option” and RAK Ceramics (Bangladesh) Limited, the first ever IPO under Book-Building method in Bangladesh.

Mr. Arif Khan, CEO and Managing Director of IDLC Finance commented “We are really proud to be the issue manager for this largest IPO. We believe this initiative will further foster the growth of the telecommunication sector. IDLC will continue introducing such well-governed companies, bringing a positive impact in Bangladesh’s capital market.”

Mr. Md. Moniruzzaman, Managing Director of IDLC Investments added “Our focus on good governance has been the key driver in execution of IPOs. A coherent ideology between the management of the issuer and issue manager is vital for the successful completion of IPO. Robi’s IPO has yet again proven the operational excellence of IDLC Investments and we shall continue to steer towards this path for the foreseeable future.”

Apart from IPO, merger & acquisition, IDLC Investments is also engaged in portfolio management and margin lending business and looks forward to build a better investment ecosystem in the capital market of Bangladesh.

1 <http://www.btrc.gov.bd/content/mobile-phone-subscribers-bangladesh-july-2020>

2 <http://www.btrc.gov.bd/content/mobile-phone-subscribers-bangladesh-july-2020>



**Mr. Hussain M Elius**  
Co-founder & CEO , Pathao

Interviewed By  
Bonnishikha Chowdhury, MBR Team

**MBR: What changes have you noticed in the business performance of all the delivery verticals after the pandemic started?**

**Mr. Hussain M Elius:** Startups are playing a transformative role in changing consumer lifestyles and in building a Digital Bangladesh. Homegrown technology companies such as Pathao, a digital platform built by local founders, have changed the way over six million people move, eat, buy, and engage in their everyday lives. Pathao has several business verticals which were affected in different ways.

Worst hit was our transportation business - which was temporarily suspended due to COVID for over five months. Since the suspension was lifted, our ride-sharing business is on a steady path to recovery.

As the pandemic results country wide lockdown, initially there was a steep decline in the demands of the delivery services. However, as the weeks passed by, business picked up quite quickly. This was because as more people were staying home due to the lockdown, they relied heavily on the delivery services. With the reintroduction of Tong and Pathao Health, our users got an instant go-to service for essentials as well as medicine. With the launch of our ecommerce marketplace i.e Pathao Shop, we noticed a sharp increase in orders for non-essentials and that too was because many shopping places around the country was closed. Our users needed a more versatile and wider shopping palette that they could buy from, from the comforts of their home - and that's

something Pathao Shop provided. Our Courier and Parcel verticals also grew quickly as overall ecommerce industry started to grow.

**MBR: What new measures did you have to adopt in order to adjust with the shift in the market dynamics?**

**Mr. Hussain M Elius:** Even before the coronavirus pandemic caused a country wide lockdown - we were able to see what was happening in other markets, and we started taking action before the government declared a lockdown.



In times of crisis, we believe in being swift and decisive. And we took actions to rapidly diversify and bring products and services that would add value to the lives of our customers. Our highest priorities are protecting the safety and well-being of our community, and continuing to serve our customers.

- **Work-From-Home** All our employees, with a few exceptions, have been working from home with a secure connection. We had cancelled all non-essential company travel and events.
- **Re-Introduced Pathao Tong** Users can now order groceries and essentials from Pathao to be delivered in less than 40 minutes.
- **Introduced Pathao Health** Both Prescription and Non-Essential medicines could be delivered using Pathao Pharma. We had also partnered up

with Digital Health, Praava Health, Labaid, Maya and others to provide telemedicine and home corona testing facilities

- **Pathao Parcel** Our users could send and receive packages between anywhere in Dhaka without ever leaving your house with the new-and-improved Pathao Parcels.
- **Pathao Shop** When shopping malls and stores were closed, we brought forward our eCommerce marketplace to provide our customers a convenient way to shop online.
- **Contactless Delivery** We have been training our riders to provide contactless delivery for the safety and security of yourself as well as the rider.
- **Supporting our Riders** We have been distributing protective gear to our riders to make sure that they stay safe while serving you.
- **Collaborating with the Government** and the industry We continue to work with ICT Ministry, a2i, other government bodies, e-Commerce Association of Bangladesh (eCAB), and other industry colleagues to ensure that critical supply chain is maintained.

### **MBR: What major challenges are you facing while providing delivery services in this “new normal” situation and how are you dealing with it?**

**Mr. Hussain M Elius:** As a team, Pathao is immensely mission driven. Everyone starting from our employees to our riders are extremely passionate about making a change and working for our country. That being said, the pandemic has made us change a lot in how we work and how we provide our service.

The first focus is our employees. We have implemented work-from-home policies before the official lockdown and it is something that we are continuing to this day.

Second is our focus on educating and enforcing health and safety standards. Pathao took the initiatives and worked collaboratively with e-Commerce Association of Bangladesh (eCAB) and formulated safety guidelines for our drivers, our foodmen and our delivery agents. We are providing training, ensuring the use of safety equipment (we have also given away face masks, hand sanitizers, disinfectants, hand gloves, etc) and moved to monitor them for enforcement.

That being said we have faced challenges in

- (a) **Acquisition of new delivery agents** - because of the pandemic, many blue collar workers had left Dhaka.
- (b) **Disruption in the middle-mile** - because of area wise lockdown vans from one city to another couldn't move very freely.

That being said - those problems have largely been resolved now as the lockdown in place.

### **MBR: How was the response when you reintroduced “Pathao Tong” and what is your future plan or strategy regarding it?**

**Mr. Hussain M Elius:** Reintroduction of Pathao Tong was a big success among our consumer body. An online grocery service was much needed during the initial days of the pandemic when the lockdown was on full swing. People were not going out - and a service which brought essentials to the doorsteps was something people craved.

The introduction was not without its challenges. A large part of our delivery agents also went out of the city and we did not have enough delivery agents to carry on the work. For the ones that remained, we had to retrain our delivery agents to attend to the safety protocols and carry out contactless deliveries. Many shops were also closed early and that meant we could not serve customers who would order at different times.

However, over time the challenges were solved as lockdowns were relaxed and the demand growth became more stable instead of erratic. We plan to continue investing in Pathao Tong to make it the essential on-demand platform for all our users.

### **MBR: With the introduction of a streaming service, a gaming platform, two digital marketplaces such as pathao shop and pathao tong, pathao has morphed into an essential lifestyle platform, what are your plans regarding it in the future?**

**Mr. Hussain M Elius:** At its core, pathao is not simply a ride sharing company or a food delivery service, it is to become an essential lifestyle platform for the people of this country. We plan on continuing to invest in understanding the market need and providing services that customers want - at scale.



**Mr. Waseem Alim**  
Co-founder & CEO, Chaldal

Interviewed By  
Bonnishikha Chowdhury, MBR Team

**MBR: Due to the pandemic there was a sudden surge in online grocery shopping, what major initiatives have you taken to cater that atypical need?**

**Mr. Waseem Alim:** We were serving 2500 orders pre covid. During covid the orders surged 5 times. We were getting more than 10,000 orders a day. The systems did not hold up very well and service quality went down.

We took the following steps to deal with covid:

- We did not want the virus to spread across our warehouses. In addition to taking extreme precaution and focusing on training, we also decided to separate out the workforce. Given that we have distributed warehouses, we ensured that no employee moved between two facilities.
- The senior management team moved to a hotel for 7 weeks during COVID, so that we could keep our families safe.
- There was a lot of fear among our employees, we communicated heavily through different digital mediums with each of our employees. In addition the management team went “live” several times during a week to boost employee morale.
- We anticipated supply chain weakness and worked closely with major partners to ensure our stocks were full. This was especially true for critical supplies.
- We limited our product offering in order to increase processing times.



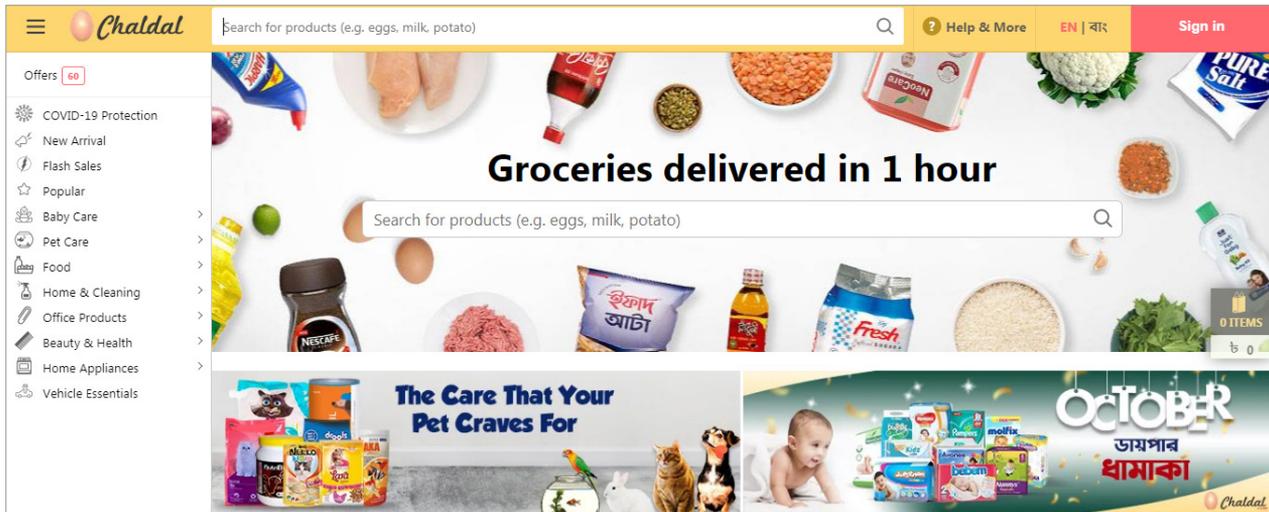
- We have doubled our warehouse footprint since COVID started. This allows us to deliver more quickly. This was especially challenging in COVID because there was a shortage of supplies and skilled workers.
- We deployed new software that allowed our warehouses to increase output.
- We worked closely with Police and other emergency services to ensure that there was proper communication, and our delivery persons did not face any issues.

**MBR: Can you share some statistics with us on business performance before and after the pandemic started?**

**Mr. Waseem Alim:** We were serving 30,000 families in Dhaka each month prior to COVID. Now we serve more than 60,000 families in Dhaka.

**MBR: What major challenges are you facing now while providing delivery services in this new normal situation and how are you dealing with it?**

**Mr. Waseem Alim:** The new normal requires our workforce to have greater awareness. We have doubled down on training and safety precautions. We realize that we are a service that slows down the flow of virus, and the last thing we want is to become a vector for the virus.



**MBR:** A lot of new e-commerce and super shops are also providing grocery deliveries now. What strategies are you adopting to deal with such market penetration?

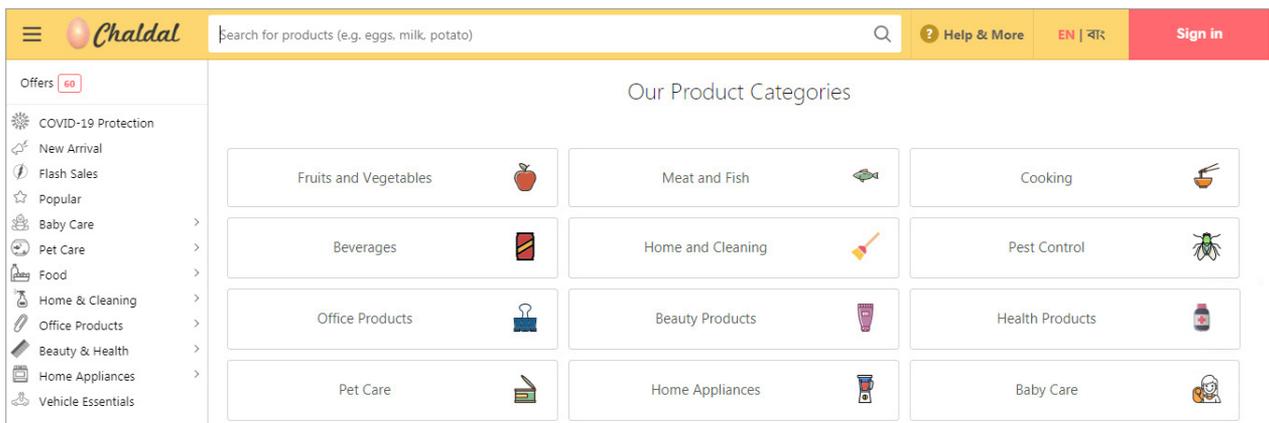
**Mr. Waseem Alim:** I think the grocery market is way too big for us to be concerned about competition. We welcome the entry of these service providers as they will help to educate the market about ecommerce. We will strive to remain the fastest, cheapest and the best consumer offering for grocery delivery and we hope to survive on the basis of merit and quality of service.

**MBR:** According to consumer feedback, the sudden surge in demand caused delay in grocery delivery in some cases. Was there any impact of such a situation on your client base?

**Mr. Waseem Alim:** During the months of March, April and May we were simply unable to cope up with the demand. We disappointed a lot of our customers for sure. However, we have recovered significantly. Right now, our on-time delivery rate is 90%. We have seen significant improvement in service level in the past few months.

**MBR:** Do you think in the post pandemic world, online grocery purchase will still be growing or it will go back like before Covid?

**Mr. Waseem Alim:** The pandemic has educated the customer. I do not think it will go back to pre-Covid scenario. We are still seeing much for eagerness from consumers to try “online shopping”. Customer acquisition costs have come down across the board -- and that is bound to have long-term impact.



## Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of September in positive territory. During the month, the broad index DSEX rose by 1.7%, gaining about 84.2 points. However, the blue chip index DS30 and the Shariah index DSES declined by -0.2% and -1.1%, respectively.

Among the regional peers, Sri Lanka index advanced (+12.3%) the most, followed by Vietnam (+2.7%). On the other hand Pakistan (-1.3%) closed the month in negative territory. MSCI Frontier Markets Index also increased by 1.2%. Over the long term, Vietnam showed the most encouraging track record with a 5 years' return of 60.9%.

Table 1: Equity market performance in Bangladesh and peer countries

Indices	Index Points, September, 2020	Return*					
		1M	3M	YTD	12M	3Y	5Y
<b>Bangladesh</b>							
DSEX	4,963.3	1.7%	24.4%	11.5%	0.3%	-18.5%	2.3%
DS30	1,696.0	-0.2%	26.5%	12.1%	-3.6%	-22.1%	-8.2%
DSES	1,120.4	-1.1%	21.1%	12.1%	-1.6%	-16.8%	N/A
<b>Peer Countries</b>							
Pakistan (KSE 100)	40,571.5	-1.3%	17.9%	-0.4%	26.5%	-4.3%	25.7%
Sri Lanka (CSE - All Share)	5,984.8	12.3%	16.2%	-2.4%	4.3%	-7.0%	-15.1%
Vietnam (VNI)	905.2	2.7%	9.7%	-5.8%	-9.2%	12.5%	60.9%
<b>MSCI Frontier Markets Index</b>	<b>679.1</b>	<b>1.2%</b>	<b>6.3%</b>	<b>-11.5%</b>	<b>-6.4%</b>	<b>-12.9%</b>	<b>8.5%</b>

\*All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

### Liquidity Condition in Equity Market of Bangladesh

During September, the total market capitalization increased by 8.1%, while free float market capitalization increased by 2.3%. The daily average turnover of September 2020 was BDT 10.1 bn (USD 119.3 mn), increasing by 3.2% from that of last month. Accordingly, turnover velocity which represents overall liquidity of the market increased to 66.8% in September compared to 60.4% 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	30-Sep-20	31-Aug-20	% change
Total market capitalization (USD* mn)	47,128	43,613	8.1%
Total equity market capitalization (USD mn)	40,131	36,682	9.4%
Total free float market capitalization (USD mn)	15,254	14,909	2.3%
Daily Avg. Turnover (USD mn)	119.3	115.6	3.2%
Turnover Velocity~	66.8%	60.4%	N/A

\*All USD figures are converted using an exchange rate of 84.80 as of September 30, 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 22.3% till September, 2020. During the same period, daily average turnover of the market amounted to BDT 5.4 bn (USD 62.2 mn) (Figure 1).

Figure 1: DSEX since inception along with market turnover

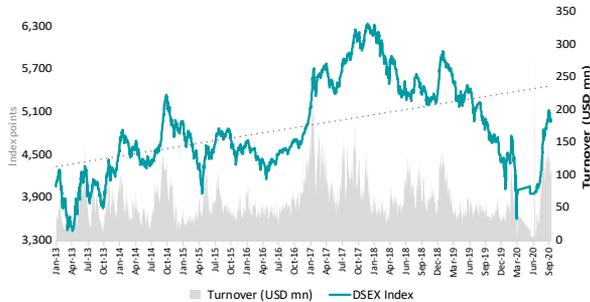


Table 3: Sector performance snapshot

Sector	Market Capitalization (USD mn)		Return*						P/E (x)**	P/BV (x)^	Dividend Yield~
	Total	Free Float	1M	3M	YTD	12M	3Y	5Y			
Pharmaceuticals & Chemicals	6,626	3,440	-2.4%	20.8%	20.9%	12.3%	18.4%	43.5%	16.6	2.5	2.0%
Bank	6,475	3,667	2.2%	24.6%	7.9%	3.1%	-16.8%	61.5%	8.1	0.6	4.3%
Telecommunication	5,508	592	3.6%	45.4%	23.5%	0.1%	-4.1%	50.2%	12.7	13.1	3.8%
Fuel & Power	5,121	1,334	1.3%	19.1%	14.2%	3.8%	20.2%	24.2%	13.2	1.5	5.3%
Engineering	4,539	978	131.1%	167.9%	140.3%	102.3%	88.7%	141.2%	20.2	1.9	1.0%
Food & Allied	2,990	1,057	2.9%	22.4%	18.4%	-0.3%	10.7%	17.9%	17.1	6.1	3.3%
NBFI	2,099	654	7.6%	42.6%	26.3%	16.9%	-22.5%	21.0%	17.7	1.9	1.8%
Textile	1,381	793	5.2%	18.3%	6.3%	6.0%	2.8%	42.7%	16.5	0.8	2.3%
Miscellaneous	1,293	393	-5.4%	19.2%	13.2%	0.5%	21.0%	30.8%	39.8	1.2	2.1%
Cement	939	385	-6.1%	10.3%	15.6%	0.6%	-36.6%	-54.1%	23.6	2.1	1.9%
Non Life Insurance	922	517	26.7%	92.4%	56.7%	53.9%	95.1%	201.7%	18.6	1.6	2.3%
Life Insurance	695	329	3.7%	18.3%	-3.7%	-1.9%	22.9%	38.8%	24.0	7.2	2.0%
Travel & Leisure	301	159	-0.1%	0.1%	10.5%	18.5%	30.4%	44.6%	25.9	0.8	2.7%
IT	284	181	2.5%	25.8%	10.3%	12.9%	48.1%	281.4%	19.9	2.1	1.2%
Ceramics	269	113	1.2%	13.4%	-0.4%	-9.2%	-17.5%	-17.0%	52.5	1.5	3.0%
Tannery	215	105	-3.0%	2.5%	-5.7%	-22.9%	-31.5%	-25.4%	36.5	1.6	1.6%
Services & Real Estate	190	96	9.3%	26.1%	21.8%	12.1%	-29.8%	-32.0%	17.3	0.9	2.6%
Paper & Printing	127	45	-0.1%	11.5%	9.1%	-0.3%	297.1%	379.3%	33.8	1.2	2.5%
Jute	27	18	1.1%	26.9%	-10.9%	-33.7%	29.5%	129.6%	54.3	6.7	1.1%
<b>Market</b>	<b>37,267</b>	<b>14,817</b>	<b>1.7%</b>	<b>24.4%</b>	<b>11.5%</b>	<b>0.3%</b>	<b>-18.5%</b>	<b>2.3%</b>	<b>13.4</b>	<b>1.5</b>	<b>3.0%</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 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 September, all cap classes yielded positive returns. Among them, the large cap was the highest dividend yielding (3.9%) 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	78.5%	1.8%	30.0%	17.4%	2.2%	2.6%	33.3%	12.8	1.5	3.9%
Mid	36-118	11.5%	-1.0%	15.4%	10.4%	4.7%	-10.5%	22.5%	14.4	1.0	2.4%
Small	12-35	8.1%	1.3%	19.5%	14.0%	3.7%	-12.1%	20.9%	20.4	0.9	2.3%
Micro	<12	2.0%	10.2%	35.7%	22.8%	14.5%	2.7%	35.4%	23.9	0.5	1.1%
<b>Market</b>	-	-	<b>1.7%</b>	<b>24.4%</b>	<b>11.5%</b>	<b>0.3%</b>	<b>-18.5%</b>	<b>2.3%</b>	<b>13.4</b>	<b>1.5</b>	<b>3.0%</b>

\*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, WALTONHIL (+200.4%) advanced the most in September, followed by UPGDCL (+10.6%) and MARICO (+8.2%). LHBL (-8.2%) faced the highest selling pressure during the month.

Majority of these companies yielded outstanding return over longer time horizon (5 years) such as UPGDCL (+215.2%), EBL (+145.8%) and BRACBANK (+99.8%).

Among the scrips, SUMITPOWER, TITASGAS, MJLBD, EBL, MARICO, UPGDCL, ISLAMIBANK, DUTCHBANGL, GP and BATBC 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	5,255	525	1.37	3.6%	45.3%	23.2%	-0.1%	-4.5%	51.1%	12.4	15.3	3.9%
WALTONHIL^	Engineering	2,705	26	0.09	200.4%	N/A	N/A	N/A	N/A	N/A	22.4	2.9	0.0%
BATBC	Food & Allied	2,379	629	1.09	4.2%	23.5%	20.6%	1.7%	20.6%	25.2%	16.8	6.1	3.6%
SQURPHARMA	Pharmaceuticals & Chemicals	2,031	1,329	2.12	-6.8%	18.3%	7.4%	-5.9%	-14.4%	N/A	12.3	2.4	1.9%
UPGDCL	Fuel & Power	1,853	185	1.50	10.6%	35.4%	21.6%	-0.5%	153.8%	215.2%	25.0	5.9	4.0%
RENATA	Pharmaceuticals & Chemicals	1,208	590	0.27	-2.5%	12.7%	5.4%	1.6%	47.6%	59.8%	25.1	5.2	0.8%
ICB	NBFI	902	29	0.17	-2.7%	45.8%	29.8%	13.5%	-29.6%	-1.5%	(120.6)	8.0	0.0%
MARICO	Pharmaceuticals & Chemicals	797	80	0.12	8.2%	39.6%	34.4%	32.2%	125.6%	58.0%	17.0	36.7	4.4%
BERGERPBL	Miscellaneous	757	38	0.12	-4.7%	8.1%	2.5%	-7.5%	38.0%	38.2%	149.1	8.8	2.1%
BRACBANK	Bank	636	355	3.39	2.5%	27.6%	-21.7%	-27.3%	-25.2%	99.8%	15.4	1.4	1.7%
BXPBARMA	Pharmaceuticals & Chemicals	563	489	7.61	2.0%	70.2%	69.7%	42.7%	15.4%	84.3%	13.6	1.6	1.3%
LHBL	Cement	555	196	1.11	-8.2%	12.8%	23.9%	16.3%	-29.9%	-59.2%	27.7	3.0	2.5%
SUMITPOWER	Fuel & Power	533	196	0.83	0.5%	20.5%	20.8%	14.1%	31.0%	64.4%	7.8	1.4	8.3%
ISLAMIBANK	Bank	511	261	0.34	8.0%	62.1%	48.5%	31.3%	-10.7%	12.7%	6.9	0.8	3.7%
OLYMPIC	Food & Allied	410	296	0.23	-4.8%	15.8%	5.4%	-12.5%	-30.5%	-19.5%	16.9	4.8	2.8%
TITASGAS	Fuel & Power	393	98	0.14	-4.5%	13.5%	9.1%	-0.6%	-14.8%	-40.5%	12.0	0.5	7.7%
DUTCHBANGL	Bank	385	50	0.22	1.2%	14.8%	3.2%	6.3%	22.3%	94.8%	7.5	1.2	4.6%
EBL	Bank	347	237	0.06	-1.9%	17.2%	17.9%	12.1%	5.3%	145.8%	8.8	1.2	4.1%
MJLBD	Fuel & Power	320	91	0.11	1.2%	32.5%	35.4%	12.5%	-13.3%	16.4%	13.1	2.2	5.3%
GLAXOSMITH	Pharmaceuticals & Chemicals	314	30	0.07	-4.1%	1.1%	29.3%	37.8%	67.7%	22.3%	41.9	23.6	2.4%
<b>Market</b>		<b>37,267</b>	<b>14,817</b>	<b>119.31</b>	<b>1.7%</b>	<b>24.4%</b>	<b>11.5%</b>	<b>0.3%</b>	<b>-18.5%</b>	<b>2.3%</b>	<b>13.4</b>	<b>1.5</b>	<b>3.0%</b>

\*All returns are Holding Period Return.

^WALTONHIL got listed on September 23, 2020.

## 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 positive returns. Third ICB Unit Fund (+16.8%) generated the highest YTD return.

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

Name	Asset Management Company	Fund Size (USD mn)	NAV Return		
			2020 YTD*	2019	2017-2019
CAPM Unit Fund	CAPM	1.5	14.8%	-7.3%	5.7%
VIPB Accelerated Income Unit Fund	VIPB	6.9	6.7%	-4.6%	5.4%
Seventh ICB Unit Fund	ICB	4.5	14.7%	-7.8%	3.8%
ATC Shariah Unit Fund	ATCP AML	1.4	4.6%	-10.8%	3.2%
LankaBangla 1st Balanced Unit Fund	LankaBangla	4.2	17.8%	-8.0%	2.6%
Sixth ICB Unit Fund	ICB	2.9	16.1%	-8.4%	2.4%
MTB Unit Fund	Alliance	9.8	11.1%	-0.9%	1.7%
UFS-Popular Life Unit Fund	UFS	8.1	5.7%	-9.0%	1.6%
Third ICB Unit Fund	ICB	3.6	20.6%	-8.2%	1.1%
Peninsula AMCL BDBL Unit Fund One	Peninsula	2.2	9.1%	-7.7%	0.9%
<b>Market (Broad Index) Return (%)</b>			<b>12.7%</b>	<b>-18.0%</b>	<b>-4.3%</b>

\*Based on published NAV and DSEX point of September 24, 2020

All the top ten closed end mutual funds on the basis of 5 years (2015-2019) performance yielded positive returns on YTD basis except ATCSLGF (-2.9%). GRAMEENS2 (+8.6%) yielded the highest return. All these funds are traded at a lucrative discount compared to their NAV.

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>
							2020 YTD	2019	2017-19	2015-19	
NLI1STMF	VIPB	7.7	11.0	13.0	84.9%	4.5%	7.2%	-4.5%	5.0%	9.7%	2022
SEBL1STMF	VIPB	14.5	10.5	12.3	85.4%	2.9%	7.3%	-4.4%	4.7%	8.7%	2021
ATCSLGF	ATC AML	7.8	8.0	10.7	74.8%	9.4%	-0.9%	-8.1%	4.1%	7.5%	2025
EBL1STMF	RACE	17.8	5.4	10.4	51.9%	0.0%	4.7%	-5.0%	4.4%	6.8%	2029
PHPMF1	RACE	34.5	5.2	10.4	50.1%	5.8%	4.2%	-3.5%	4.7%	6.2%	2030
RELANCE1	AIMS	8.8	9.1	12.3	73.9%	0.0%	9.4%	-6.6%	3.8%	6.2%	2021
GRAMEENS2	AIMS	38.3	13.3	17.8	74.7%	5.3%	13.0%	-7.1%	4.5%	6.0%	2023
IJANATAMF	RACE	35.9	5.1	10.5	48.5%	0.0%	4.4%	-4.0%	3.5%	5.8%	2030
POPULAR1MF	RACE	36.7	5.1	10.4	49.0%	5.9%	3.5%	-4.6%	3.8%	5.8%	2030
AIBL1STMF	RACE	12.0	7.4	10.2	72.5%	10.8%	8.2%	-6.4%	2.1%	5.3%	2031
<b>Market</b>						<b>3.0%</b>	<b>12.7%</b>	<b>-18.0%</b>	<b>-4.3%</b>	<b>-1.9%</b>	

1 Price as of September 27, 2020, and NAV published on September 24, 2020.

2 On last cash dividend declared.

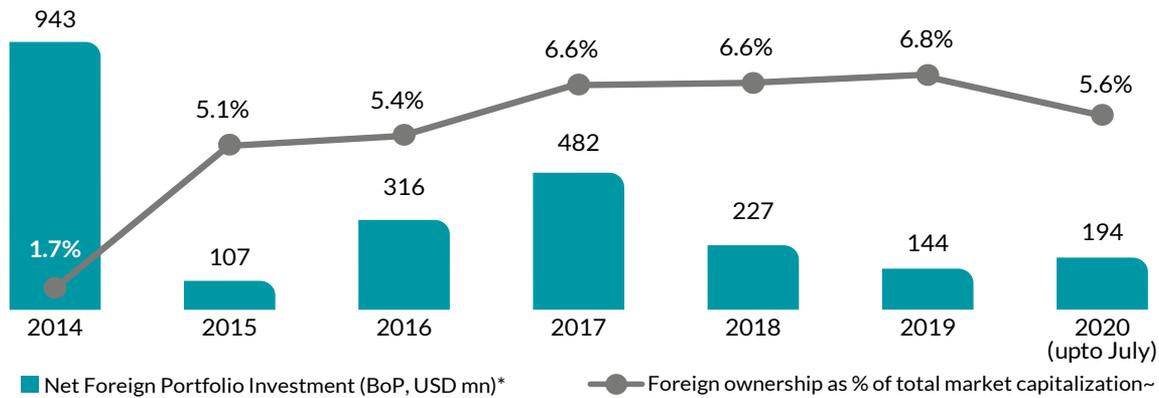
3 CAGR computed for respected periods, except for 2019 and 2020 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

4 In reference to BSEC Press Release বিএসইবিএস/মুশপত্র (৩য় খণ্ড)/১০১১/১৫ 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 August, 2020 total foreign ownership stood at 5.6% 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 August).

Among all the companies with foreign ownership, OLYMPIC had the highest foreign shareholding of 42.4% as of August 2020, followed by DBH with 39.6%.

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

Ticker	Sector	Foreign Shareholding*
OLYMPIC	Food & Allied	40.0%
DBH	NBFI	39.6%
BRACBANK	Bank	39.1%
BXPHERMA	Pharmaceuticals & Chemicals	34.0%
RENATA	Pharmaceuticals & Chemicals	22.8%
MLDYEING	Textile	21.9%
ISLAMIBANK	Bank	20.7%
SHEPHERD	Textile	18.4%
VFSTDL	Textile	18.3%
SQURPHARMA	Pharmaceuticals & Chemicals	17.5%

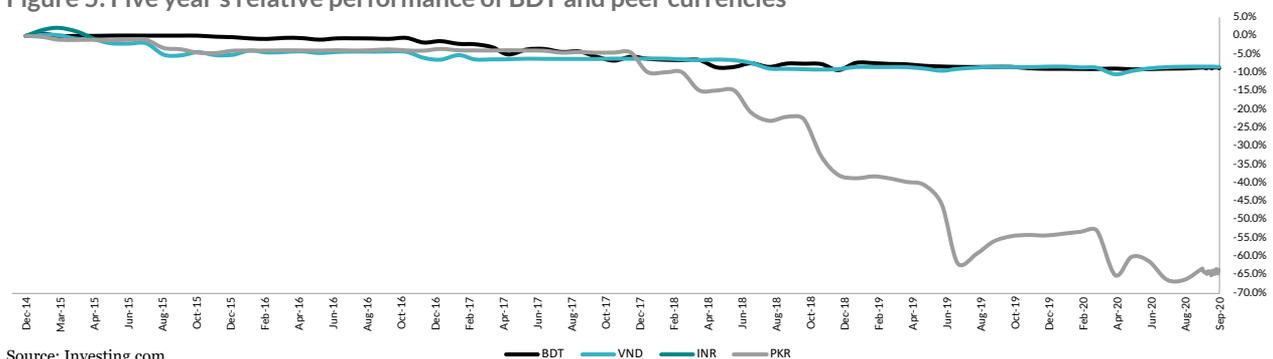
Source: DSE

\*Latest Data for Foreign shareholding available on DSE are as of August 2020.

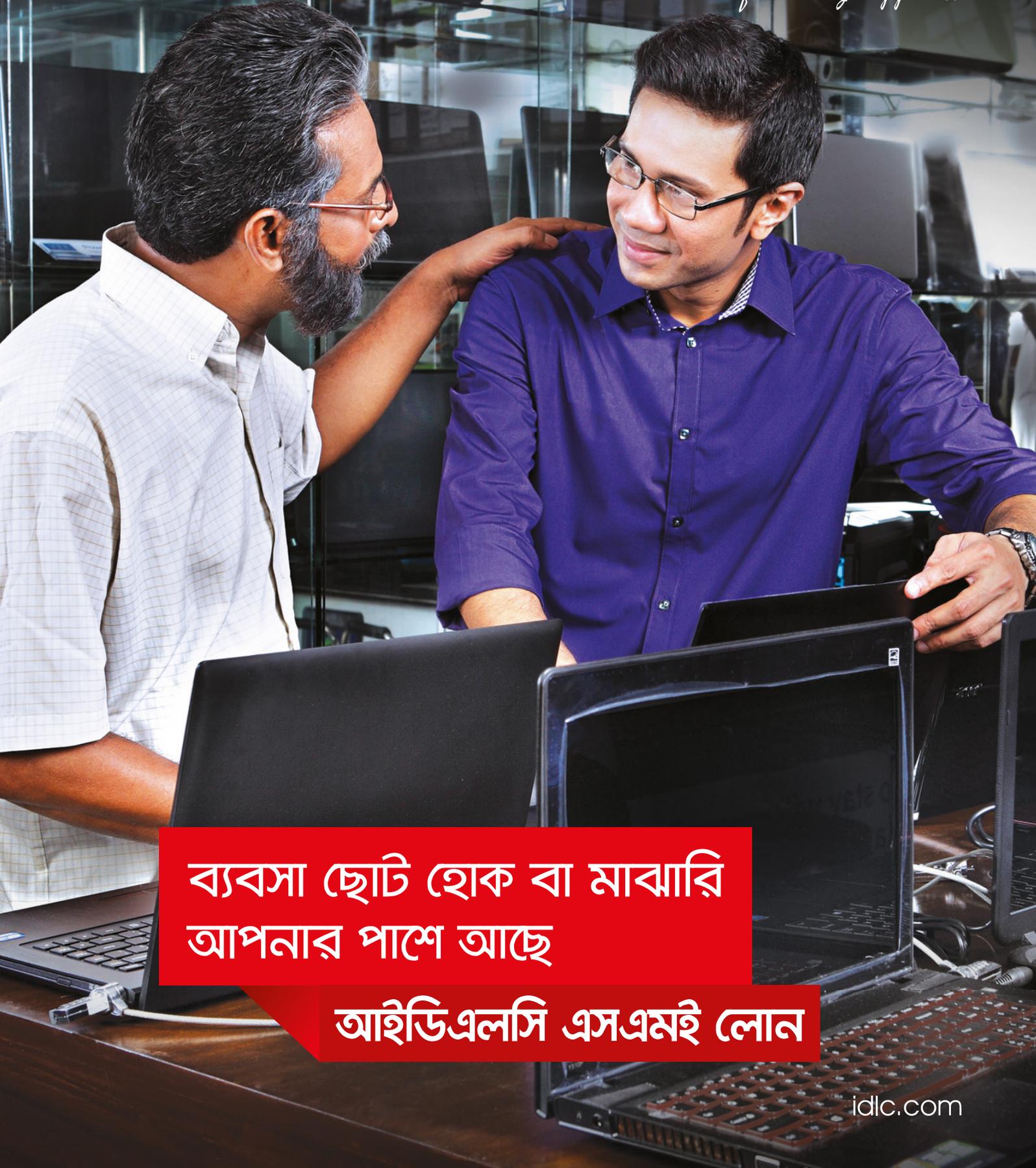
## Performance of BDT and Currencies of Peer Countries against USD

Since 2015, BDT retained its value better than majority of the currencies of peer countries. While BDT depreciated by 8.6% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 8.4%, 16.2% and 63.3%, respectively.

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



Source: Investing.com



ব্যবসা ছোট হোক বা মাঝারি  
আপনার পাশে আছে

আইডিএলসি এসএমই লোন