

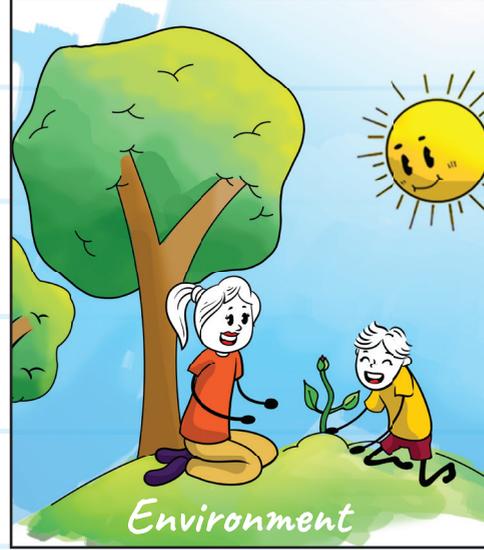
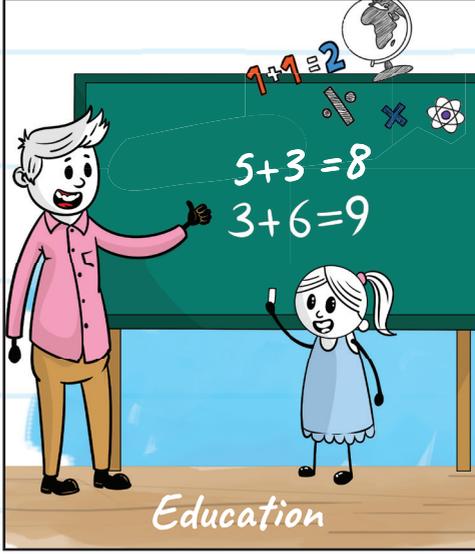
BUSINESS

REVIEW

SUPPLY CHAIN FINANCE

Can it flourish in Bangladesh
by adopting global best practices?

তুমি চাইলে খুশির রাজ্য আটকাবে কে?

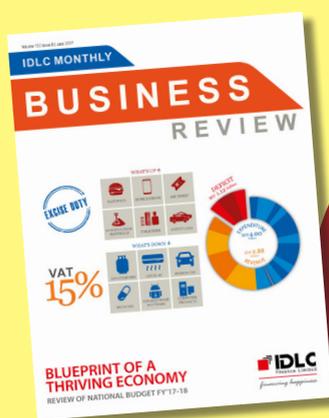


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The curious case of Supply Chain Finance in Bangladesh

Supply chain finance is a much-acclaimed mode of financing across the globe and especially in neighboring India. A key reason it is considered as a product having lower delinquency rates by global banks is, it mitigates the risk of misappropriation of fund and ensures authenticity of cash flow of the borrowers. Also, it lets the banks to take exposure based on the stature of large corporates on which the payments are assigned to.

Although being a 20-years old market in Bangladesh financial sector, this segment is yet to produce desired yield ascribing to some reasons. Firstly, there is a lack of understanding about the concept of supply chain finance and its products despite its immense potential in Bangladesh market. Corporate entities show indifference in backing up their suppliers, which is why suppliers have to take the fund at high rate. Also, here in case of non-payment of corporates, the supplier becomes delinquent to

the banks, which is an unusual scenario in otherwise traditional loan products.

Reverse factoring, which is broadly applied in other parts of the world, has yet to get broader acceptability in Bangladesh market. However, the most crucial challenge is, supply chain finance is yet to be recognized as “a separate product” at regulatory level. It is still treated under the policy of Short Term Revolving Loan. However, some commendable initiatives such as Digital Supply Chain Finance Platform is taking place in the local market that breaths fresh air in this innovative product category. Also, there is a talk in the industry about the policy-making in regulatory level which will be the big push for this mode of financing.

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Supply Chain Finance Can it flourish in Bangladesh by adopting global best practices?

Supply chain finance is not a much popular mode of financing in Bangladesh, although being a 20-years old player. Though some initiatives, for example, Digital Supply Chain Platform are new and commendable, the big push for this industry must come from regulatory level by sketching out a separate policy for this product.

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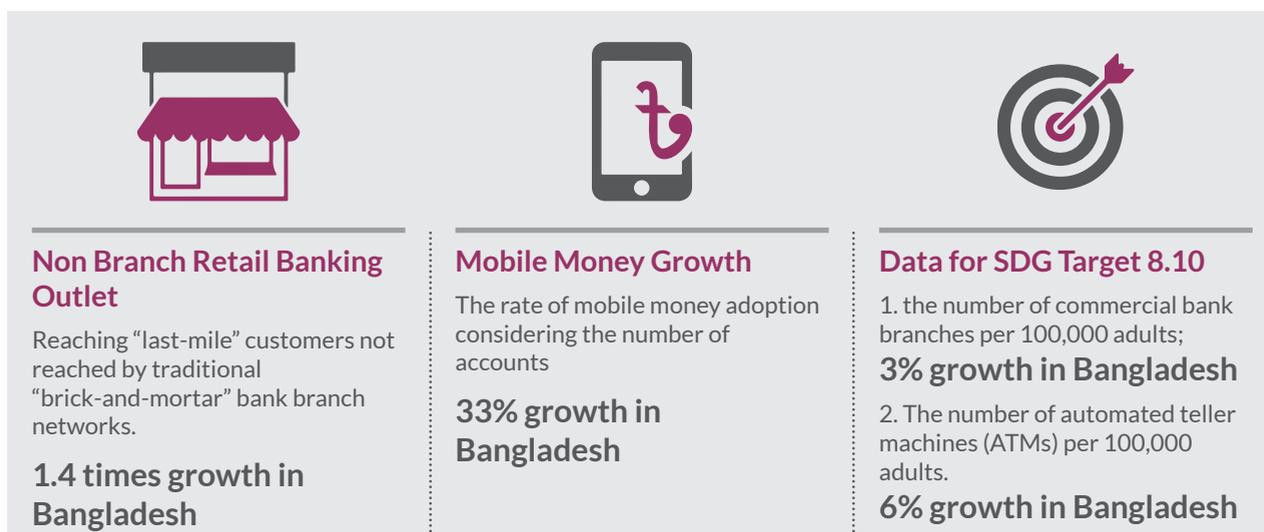
Access to Financial Services 2018

RESEARCH IN FOCUS

Global scenario of financial services and the availability to access the services are the main concerns of Access to Financial Service survey. International Monetary Fund collects data all over the world and analyses the recent trend financial services in different perspective. The information on financial services is collected based on administrative data. The sources of data are both traditional (e.g., commercial banks or other deposit-taking institutions) and digital (e.g., mobile money) financial service providers.

Key Findings from FAS 2018

IMF collected data from central bank of 189 countries and published the key findings of the FAS survey 2018. It is expected by the FAS authority that this survey will help the policymakers all around the world to formulate and monitor the financial inclusion target and benchmark. Key findings of the survey was published in the report which are shown in the diagram.



Fast growth is visible in the South Asian and Latin American countries on the non-branch retail agent outlets, where the financial institutions target the rural customers who do not have the access to regular branch banking activities. Mobile money adoption is another key that was focused as the finding of this survey. Number of mobile money accounts are almost double than the regular bank account in those countries. This growth in mobile money is visible in Africa as they are in the leading position in mobile money growth. Countries like Bangladesh,

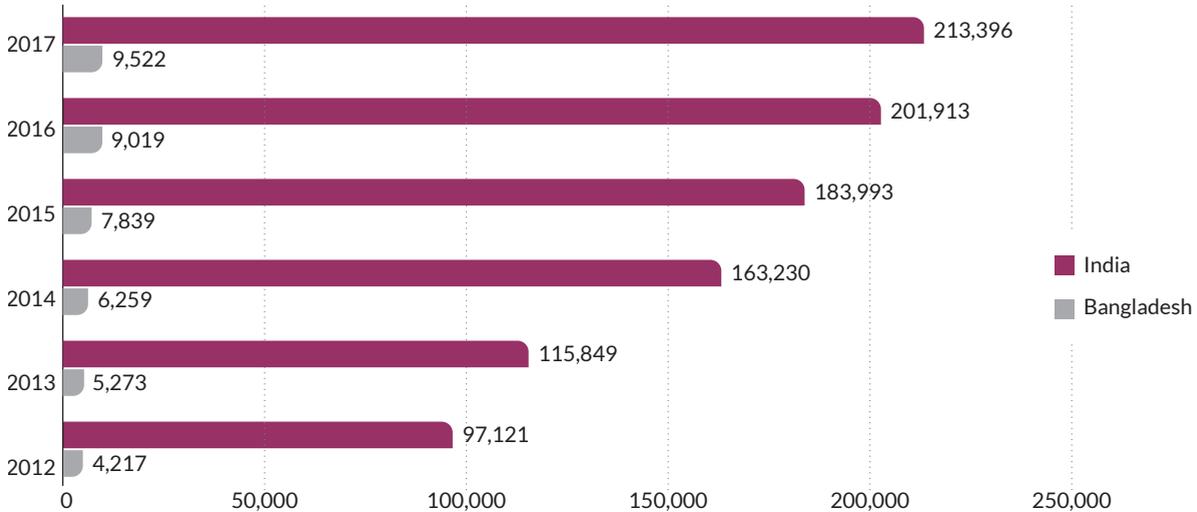
Myanmar etc. are also rapidly progressing in this sector. In Access to Financial Services Survey, International Monetary Fund showed the results of two Sustainable Development Goals, those are the number of branches of banks and the number of Automated Teller Machines (ATM). Most growth of this indicator is found in Asian region. And the worst situation in this indicator is found in Sub-Saharan African region as there is five times fewer branches and ATMs than rest of the world.



ABOUT THE RESEARCH

Access to Financial Services 2018 is a survey report published by International Monetary Fund (IMF) which collects annual data on indicators tracking financial access which is an important aspect of development of a country's economy. It gives insight about the financial products and policies that includes features which make financial products more accessible to the end user.

Number of ATM Booth



Here is a comparison between Bangladesh and neighboring country India. India has shown a tremendous growth in installing ATM Machine in

last few years, whereas Bangladesh even do have some growth in ATM installation but not up to the mark considering India.

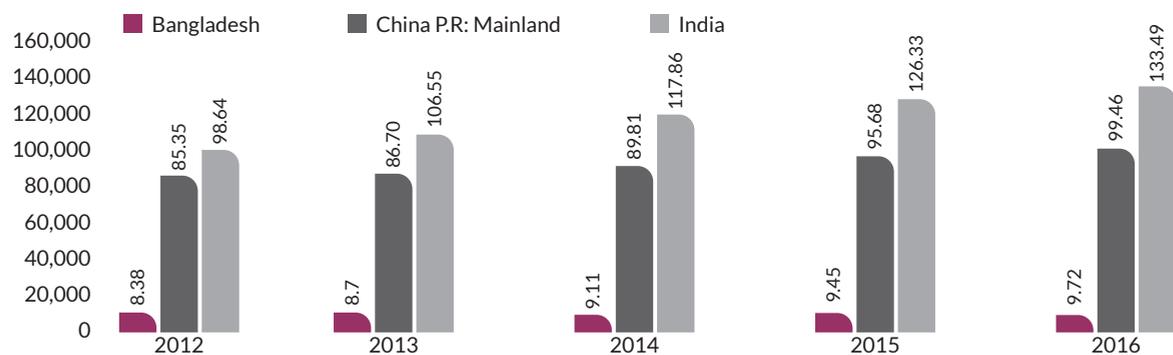
Number of Mobile Money Account Holder (In Million)

YEAR	BANGLADESH	INDIA
2014	24.20	12.15
2015	34.29	68.71
2016	41.04	211.85
2017	58.78	430.57

In the mobile money sector, Bangladesh is leading the region. Bangladesh has been a hub for mobile

money and mobile banking. India is also in the run with Bangladesh in this indicator.

Number of Commercial Bank Branches (In thousand)



Till now Bangladesh is lagging behind from both India and China in the parameter of the number of commercial bank's branch in the country. China is concentrating more to have online platform in banking so that they can reduce the number of

branches, but still can serve the customer base by online banking facility and ATM all over the country. This strategy is adopted by China to reduce the cost associated with maintaining the branches.



GENERAL

Invoices

Create New

- Dashboard
- Network
- Reports
- More

All Recurring

BILLING

- Invoices
- Bills
- Estimates
- Track

Showing 1 - 100 of 204 invoices

PAYMENT RECEIVED

SCHED Jun 11 2018 JDH-2 Renewal (Yearly) USD 150.00 Due USD 150.00 Jane Doe	DRAFT Jun JPS-14 Web Hosting Renewal (Yearly) USD 50.00 Due USD 50.00 John Property Services	VIEWED May 10 2018 10-109 : Web Design & Development USD 25,000.00 Due USD 25,000.00 (8 days)	PAID Apr 10 2018 10-108 : Email Campaign EUR 12,000.00 Due EUR 0.00 Stark Inc.
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SUPPLY CHAIN FINANCE
CAN IT FLOURISH IN BANGLADESH BY
ADOPTING GLOBAL BEST PRACTICES??

In most emerging markets, Small and Medium Enterprises (SMEs) lack access to the credit and liquidity they require for their daily working capital needs. Around the world, supply chain finance is a growing source of external financing for corporations and SMEs. Supply chain finance is considered as a win-win opportunity for all stakeholders in the supply chain ecosystem- the corporates, their suppliers and dealers. It links small vendors to the large corporates, which enables SMEs to access credit at a lower cost with minimal documentation and lesser collateral.

Supply chain financing ensures that all parts of the manufacturing process can stay in sync. A delay in the production impacts the final sale of the product and could cost the manufacturer money from loss of sales. By receiving the payment ahead of time, the supplier can deliver their portion of the chain efficiently, also, without any additional cost to the buyer. Although they are charged a fee for the cash in advance, this is small in comparison to what the price would be if they were to default on the commitment to produce entirely.

In another viewpoint, the challenge in SME lending is to reach and identify the new-to-banking borrowers and veracity of financial data of the borrower. This gets mitigated to a large extent in supply chain finance by generating credit comfort from borrower's transactional behavior with large corporate.

What is unique about this mode of financing is that the credit provided by a lender is explicitly linked to the value of a supplier's accounts receivable rather than supplier's overall creditworthiness. Therefore, it allows high-risk suppliers to transfer their credit risk to their high-quality buyers. Mostly these solutions are for those companies which have inventories and sell those to large corporate entities in a scheduled basis and their working capital gets tied up in those large corporates. In a bid to have a regular stream of cash flow which may be required for undertaking another ongoing project, they go for this mode of financing. It enables them to receive the payment within few days of initiating the project, which they were supposed to get after the agreement credit period. For this reason, it's very attractive, relative to other working capital products, being low cost and simple to access.

Supply chain finance is cheaper than any other form of traditional financing, because FIs fix price based on the risk exposure for every loan. For further security, FIs do

have other mechanism to minimize risk from supplier financing. For instance, selecting suppliers who have multiple corporate buyers under their belt hailing from different industries.

Mechanics of Supply Chain Finance

Simply put, supply chain finance is a trip-art solution between the buyer (mostly multinationals) and a Financial Institutions (FI), which allows suppliers to join a programme to discount their receivables to the FI which is delivered to and accepted by the buyer. The solution provided by the FI is that they will make an arrangement with the buyer and the supplier so that supplier can get enough fund to continue production. This financial structure is an ideal solution that leads to twin advantages:

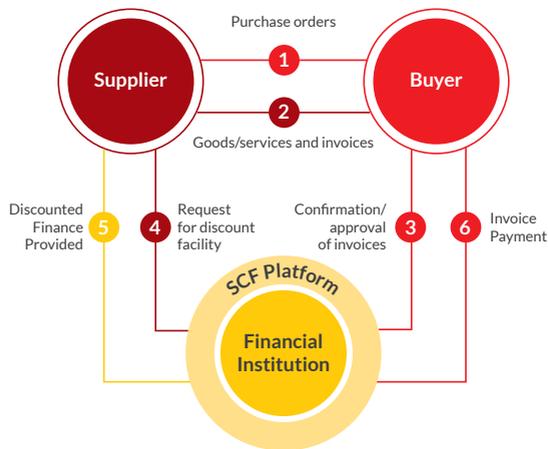
- It reduces the average Day Sales Outstanding (DSO) of the supplier and,
- It increases the Day Pay Outstanding (DPO) of the buyer

Three parties are involved in supply chain finance:

- Buyer/Anchor
- Supplier
- Financial Institutions

Broadly, there can be two avenues of financing in supply chain finance: Factoring (Supplier Financing) and Reverse Factoring.

Factoring is a type of debtor finance in which a business discounts its accounts receivable (invoices) to a third party (called a factor) at a discount. This mode of financing allows manufacturers to buy raw materials (or finished goods) in order to build inventory or fulfill large orders. It works by partnering with an FI that extends a corporate entity (buyer) trade credit, and it acts as an intermediary between anchor/buyer and its suppliers. The corporate entity places a purchase order to its supplier, supplier will deliver the goods to the corporate anchors, then supplier will send the bill to the financial institution which shows that the order is accepted by the corporate buyer. FI discounts the bill amount submitted by the supplier and pays the supplier and finally corporate buyer pays FI on the net credit terms(usually 30 to 60 days).

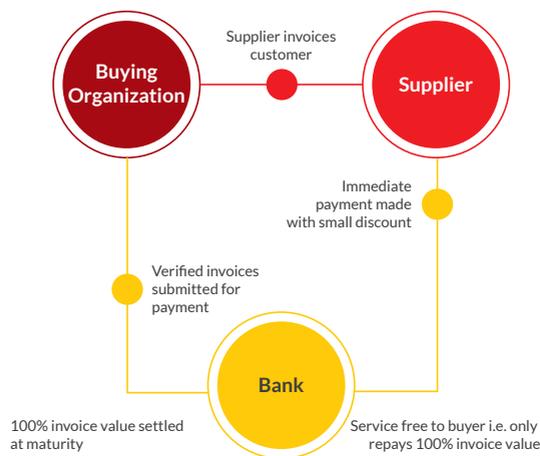


Reverse Factoring takes place when an FI commits to pay a company’s invoices to the suppliers at an accelerated rate in exchange of a discount. It is unlike traditional invoice factoring, where a supplier wants to finance his receivables. Reverse factoring is a financing solution initiated by the ordering party to help their supplier to finance their receivables more easily. Typically, at a lower interest cost than what factors usually offer.

In global context, reverse factoring is more popular form of financing as it cuts down the cost of big corporates, which motivates them to arrange a financing option by themselves for their supplier so that the supplier can keep on supplying goods to meet large volume demands. Since both the buyer benefits from being able to extend their payment terms, and the supplier is receiving payment earlier; it has become a preferred method of financing for both sides of the manufacturing chain. By taking advantage of reverse factoring, corporate entities are not putting their business into any debt. They are getting a flow of working capital to continue to function and meet their customers, vendors and employees’ needs.

Supplier Finance in Bangladesh

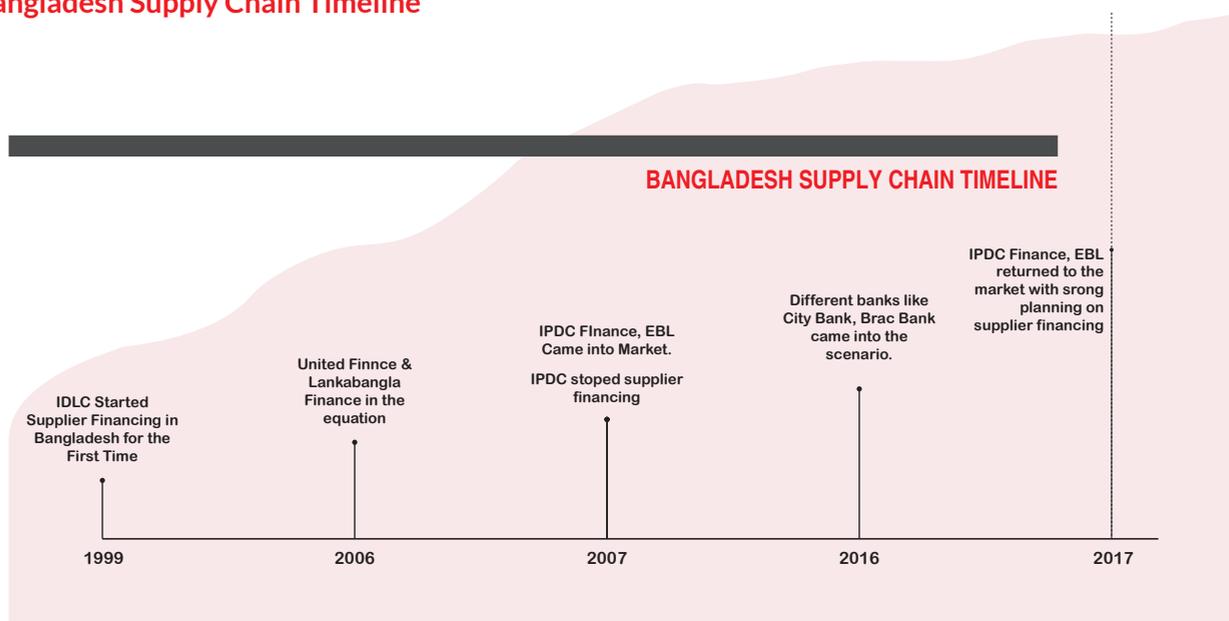
Supply Chain Finance was introduced in Bangladesh by IDLC Finance Limited in 1999, at a time when it was an unchartered financing territory for the FIs. In 2006, United Finance Limited started offering the facility and LankaBangla Finance Limited followed the suit. IPDC finance had a small portfolio of supply chain finance at that period, although it was discontinued after a while. In 2016, IPDC Finance came back strongly with supply chain finance with a view to capturing the lion’s share of the market. Meanwhile, few top-notch banks introduced this facility and created small portfolio of their own. In Bangladesh, the most popular form of supplier financing is factoring. Reverse factoring is not widespread because, the corporate entities are not willing to take the extra cushion for the suppliers.



How Supply Chain Finance benefits the stakeholders?

SUPPLIER	CORPORATE BUYER	FINANCIAL INSTITUTION
<ul style="list-style-type: none"> Early payment reduces financial dependence on buyer Reduces cost of capital by leveraging buyers credit rating Increasing certainty of cash flow 	<ul style="list-style-type: none"> Minimizes investment in working capital Reduces cost of goods sold Ensuring availability of goods of end user 	<ul style="list-style-type: none"> Diversification of risk Quick asset building and fee revenue Cross sell opportunity Credit evaluation is simply based on the movement of goods Defined end use resulting into lower risk of diversification of fund

Bangladesh Supply Chain Timeline



Market Players

Considering the size of portfolio, NBFIs are in the forefront in the dimension of supplier financing. IPDC Finance, IDLC Finance, LankaBangla Finance, United Finance are working on supplier finance for last decade. Top-notch banks like Eastern Bank Limited (EBL), City Bank, BRAC Bank are also getting into the market very recently.

Current portfolio of Market Players (Apprx.)

Name of FI	Portfolio Size
IPDC Finance Ltd.	BDT 180 Crore
Lanka Bangla Finance Ltd.	BDT 155 Crore
United Finance Ltd.	BDT 130 Crore
IDLC Finance Ltd.	BDT 74 Crore
Others	BDT 61 Crore
Total	BDT 600 Crore

Source: industry insider

What makes “an eligible supplier”?

In a bid to be under the green zone of the FIs, a supplier must fulfill the following criteria:

- Having a good payment track record of minimum two (02) years with the anchor

- Working with the anchor on a recurring basis; project based work is not desired by FI due to lack of accountability on the anchor
- Having multiple corporate buyers (preferably two or three) in portfolio

Checking suppliers’ track record: A supplier is generally believed to have a good reputation if s/he can maintain two years of experience with the corporate entity. By assessing the track record, the FIs can evaluate the business behavior of the supplier with the anchor.

Working on recurring basis: When a supplier receives contracts on recurring basis from a corporate entity, the supplier is believed to have maintained good quality of products/service. Project based financing is not encouraged in supply chain finance since there is limited cash flow from one project and supplier shows lack of accountability to the anchor.

Multiple Corporate Buyers in suppliers’ portfolio: Having multiple buyers under suppliers’ belt act as safety cushion because it reduces their risk if an order is cancelled from a particular buyer and the loss is compensated by the earnings from other buyers. Besides, having buyers from different industry can diversify the risk of the supplier.

Why reverse factoring is not evident in Bangladesh?

While in other parts of the world, reverse factoring is a very popular mode of supply chain financing. In Bangladesh, the scenario is not evident due to-

- Absence of regulatory policy regarding supply chain finance implies no legal implication on the buyer/corporate entities. Rather, they prefer to go for composite facilities. Therefore, they tend to nurture a lukewarm behavior towards this mode of financing.
- The other side of the coin illustrates a scenario that few corporate entities who approach for reverse factoring, have already their line of credit all used up. Therefore, it is prudent for the FIs not to go for those buyers, since they pose a high probability of default.

Digital Supply Chain Platform

Many industry players believe that blockchain can solve some of the supply chain finance problems as the technology makes data credible, transparent and transaction settlement more efficient. Thus optimizing financing and reducing business cost. The technology promises to help organizations address some of the biggest challenges in the supply chain, ranging from counterfeit components to the complexity of product recalls. Tencent FiT, a division of Chinese media and tech giant Tencent, is creating an open supply chain finance platform based on blockchain technology.

IPDC Finance Limited, one of the key market players in supply chain finance, is in the process of coming up with IPDC Orjon, which is a digital supply chain finance platform powered by Blockchain technology. Being the first of its kind, “Orjon” aims to create a holistic approach in supply chain finance realm in Bangladesh. With this platform, IPDC zeroes in to target 25,000 MSEs and providing services like factoring, reverse factoring, work order, and distributor financing. The app enables the three stakeholders of supply chain finance- FI, buyer and supplier to see the whole process in the same interface, which brings more transparency between these three parties. Also, the supplier can see the financing cost for whole pool of bills and also for single bills.

Why Supply Chain Finance still could not gear up in Bangladesh?

Supply chain finance is a 20-years old market in Bangladesh. Despite being in the market for such a long time, the product could perform to the desired level, due to some reasons.

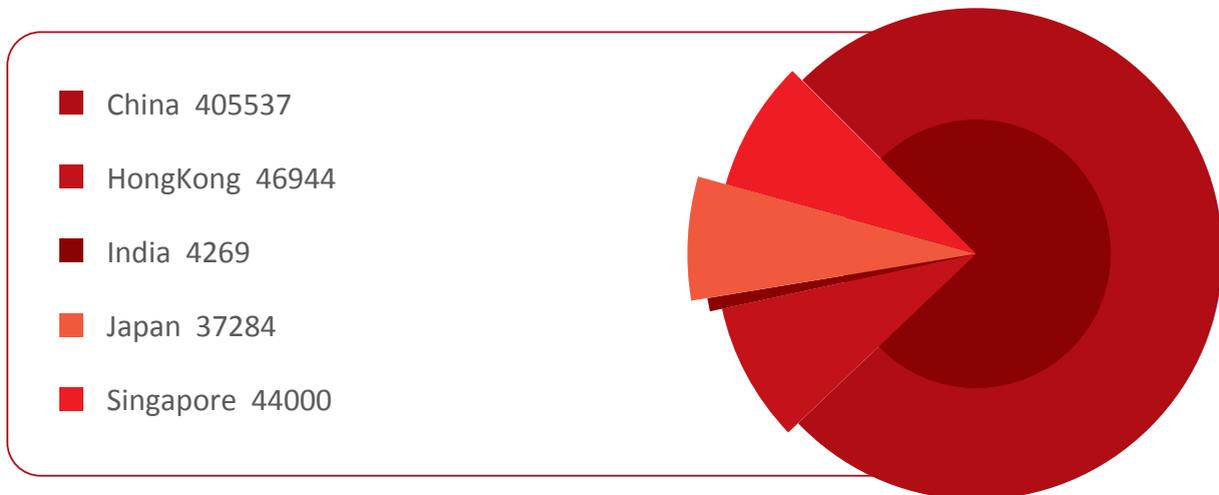
- **Anchor's Participation:** Most of the corporate entities in Bangladesh conduct their business on credit. They purchase goods on credit from the suppliers. However, corporate anchors are reluctant to provide assignments for the goods delivered. Assignments are corporate Letter of Comfort that provides FIs a minimum guarantee that the goods are received by the anchor and the anchors recognize the credit amount as their payable. In that case, the receivable of the supplier is recognized officially by the anchor and this Letter of Comfort lowers the risk level for the supplier. Therefore, with assignment and with lower risk level, suppliers can manage the fund in a low discounting rate which is beneficial for them. However, this practice is not evident and this phenomenon makes the suppliers bound to take financing with higher rate. Eventually, it demotivates the suppliers to use this mode of financing.

Many corporate entities that used to give assignments to the financier are not continuing with the practice due to their negligence about supply chain financing.

- **Not yet a recognized product:** Bangladesh does not have any specific policy guideline or legal framework for factoring. Bangladesh Bank still does not recognize supplier finance as a separate product. Till date, there is no separate circular on supplier financing products from Bangladesh Bank. Currently it is being treated under the circular for Short Term Revolving Loan. Also, there is no legal framework for the security of the payment for these products.

An evident practical problem that the FIs face for not having any specific policy guideline on this product is, there is no law to make buyers liable for payment. Generally, there are two options

Globally Supplier finance Volume in Mln (Euro)



in a factoring deal: with recourse and without recourse. When a factoring contract is made 'with recourse', the supplier is liable for the payment and in case of 'without recourse', the buyer is liable for the payment. Currently, FIs can not exercise the 'without recourse' option since there is no legal implication of this option in this market.

- **No CIB implication for the anchor/buyer:** Since buyers don't have any direct trade with the FI, the financing contract does not reflect in their CIB. Therefore, in case of default, buyers are not penalized in any way, which makes them more indifferent and non-liable when the supplier fails to make the payment.

"Corporate linkages serve as an assurance": supply chain finance in India

Reverse factoring leads the pack in India's supply chain finance realm. Negligible non-performing asset (NPAs) in the segment is a driving factor for banks, which they attribute to the inherent structure of supply chain finance.

Bank of Baroda claims to have zero NPAs in this segment. They sanctioned over Rs. 10 billion and have around 25 anchors within one

and half years since they started the business. Axis Bank's Supply Chain Finance arm has seen a steady compound annual growth rate of 26% per cent since the past three years.

According to the market analysts, any default in repayment results in stop supply invocation by the large corporates, which can jeopardise the business' existence. This acts as a deterrent for borrowers According to YES Bank, corporate anchors also help banks in the delinquency management and keep NPAs low.

How to pave the way forward?

- The driving force in this sector needs to arise from policy level. Unless factoring is considered as a separate product and both the parties will have their due accountabilities, this product will keep on waning.
- Corporate entities need to come forward with a mentality towards supporting their suppliers. They may identify the suppliers who they do business with most frequently and approach for reverse factoring.

IPDC FINANCE LTD. LEADING THE WAY TO SUPPLY CHAIN FINANCE



Mr. Rizwan Dawood Shams joined IPDC Finance in 2007 and worked on different projects to improve the corporate investments and asset management through formulating different strategies. Currently he holds the position of DMD & Head of Business Finance in IPDC finance. He is enthusiastic to create a supplier financing friendly environment in Bangladesh and open the doorway to explore a new dimension of corporate financing. Mr. Rizwan Dawood Shams believes that there is a huge market for supplier financing in Bangladesh and it is just a matter of time for the corporate buyer and supplier to adapt this form of financing.

Rizwan Dawood Shams

DMD and Head of Business Finance, IPDC Finance Ltd.

MBR: Supplier finance have been a popular mode of SME financing around the world. Despite being in existence in Bangladesh for quite a while, why do you think supply chain finance hasn't yet become a mainstream mode of SME financing?

Rizwan Dawood Shams: I have observed that, due to consistent efforts by Bangladesh Bank and other local and multilateral agencies, the access to finance for SMEs have increased substantially in recent time. However, more often than not, these finances are of high cost, inappropriately structured, complex in process and do not adequately support the growth aspiration of SMEs. In this condition, Supply Chain Finance (SCF) can be a great financing tool for SMEs, allowing them access to collateral free, fast and easy financing irrespective of their size.

In recent years, Non-Bank Financial Institutions (NBFIs) have played a significant role in introducing supply chain finance to the big suppliers for domestic trade. In most cases, supply chain finance has now become somewhat of an exclusive product offered by Non-Bank Financial Institutions in this country. Though the Supply Chain Finance products were introduced in the financial market long ago, it withstands that SCF requires significant operational resources for the financing banks/FIs to effectively mitigate the operational risk involved in the process, thus resulting in slow penetration in Bangladesh market.

Besides, one of the major reasons is the lack of awareness among the SMEs regarding these sorts of unconventional

financing facilities. Most of the SMEs are not aware of their eligibility to get supply chain finance in relatively easy terms and condition. Moreover, promotion and communication from financial organization's end are still inadequate in volume. Because these products are operated in a completely manual environment, financial institutions are not able to expand the financing facility beyond mega cities. But as we can see, majority of the SMEs, who work as suppliers and distributors, do business outside megacities.

MBR: Why corporate entities still don't consider Supply Chain Finance as a financing option and rather go for composite facilities like CC, OD?

Rizwan Dawood Shams: CC and OD facilities are very common and widely accepted among the corporate houses in Bangladesh. However, these facilities can only be offered by banks, and not non-bank financial institution. Therefore, IPDC cannot offer CC and OD to the corporate houses. But under Supply Chain Finance, we do offer Reverse Factoring Finance or Payable Financing to the corporates. Usually, we don't focus on Reverse Factoring as our priority product because we know about their widely acceptable substitutes- CC and OD. The challenge is to overcome the corporates' reluctance to collaborate with their suppliers in availing supply chain financing facilities. It is a deep-seated mindset of the corporate houses to condone any need for timely payments to their suppliers while they endeavor to maintain their own treasury needs. By delaying supplier payments as much as possible, corporates strive to maintain a regular Net Working Capital for themselves and in doing so, disregard

the necessity of faster payments to small suppliers. Most of the times, corporates do not realize how important it is to ensure regular payments to their suppliers in order to maintain a healthy Supply Chain Management themselves.

By changing this outdated viewpoint that Corporates harbor about their suppliers and providing the advantage of unlimited financing through supply chain financing, our vision is to build better scopes for supply chain financing facilities over facilities like CC and OD.

MBR: IPDC has entered the market of supply chain finance with significant branding initiative last year. What is your take on the prospect of supplier finance in Bangladesh and how IPDC is approaching the market in comparison to other banks/FIs to be successful?

Rizwan Dawood Shams: With the vision to serve underserved regions, IPDC has grown exponentially since introducing SCF in 2011. Besides, as a financial partner, IPDC nurtures SMEs through developing viable solutions, specifically to meet their financial needs. By mitigating perceived risk and thereby addressing key bottlenecks to SME lending, IPDC emerges as a game changer in SME financing through Supply Chain Finance. Having laid out the Strategic Five-Year Plan, IPDC aims to focus on expanding and deepening connections within corporates so that we can finance mid-market enterprises.

In current SCF model, manual intervention for coordinating all the stakeholders is maintained. There are several challenges that are faced by the financial institutions. Longer processing time, communication gap, barrier to geographical expansion, higher operational cost and so on are some of the underlying key challenges. These challenges instigate the urge to develop a proper supply chain ecosystem in the overall supply chain finance management and we believe that the solution lies only in automation.

It is a fact that we have been launching significant branding and communication activities since last year with a motto to aware the SMEs regarding the benefits

of the Supply Chain Finance. We are reaching potential SMEs, doing supplier conferences, promoting best cases of supply chain, and acknowledging the contributions of people and organizations. As we believe that collaboration is the biggest innovation, we are working on levelling the obstacles to function in supply chain sectors. Starting from financing the suppliers and distributors, we are working on enhancing the overall supply chain industry.

MBR: IPDC has launched a digital platform for managing the supplier finance business. Can you elaborate how this new platform will help leverage IPDC's factoring business and what is unique about this system.

Rizwan Dawood Shams: Yes. We are to launch an integrated supply chain finance digital platform powered by Blockchain technology. The main goals of the platform include binding the suppliers/distributors (SMEs), corporates and IPDC together through a unique digital platform that will ultimately provide SMEs online access to financing, reducing the operation expenses for all parties and fast-tracking the transactions in a secured environment. The main beneficiary of the project is the SMEs who are suppliers and distributors of large corporates/(OEM) and doing business in all over Bangladesh.

Currently, IPDC is actively doing factoring finance, work order finance and distributor financing but the penetration rate per corporate/enterprise is low due to absence of corporate-centric arrangement and lack of ecosystem. With the implementation of this digital platform and market development activities, we are confident to increase the penetration rate per corporates/enterprises.

This innovation will help us minimize the geographic barriers, all the parties from different locations can have the access to the ecosystem. This minimizes the data or clerical issues usually encountered in manual processes. The technology, via automation of processes and protocols, will remove middlemen once and for all. Companies and businesses will be benefited with lower cost fund and reduced transaction costs.

IPDC will adopt the Block Chain technology to build the SCF ecosystem. Arguably, Blockchain technology is still at an early stage to become a business application. However,



there is no doubt about its massive potential to transform the business landscape both globally and domestically over the coming years. The technology partner for developing IPDC's Blockchain based platform is IBM, who has recently completed first phase of similar project for two leading bank and financial institutions of India.

We have already selected IBM as our technological partner and both IPDC and IBM have been working together for development of this 'Game Changer' initiative for the country.

MBR: Is there any barrier from supplier's end? Do they need adequate training on this concept?

Rizwan Dawood Shams: Any new initiative initially goes through rough path. We are also expecting the same. Some system related, and knowledge related challenges will be there for this digital platform. However, we have identified the challenges and planned strategies to overcome them. Suppliers are the key players, and most of them don't have adequate technological knowledge. For that, we must conduct comprehensive training programs and service support.

MBR: What policy development you recommend for flourishing supplier finance business in Bangladesh?

Rizwan Dawood Shams: The concept of Supply Chain Financing might be a relatively new one in our region, but it certainly has a very promising future given our market structure. Proper policies, if undertaken, will positively change the face of supply chain financing in Bangladesh, thus creating a flourishing economy through the development of small businesses. The policies that we recommend for enhancing the supplier finance business in Bangladesh entail Supply Chain Finance Regulation policy issued and maintained by the Central Bank of Bangladesh.

Supply Chain financing products are technical in nature and require strong dictum and monitoring on a regular basis. Moreover, a crucial part of the process is to acquire assignments from corporate houses, which proves to be difficult most of the times. To prevail over these challenges, a sound regulatory guideline from Bangladesh Bank will not only reserve the rights of the Factors but will also ensure the best possible interest of mass suppliers in the country represented properly.

India has accomplished this in 2012 and now their supplier finance business is more flourishing than ever.

Another policy that we recommend is to Form Collaborative Associations to create awareness among corporate houses. Influential bodies like Dhaka Chamber of Commerce Industry (DCCI), Federation of Bangladesh Chambers of Commerce Industry (FBCCI), SME Foundation and Bangladesh Supply Chain Finance Association (and more) can form strong alliances to raise awareness among Corporate houses about the necessity and benefits of Supply Chain Financing.

Through collaboration with such an associative body, corporates can be persuaded into being more flexible in giving out assignments.

If corporates were to accept Work Orders that entail an assignment clause from their suppliers, rest of the Supply Chain Financing process would become much easier, thus creating prevalence of the products. If SMEs and corporate houses can prioritize Supply Chain Financing alongside their regular financing endeavors, they can help create a sustainable value chain and a healthy eco-system for their Supply Chain Management.

IDLC Awards the First Finance Olympiad Champions

The Date November 2, 2018 marked the final Gala Round of the first ever Finance Olympiad organized by country's largest multi-product Non-Banking Financial Institute IDLC Finance Limited at Krishibid Institution Bangladesh. More than twenty thousand students registered and participated in the online finance Olympiad from 10 October 2018 to 25 October 2018 at the end of which 50 deserving contestants were shortlisted for the offline round. Later 24 contestants competed for the champion's title in two groups, in front of a live audience.

Kazi M. Aminul Islam, Executive Chairman of Bangladesh Investment Development Authority (BIDA) graced the event as the chief guest. Arif Khan, CEO and Managing Director of IDLC Finance Limited was also present during the event.

Arif Khan said, "Being part of the financial sector for over 33 years, we believe IDLC has a responsibility to

impart knowledge and help enhance skills of the youth on financial literacy all across the nation. Against this backdrop we have organized this Olympiad for the students of school, college and university."

The winners received laptops, mobile phone handsets, trophy, medals and certificates from IDLC Finance Limited.

'Orther Ortho' an E-learning platform was formally launched at the end of the event. People can learn about various financial topics from this website.

Jane Alam Romel, Group Chief Marketing Officer of IDLC said, "People can learn about finance through interesting comics, detailed articles and exciting quizzes on this website and they can connect the real life financial problems with real life solutions by enhancing financial literacy skills."



TRUCK LAGBE

Truck Lagbe is a company which is building a network of trucking facility around all over Bangladesh with lowest possible fare and creating hassle free truck hiring experience. Right now Truck Lagbe has become a dependable marketplace for both truck owner and customer.

Truck Lagbe

Truck Lagbe is building a network of trucking facility around all over Bangladesh with lowest possible fare and creating hassle free truck hiring experience. Right now, Truck Lagbe has become a dependable marketplace for both truck owner and customer.

Identifying the problem.

Hailing from a business oriented family, Mr. Anayat Rashid was always enthusiast about starting something of his own, something new and innovative that could add value to the economy and overall wellbeing of the society. He completed BBA from North South University and then joined family business. After running the business for twelve years, he felt this ecosystem has rooms for improvement in terms of process efficiency. Idea of Truck Lagbe popped up in mind when he was trying to move some goods from one place to another. It took him by surprise that there exists some discrepancy in pricing when it comes to hiring trucks of same model and for same distance.

His thought was simple, if he could incorporate technology in this platform, it would be of great value for both the customer and the truck owner as the whole process becomes efficient because the truck owner is getting both up-trip and down-trip and they can charge lower. In this way, customers will have some cost benefit and it will be a win-win situation for both the parties. According to Mr. Anayet, utilization of the vehicles is the key reason transportation is costly in Bangladesh. As he opines,

“When we will be able to utilize all the vehicle to 90 to 95% level, the overall costing for sending good will be lower.”

The nailing phase

Implementing the idea was not very easy because the mode of the business is quite different than any other mode of business and other mode of vehicles. There is a misconception in the market that Truck Lagbe has the same modality as Uber, Pathao and other relevant app based service solution, however that is not entirely true. The downside of any transportation sharing business involves a common trust issue of the

vehicle owners about the safety and security of the vehicle.

Especially, when it comes to truck owners, they were not accommodative to change and ready to bank on a new platform like Truck Lagbe.

Dealing with the truck drivers posed a real challenge for them. Many truck drivers did not have any cell phone. Also, it was difficult to make them realize about the benefits of this platform because they are never used to this type of service, they even hardly heard of such service till date.

Other hurdles include logistics support like goods itself, placement of labor to load-offload goods, setting the pricing because the pricing is always fluctuating and so forth.



Truck Lagbe



Mr. Anayet Rashid

CEO, Truck Lagbe

However, Mr. Anayet discovered a surprising fact about truck owners after venturing into this realm: truck owners have a connotation of belonging from a less-educative background, which is not true in reality. A significant portion of them cater to intellectual class like doctor, engineer and so on. This is because they felt that transportation is a good business to invest on. This particular community welcomed this initiative.

How it works?

The Truck Lagbe model has same features as stock market, where customer can give the input of the requirement of truck and the time. Truck owner bids on that offer from customer. Among all those bids, customer choose the best rate from the app and finally the deal is done. To ensure that the trucks shows up on time, there is a rating system for every truck. If any truck owner accepts any offer but doesn't show up on time, their rating will be affected and the probability of getting trip from the platform will be reduced. Besides if any causality occurs, it is matter of few minutes for the customer to find another trip. Normally, the truck drivers have enough understanding of road what is going to happen, so, when they choose rides they make calculative choice to have multiple offers a day. According to Mr. Rashid,

“If stock market can be automated then why not trucking business, because trucking business follows same rule as stock market.”

The app of Truck Lagbe is built in-house. On a regular day, they get almost 1000 requests.

Who does it serve?

Truck Lagbe targets commercial customers. The initial plan was to entertain the need of SME and large corporate clients. However, in this process, they got household customers who orders for truck to get pack-and-shift facilities. Some of the customers required the service to get one-time benefit to move new household items like furniture or locker. Reasonable pricing is a reason the platform is growing popular day by day.

About the team

Truck Lagbe has a dynamic team consisting of 30 members. Selection of the team is mostly based on their capability to work not just educational background. Because in this business book smart does not help much, street smart people are mostly required. Different third party organizations support throughout the whole operation process based on requirement. The marketing team preferably deploys one-to-one marketing method since the target customer group are not much social network oriented.

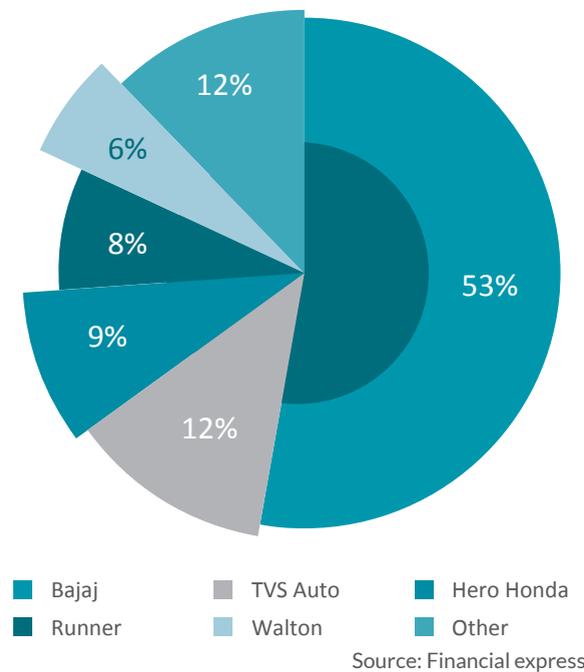
Plans down the line

Currently, Truck Lagbe is looking forward to some expansion plans. They are planning to introduce two new types of vehicles, dump truck and specialty vehicles. The app is incorporating a new platform where bulk vehicle request can be placed to fulfil the need of large corporate. Besides, improving user experience is another target of Truck Lagbe. The vision is to get the desired ride with one click.

MOTORCYCLE INDUSTRY IN BANGLADESH

More than half a dozen of firms are establishing facilities to assemble and manufacture two-wheelers in Bangladesh. Till now Runner Motors and Walton is the local motorcycle manufacturer in Bangladesh. Apart from that motorcycle industry is dominated mostly by Indian motorcycle brands.

Market Share of Motorcycle (2015)



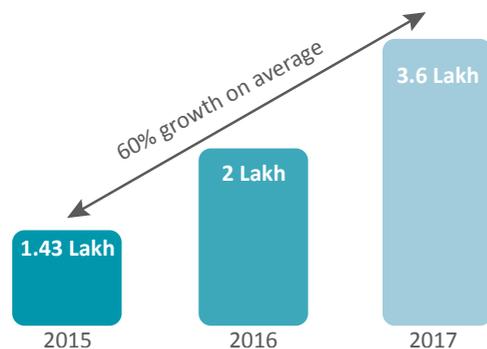
MOTORCYCLE INDUSTRY FACTS

- Market Size **BDT 4,000 crore** (approx.)
- More than **1,000 bikes** sold daily
- **3.6 lakh units** of motorcycle sold locally in 2017, up from 44% y-o-y
- Monthly demand **8000 units**, whereas monthly supply **6000 units**
- Around **60%** motorcycles sold in the country manufactured locally
- Sales of bikes in **110-125 cc** segments have driven by the popularity of ride sharing service
- **30%** raw materials sourced locally and 70% imported
- Runner Automobiles: the first motorcycle exporter in Bangladesh
- Runner exported **1000 units** to Nepal; in talks to export to Bhutan
- Honda is establishing manufacturing plant at Gazaria in Munshiganj
- ACI Motors developing assembling plant of Yamaha motorbikes at Rajendrapur plant in Gazipur

Impetus for growth of this industry:

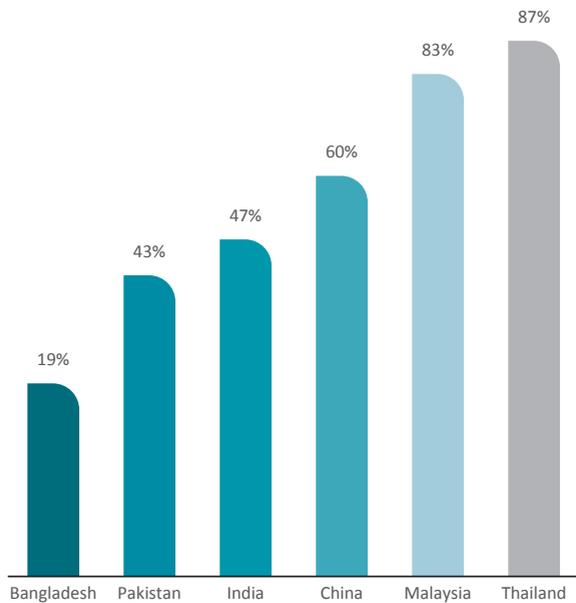
- Growing middle-class pie
- Reduction in supplementary duty on motorcycle parts import has reduced overall cost of manufacturing motorcycle, cutting down the price of locally manufactured motorcycles in Bangladesh.
- Popularity of ride sharing apps.
- Government policy to increase manufacturing of motorcycle in Bangladesh to 5 lac by 2021 and doubling in by 2027.

Motorcycle Sales Statistics



Source: BRTA

Bangladesh still a long way to go amongst other Asian countries in owning bikes



Source: Different global website

Challenge

- Lack of vendor development for manufacturing required components and supply of those to manufacturers

Market Player



- High cost of registration
- Not adequate financing options for motorcycle by FIs. Although of late, BRAC Bank and City Bank started giving out bank loans
- Indian brands are real threat for local manufacturers because Indian brands hold lions' share of the market

Future Prospects

- As purchasing power of our country is improved, people are more getting into purchasing transportation of their own
- Pathao, Uber, Shohoz, Obhai and other relevant service apps are making bike more acceptable to mass
- Financial institution are initiating new products to finance motorcycle
- As manufacturing cost of motorcycle is reduced and demand growing fast, foreign brands have a strong motive to establish plant in Bangladesh which will allow customers to have quality motorcycle with lower price.

RUNNER AUTOMOBILES

FIRST BANGLADESHI MOTORCYCLE EXPORTER



Marketing Director of Runner Group, Amid Sakif Khan is associated with the company for last 3 years. He concentrated his focus into different aspect to promote 'Runner Motor'. Runner motor, which is the first of its kind to export motorcycles, developed its strategy to reach customers from every segment of our country with different price option and variety feature based on the preference of the customer.

Amid Sakif Khan

Director, Marketing, Runner Group of Company

MBR: Can you briefly share the important events that helped Runner Automobiles reach this peak?

Amid Sakif Khan: The motorbike industry was already there and it was growing. Products from China, Japan and India were dominant in the industry. All the companies further improved their product quality. The companies excelled based on the economic growth of our country. For example, Indian companies would want to establish a regional office in Bangladesh and start selling their products and they already have a manufacturing plant in India. Runner was assembling motorbikes in the early stage in the year 2000. We started manufacturing motorbikes realizing the country's growth as well the industry. As economy of Bangladesh is growing, it needs mobility to keep up the pace. We wanted to manufacture motorbikes locally and make it affordable for mass people so that mobility takes less cost and saves the time. This is how our manufacturing operation started and now we started exporting to some neighboring countries.

Bangladesh's GDP and export are increasing and dependency on import is decreasing. We had a technical support collaboration with a Chinese company, 'Dayang' for the initial setup but now our company also collaboratively works with Indian, Korean, Chinese and other companies in the automotive industry. Runner has the capacity of producing 500 motorbikes in a day. In the facility we produce fuel tank, frame body, stands, handles etc. and source others such as, plastic components, seats, chains from local vendors who manufactures these components locally, electric components from different countries. As a manufacturer we make our design source components based on the designs. Automobile industry came into scalability when people's purchasing power was increasing. For instance, we see a lot of luxury cars on the street which reflect the spending behavior of people.

We analyzed the growth trend of the country and came up with the visionary plan of manufacturing motorbikes locally. Motorbike market size in Bangladesh is about 500,000 bikes. We expect that it would increase this year as the political situation is stable now.

MBR: In midst of the flocks of Indian and Chinese bikes, how Runner, being a Bangladeshi manufacturer, ensures quality of the bikes?

Amid Sakif Khan: When we started manufacturing, we ensured we have quality control and after sales service. We test our components both serially and randomly in our plant. If the components fail to meet the benchmark, we discard them and halt the shipment of those components. We give our feedback to the vendors so that they can improve the quality of the components. This is how we ensure quality control.

MBR: What is the philosophy of Runner automobiles in case of positioning the brand in the market? How do you differentiate Runner from its competitors? What is your USP?

Amid Sakif Khan: We have focused on affordability and comfortability first, then comes features of the bikes. Pricing of the bike depends on the features it has and people have a very subjective views on quality. For example, a person may find Maruti car very practical, whereas the other person may find BMW cars are over featured. So, as a manufacturer we cannot define quality; it rather depends on the perception and affordability of individuals. The pricing also differs due to import duties on bikes and its components. Customers will exercise their purchasing power more if the product is affordable. Runner's automobile first enabled customers to purchase

motorbikes in installment. After that, other companies in the industry followed the trend. Recently, we have convinced the banks to finance motorbikes like car loans. We make customers dream about owning bikes and we are designing our products accordingly. We cater our products to the market based on customers' need. Our bike ranges from BDT 60,000- BDT 260,000. Our company mostly generates revenue from 80cc and few premium bikes. For example, we would recommend a Pathao bike rider to purchase a 100cc double rider bike with more power, 'Runner Bullet' on the same note 'Kite Plus' is a unisex product for the trendy young people which has a radio and USB hub in it. We always try to come up with new features and we further improve those features based on the market feedback.

MBR: What is your marketing strategy?

Amid Sakif Khan: Our first strength is that we are a Bangladeshi brand. We carry our nation's flag where ever we are stepping in. As a Bangladeshi automotive brand, we are focusing more on this area to make all people believe that this is our nations product but not from other countries. So, brand building by several ATV and BTL activities are there nationwide. E.g. Runner is with cricket. We are the associate partners of Bangladesh cricket team for the home series. Other than that, we are with BPL, Rajshahi Kings, our brand ambassador is Shakib Al Hasan, one of the icons of Bangladesh. One of our strengths is to give totally customized products for the corporate customers. Other core strength is our distribution channel. We have around 300 showrooms and over 150 dealers all over the country. These showrooms are our marketing hub.

MBR: What is the current demand of Bike due traffic situation in Bangladesh?

Amid Sakif Khan: Demand of the bike has increased after Uber & Pathao have introduced ride sharing app in Dhaka city but overall the industry for bikes are growing. In Bangladesh, 100cc bike has the biggest segment. Yamaha and Suzuki cater the racing segment. Hero and Bajaj serve both commuter and racing segment. Runner is no different than those companies; however, it caters the customers with affordable bikes. Runner is focused on serving quality products with affordable pricing. We have servicing center 1.5 times more than the showrooms we have all over the country. We provide genuine services and components within the affordability of the customers. We could make it possible due to favorable government policies for the manufacturers.

MBR: What are your activities when it comes to giving customers a superior experience?

Amid Sakif Khan: We constantly learn from the feedback of our customers. We try to improve our services accordingly. We approach our customers warmly so that they can experience a great service from us.

The demand of bikes in Bangladesh is very high. Due to heavy traffic in Dhaka city and easy movement, people are preferring bikes than any other mode of transportations. As the infrastructure of the country is growing, the need for transportation is also increasing. The increased purchasing power of the people are influencing them to have their own private transportation in affordable pricing.

MBR: Of late, Runner went through few important events: Going for IPO, starting export to Nepal. What are your future initiatives for expansion and capture the market?

Amid Sakif Khan: The investment we have got from capital market will be used for R & D of the company. It will help us to improve our product quality and expansion.

Since the year 2000, we are manufacturing two wheelers. We are expecting that we will experience an upward growth against the foreign competitors. We also want to

further improve the quality of the product and services we cater. Currently we are manufacturing two wheelers and expect to manufacture three wheelers in near future. As the automobile industry is mostly dependent on technology we expect that, our graduates from engineering background would contribute to the country's development. We also have a vision to manufacture four wheelers.

MBR: How would you opine about the growth of Bangladeshi motor cycle market?

Amid Sakif Khan: The sustainability is very difficult in this industry. Many companies emerged with good products and faded away with the time. Bangladeshi RMG has a huge market worldwide and we aspire to reach that level as automobile manufacturer. The government's policy is proved very favorable for the motorbike manufacturers. We got the approval to manufacture up to 500cc bikes locally for the export market. So far we have only worked up to 150 cc bikes and manufacturing, 180cc, 200cc, 250cc, 300cc and 500 cc bikes are the next steps for us. We are customizing our products according to the climate of the countries we want to export. So far government has supported us immensely. We expect that government would continue helping us to expand the industry. A collective support can only make an industry successful.



KEY INFO

Private credit growth slumps

at **14.95%**

in August'18

Remittance inflow up

7.70%

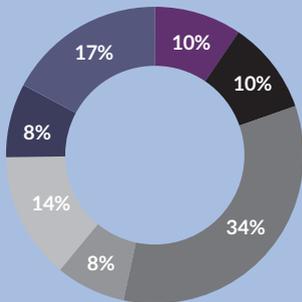
y-o-y in July

Inflation

General

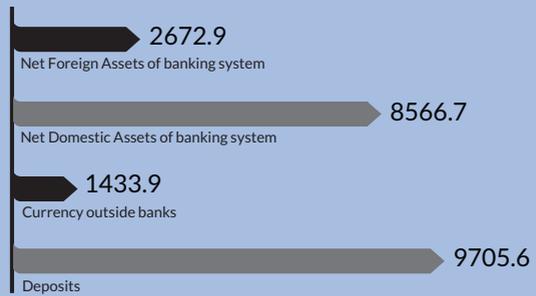
5.43%

IMPORT



- Industrial raw materials 34%
- Intermediate goods 10%
- Consumer goods 10%
- Others 17%
- Petroleum & petro.prodts. 8%
- Machinery for misc. inds. 14%
- Capital machinery 8%

MONETARY AND CREDIT DEVELOPMENTS



REMITTANCE

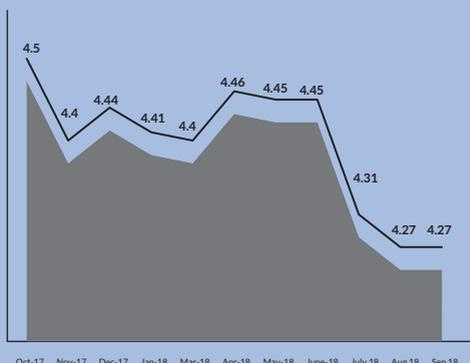


Inflation rate Down
General inflation
3% in September 18

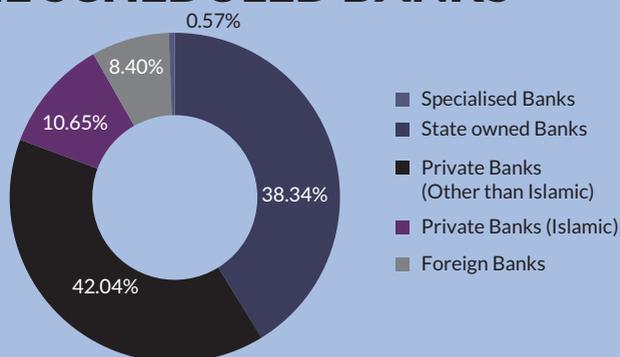
ECONOMY AT A GLANCE

SEEING ECONOMIC TREND IN DATA

SPREAD OF ADVANCE & DEPOSIT RATE

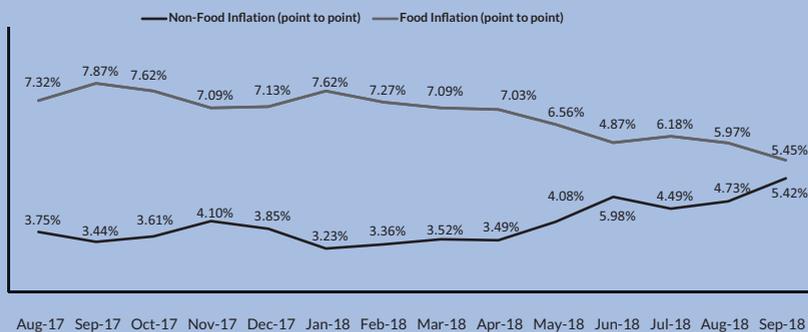


LIQUIDITY POSITION OF THE SCHEDULED BANKS



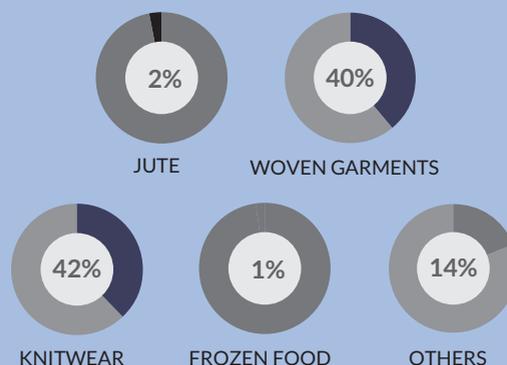
Total Liquidity Assets for December 2015 was BDT 2577.94 Billion

INFLATION



Inflation rate in March 2018 decreases as food inflation falls

EXPORT





Ms. Sara Zaker

Vice Chairperson,
Asiatic 3Sixty and theatre personality

Ms. Sara Zaker has a diversified professional career fulfilling roles of theater personality, TV actress, entrepreneur and social activist. In a one-to-one conversation with her, MBR had an endeavor to portray her action-packed life and be enlightened about her take about advertising industry and youth development.

Childhood and germination of Creativity

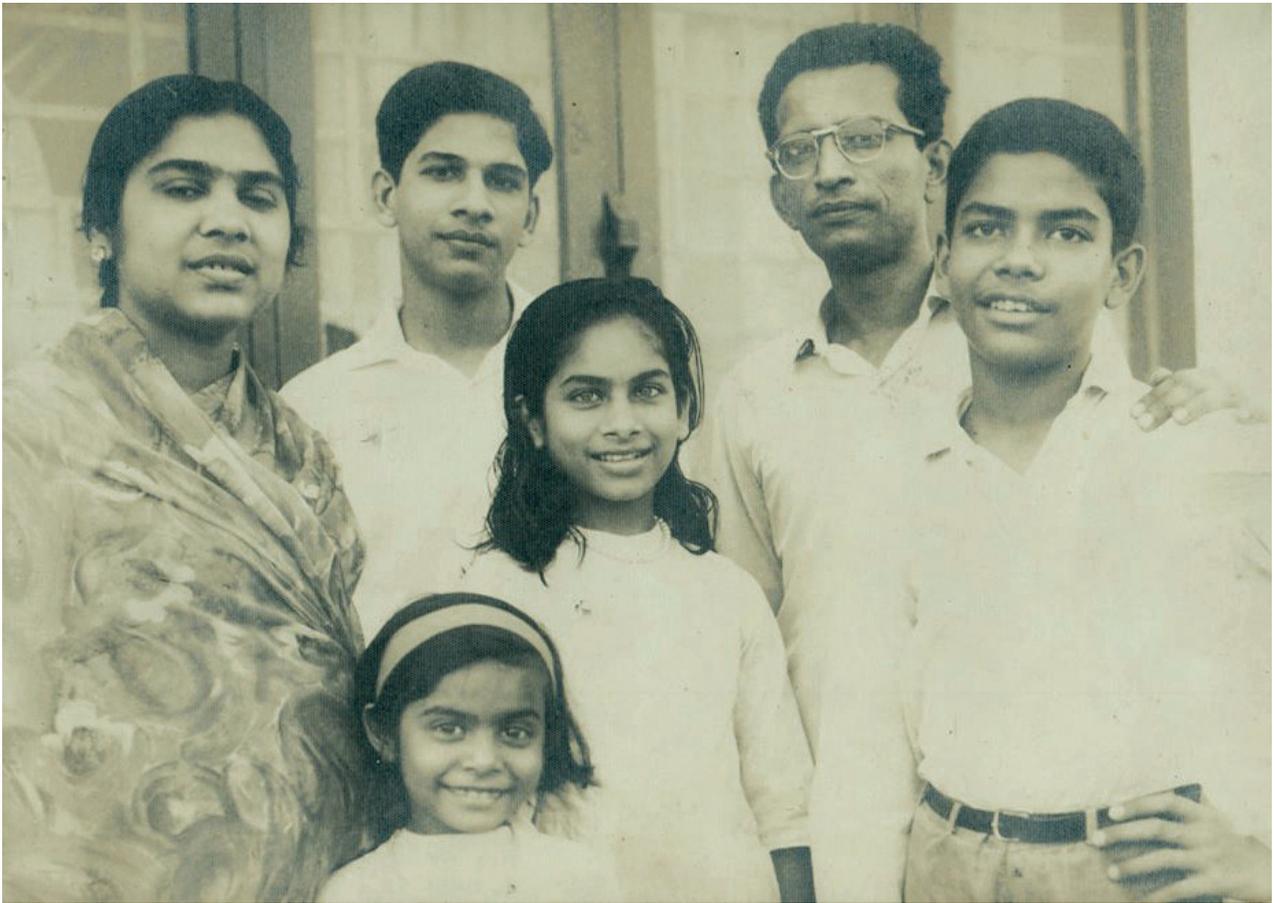
Ms. Sara Zaker was born to Mrs. Alia Amin (a school teacher) and Late Retd. Major S.M. Amin. Her initial schooling started in the Army cantonment. Soon afterward her father moved to Dhaka after an early retirement from the Armed Forces in 1962. Sara was the third one of the four siblings.

Although army families have an orientation of being disciplined and restrictive, her family, nurtured an environment which was more supportive towards cultural and other extracurricular activities. The free spirit of intellectual minds of the parents of Sara Zaker had a greater impact on her childhood than the harsh army discipline. She started showing a knack for cultural activities long before she entered into the theatre after her SSC in 1972.

She studied in Viqarunnisa Noon School. When in Holy Cross College, she joined Nagorik Natya Sampradaya; and so, started her life on stage. She later did her Honours and Masters in English Language and Literature from Dhaka University.

Prelude to Stage:

Back in those days, Viqarunnisa Noon School had only English as their medium of education. Since she came from English Medium background, her grip on Bangla was somewhat compromised. Then came the Liberation War in '71. Sara joined Stage in the post-liberation years of '72 and '73. As the story goes, her father was convinced by his friend's advice (Sector Commander Colonel Zaman) and deemed it was important for Sara to be well versed in Bangla. In a bid to improve her Bangla, Sara was encouraged to join in



Nagorik Natya Sampradaya. That is how her career in theatre got off the ground.

Tampering mass media:

Sara Zaker started having experience and expertise in theatre in the 70s and 80s, but she never nurtured any interest for acting in TV dramas. In the 70s and 80s, her presence on TV drama was limited. In early 90, she took up the challenge of working in Oyomoy a long drama serial of Mr. Humayun Ahmed. She is still remembered for the role she played as Elachi Begum.

Ms. Sara believes that being in theatre has its charms and challenges, however in order to be on top of mind of the audience one needs to dabble in the mass media, or else he/she goes out of the radar of the general audience. This thought kept her going as a column writer in 'Prothom Alo' for long fifteen years --- "Shubondhu Shomipeshu". And as a continuum, she played the role of an anchor on a television mental health show 'Ami Ekhon Kee Korbo' for long five years.

Stage Theatre is the mainstay

At this juncture, after forty-five years on the stage, there is no doubt that STAGE is the mainstay in Sara Zaker's life of creativity.

Stage Theatre was the most popular mode of entertainment during 70s-80s and even 90s. However, 'Natok' on stage is becoming more and more niche as other option of entertainment, such as shopping and eating in the malls, being entertained by channel programs and YouTube on cell phones. What with the movies in cineplexes has taken over of the psyche of the youth.

Sara Zaker believes that Stage Theatre will always be niche, as it is in the other countries of the world. However, with the burgeoning population of the Dhaka Metro, it would be healthy if the percentage of the population visiting the Theatre Houses should remain the same i.e. if it was four percent of the population



who were theatergoers in the Dhaka City in the 80 s, it should be the same four percent in the third decade of the 21 st century, in Dhaka City. And in order to achieve that Stage Theatre needs to be dynamic in its activities and promotional practices.

Corporate houses such as IDLC, BRAC Bank and Unilever are taking positive steps to bring back the glory of the stage and attract ‘first-time’ audience to the stage. The Government of Bangladesh has played a tremendous role to promote theatre with the limited budget that is allocated to them. More of state and corporate support is required to place Stage on its well-earned pedestal.

Sara Zaker wants to make a considerable audience base for theatre. Alongside, she feels that theaters should come up with new strategies, use digital media and use other ways to advertise the plays.

We want to make sure people do not get disheartened when they come to the theatre after being stuck at traffic jam for hours. We have to move with the times in terms of the quality of our plays and also make use of smart communication to attract more audience to the theatre hall.”



“Life is a precious”

Sara Zaker believes there is no particular incident which can be the most memorable because she considers each moment of her life is memorable. What she got from this life has been a bundle of joyful energy. She had been with drama for long forty-five years. She never thought she would be a social activist or a women’s rights activist when she was a child or in her teens. Life was totally different in those days from what it is now. As life unfolded before her, she realized that her Stage Plays, her Entrepreneurship in Asiatic 3sixty, her Women Activist agendas, made her what she is today. So, life itself is a memorable journey for her and a precious one.

Recreation

Sara Zaker reads books in her free time. Reading books require a relaxed mind which becomes a bit difficult for her as she is occupied with so many tasks, yet she tries. She also likes to take a stroll in the park, listen to music or standup comedy while she is doing her rounds in the park.

Most of all she likes to spend time with family and friends and “have an adda”; an English term for which is hard to find!

নিজের বাড়ি মানে স্বপ্ন আঁকার ক্যানভাস আইডিএলসি হোম লোন



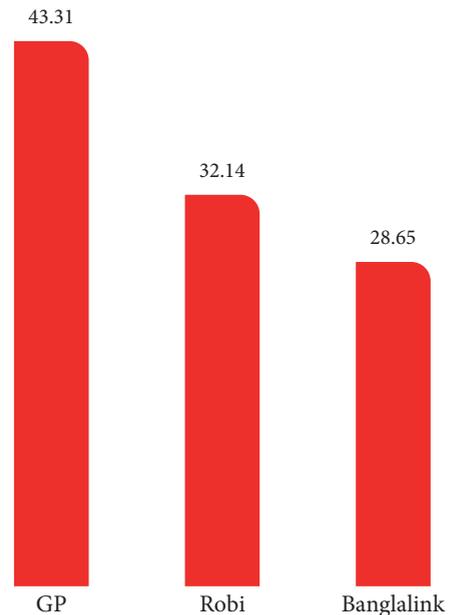
TELCOS SPEND TK 104CR ON DIGITAL MARKETING

TELECOMMUNICATION

B T R C
confirmed BDT

104 crore spending on 'Digital Campaign' by top mobile operating companies. Grameenphone remained the top paymaster with a spending of BDT 43.31 crore, followed by Robi (BDT 32.14 crore) and Banglalink (BDT 28.65 crore). Rising popularity of digital media over traditional media is the key force behind the scenario as it is cost effective. Due to Digital Marketing's rapid growth, the telecommunication regulator will introduce an advertising guideline on social media e.g. Facebook, Twitter, Instagram, Viber, WhatsApp, Imo, YouTube, Google and so on. The government wants to bring transparency in Digital Marketing sector to protect a huge sum of money to stay at home.

Spending on Digital Ad & Campaign (2017-18)



PHARMACEUTICAL

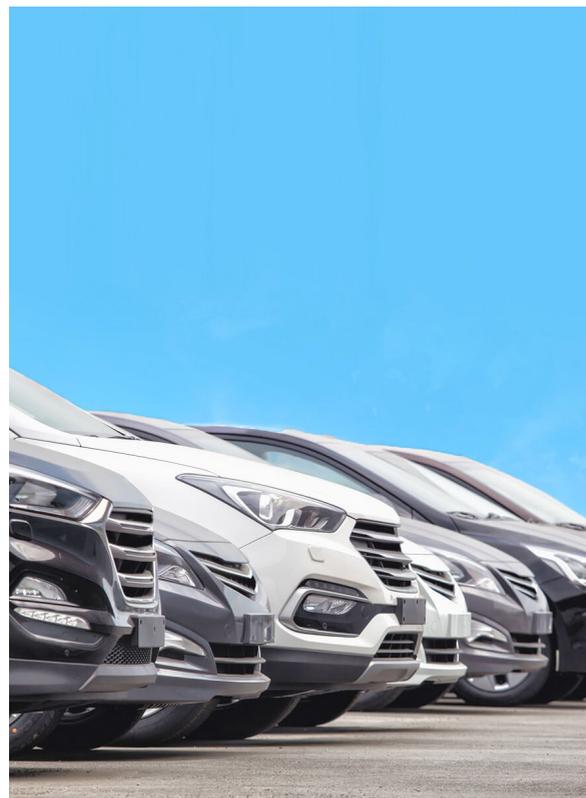
CONFIDENCE POWERS PHARMA EXPORTS

Pharmaceutical recognized as 'product of the year 2018' bagged USD 103.46 million to home; a consequence of strong manufacturing base and skilled manpower in the sector. Bangladeshi manufacturers meet 98 percent of the local demand having a market size (local) of BDT 200 billion. The US, the UK and Australia are the sector's export hotspot including 151 other destinations. Exporters are reckoning their export volume to grow significantly by the full-fledged trade of Active Pharmaceutical Ingredients (API) - on which the government has declared 20 percent cash incentives. Patent cost exemption facilitated the sector to lower the production cost. Massive investment in research is needed to help flourish the sector further with the growing recognition of Bangladeshi pharmaceutical products in global market.

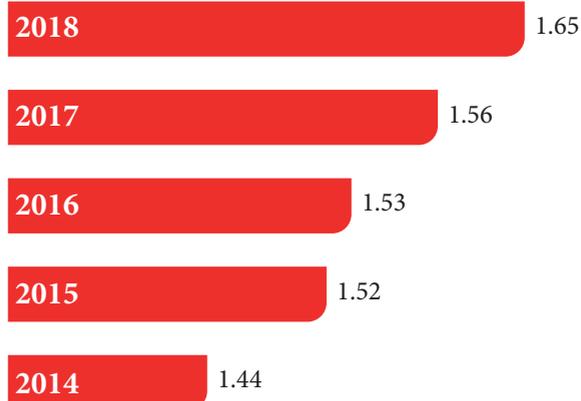
KOREAN AUTOMOBILES EYE BANGLADESH MARKET

AUTOMOBILE

Sale of Korean automobile in Bangladesh soared by 20 percent in last three years due to import of brand new cars and its affordable pricing. Korean cars gained popularity in the country for its sophisticated design at competitive price. In 2017, BRTA registered 21,959 Korean cars from 21,062 units in 2015. Demand for cars are increasing as each year 2 million Bangladeshis are promoted to middle and affluent class according to Boston Consulting Group (a US based multinational management consulting firm). KIA- a Korean automobile company anticipates to grow its market share in Bangladesh. At present, Hyundai has an assembly plant at Kalurghat in Chattogram and the company expects to manufacture cars in the same plant in next five years.



Cotton Production



COTTON CULTIVATION

STEPS UNDERWAY TO BOOST COTTON YIELD

The government plans to expand country's cotton production to 2.5 lakh bales from 1.65 bales (last fiscal year's production) in next five years to curb dependency on cotton import. The Cotton Development Board (CDB) will utilize lands in hilly and char areas to cultivate cotton and as part of the goal, the board is providing BDT 15,000 per head to boost cotton farming from an allocated fund of BDT 5 crore. Local yarn producers and spinners spend USD 3 billion on cotton import, making the country the largest cotton importer in the world. The country imports 50% of cotton from India due to low price. However, the CDB expects to meet 5-7% of the local demand annually by using hybrid seeds.

MONTH IN BRIEF

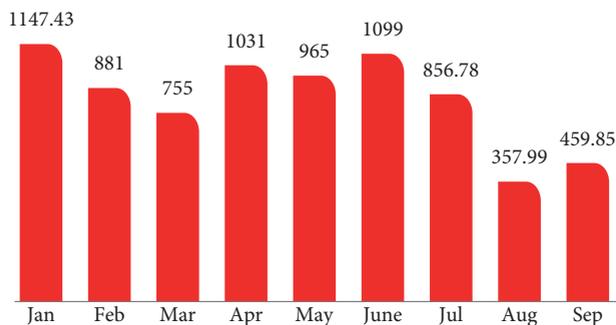
● **Country's household debt plunged to 3.3% of GDP in 2018 from its peak 5.1% in 2005**, according to the Institute of International Finance's data

● **Remittance soared 31.57% to USD1.12 billion year-on-year in September** as taka depreciated 3.68% against USD

● **The government's tax revenue dived to BDT 582 million in Q1** from BDT 831 million in previous year due to slothful trading activities.

● **1.5% slash in loan- deposit ratio to 83.5%** by BB and upcoming national election pulled down private credit growth to 14.95% in August'18.

Foreign Investors' Turnover in Stocks



● **Net foreign investment in premier bourse hits BDT 459.85 crore** as investors purchased (Tk. 247.51 crore) stocks more than they sold (BDT212.34 crore).

● **Bangladesh ranked 5th with 80 million users among top internet using countries** in Asia, led by China with 772 million internet users, according to the Internet World Stats data

● **The country's export earnings from merchandise goods exceeded the target of 14.74% to USD3.14 billion in September'18**, confirms the Export Promotion Bureau (EPB) data.

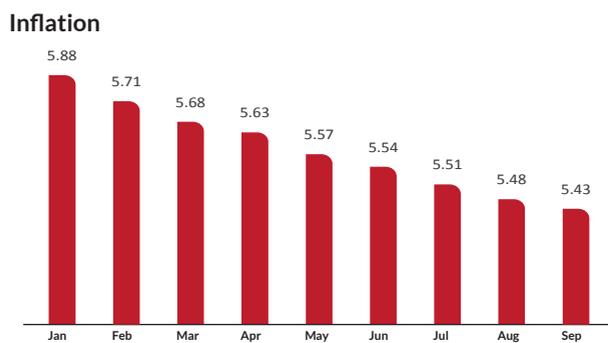
● **Country's export earning witnessed 142% growth in Q1** mainly on the back of RMG export, according to Export Promotion Bureau data

● **Country's trade discrepancy swelled by 19.30%** as import payment rose by 5.66% to USD 8.82 billion

● **Bangladesh bagged USD 41 billion by exporting 744 goods and products to 202 countries in FY 2017-18**, confirms Commerce Minister Tofail Ahmed

MONTH IN BRIEF

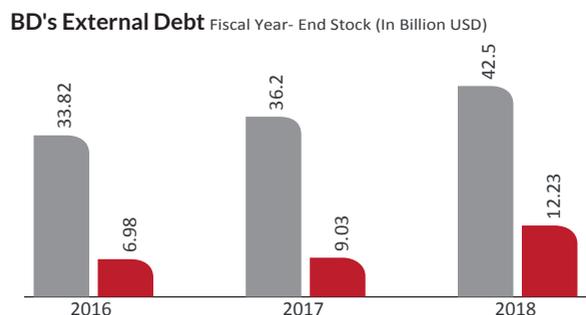
● **Inflation fell to 18 months low of 5.43%** in September'18 riding on the back of nonstop decrease in food prices



● **Community bank gets the final approval of Bangladesh Bank as 59th scheduled bank among four banks in the pipeline**

● **13 banks undergone EPS shrinkage due to huge provisioning against defaulted loans**

● **The country's foreign borrowings soared by 141% to USD 54.73 billion in June'18 from USD 38.88 billion in March'16 due to higher short-term foreign debt of total debt.**



Source: QFSA Report April- June 2018, BB

● **NRB waived 15% VAT on local compressor production although 25% custom duty (CD) being unchanged**

● **Pran confirmed export order worth around USD 5.25 million** through the exposition of more than 500 products at Sial Food Fair, world's one of the largest food exhibition

● **Brac Bank inaugurated agent banking to serve the unbanked population and elevate rural economy, aiming to recruit 5,000 agents in five years**

● **RMG export to the USA soared by 5.83% to USD 4.17 billion** mainly due to the increasing Christmas spending by the Americans

● **The country's agro product export bagged USD 635 million in FY 2017-18 from 27% higher than that of FY'17 (USD 500 million).**

● **Banks' capital adequacy ratio fell to 10% in Q2 from 10.11% as banks' asset quality waned**

*“TIME WILL COME WHEN
THERE WILL BE NO
VILLAGES IN THE COUNTRY
OUT OF THE RANGE OF
AGENT BANKING”*

SIR FAZLE HASAN ABED, chairman of Brac Bank, on inauguration of its agent banking services

“To ensure the optimum use of limited resources we need to take up projects based on study outcome”

Ziaul Islam, Senior secretary of the planning division, on Govt approves record number of projects in a calendar year

“Our board has unanimously given final approval to the proposed Community Bank Ltd after scrutinizing all relevant documents”

Md. Serajul Islam, BB spokesperson and executive director, on proposition of new banks

“Bangladesh has been growing faster among the Asian nations over the years, and this growth has attracted us,”

Rambo Huang, department manager for international sales of Quanzhou City Sanlian Machinery Manufacture (SL Machinery)

“THE GOVERNMENT HAD BEEN GIVING SPECIAL CASH INCENTIVE FROM TWO PER CENT TO 20 PER CENT ON 35 PRODUCTS WITH A VIEW TO ENSURING EXPORT VALUE MORE COMPETITIVENESS”

Tofail Ahmed, Commerce Minister, on country's export

“WE HAVE BEEN RUNNING THIS BUSINESS SINCE 1996, MOSTLY IMPORTING FROM CHINA, AND NOW IT IS TIME TO MOVE FOR ASSEMBLING”

Md Oliullah, managing director of Al Amin Brothers, on inauguration of mobile handset assembling plant in Gazipur

চেরাগের দৈত্য নয়



টাকা বাড়ায় স্মার্ট ইনভেস্টমেন্ট

চেরাগের দৈত্য টাকা বাড়ায় শুধুমাত্র রূপকথায়। বাস্তবে টাকা বাড়াতে স্মার্টলি ইনভেস্ট করুন দক্ষ ফান্ড ম্যানেজার দ্বারা পরিচালিত IDLC মিউচুয়াল ফান্ডে।

- বিনিয়োগের ঝুঁকি ব্যবস্থাপনা করে সর্বোত্তম লাভের সম্ভাবনা
- বার্ষিক আয় ও দীর্ঘমেয়াদী প্রবৃদ্ধি
- কোন ফি/চার্জ ছাড়াই যেকোন সময় fund withdrawal সুবিধা

বিস্তারিত জানতে ডায়াল করুন ☎ ১৬৪০৯

* মিউচুয়াল ফান্ডে বিনিয়োগ ঝুঁকিপূর্ণ। বিনিয়োগের আগে প্রস্পেক্টাস ভালো করে পড়ে ও বুঝে নিন।

Monthly Commentary:

During the month of October, Market experienced some correction, extending the losing streak from the previous month. Though the broad index, DSEX started the month in positive territory, it lost 84.8 (-1.6%) points and settled at 5,284.1 points by the end of the month. At the same time, DS30 settled at 1,878.0 points with 11.7 (-0.6%) points loss and DSES settled at 1,225.5 points with 16.6 (-1.3%) points loss.

Likewise, market participation decreased during the month with an average turnover of BDT 5.5 bn (USD 66.0 mn), a 25.2% decrease from that of the previous month. Fuel & Power sector was the turnover leader with 20.0% contribution to the month's average turnover. Textile followed next, contributing 17.4%.

During the month, few major sectors managed to close in positive territory. Among them, Telecommunication yielded the highest return appreciating by 2.6%. The sector's large cap scrip GP advanced by 2.5%. Besides, Bank and Textile increased by 1.7% and 0.9%, respectively during the month. On the contrary, Non-Life Insurance (-9.0%), Cement (-8.9%), Engineering (-6.9%), Life Insurance (-6.5%), and Fuel & Power (-2.6%) had the highest selling pressure.

Meanwhile, MSCI Frontier Markets Index was down by 3.5% during October. Sri Lanka, and Pakistan both gained 1.6%, while Vietnam lost 10.1% this month. So, Pakistan and Sri Lanka outperformed Bangladesh this month.

Monthly Market Statistics |

Table: Index Movement

Indices	Index Point, October 2018	1M Return	3M Return	YTD Return	3Y Return
Bangladesh					
DSEX	5,284.1	-1.6%	-0.3%	-15.4%	15.8%
DS30	1,878.0	-0.6%	-0.2%	-17.7%	8.8%
DSES	1,222.5	-1.3%	-2.3%	-12.1%	11.9%
Peer Countries					
Pakistan (KSE 100)	41,649.4	1.6%	-2.5%	2.9%	21.6%
Sri Lanka (CSE - All Share)	5,953.5	1.6%	-3.2%	-6.5%	-15.5%
Vietnam (VNI)	914.8	-10.1%	-4.4%	-7.1%	50.6%
MSCI Frontier Markets Index					
	521.1	-3.5%	-9.1%	-18.3%	-2.0%

All returns are Holding Period Return

Table: Market Statistics (October, 2018)

Market Statistics	31-Oct-18	30-Sep-18	% change
Mcap All (USD mn)	45,819.7	46,235.4	-0.9%
Mcap Equity (USD mn)	38,835.3	39,237.2	-1.0%
Daily Avg. Turnover (USD mn)	66.0	88.3	-25.2%

Graph: DSE Turnover and DSEX

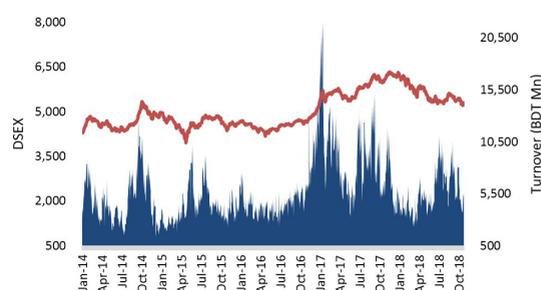


Table: Top Twenty Market Cap (October, 2018)

DSE Code	Sector	Mcap' (USD Mn)	Daily Avg. Turnover (USD Mn)	1M Return	3M Return	YTD Return	3Y Return
GP	Telecommunication	6,116.2	0.8	2.5%	0.6%	-15.0%	74.9%
BATBC	Food & Allied	2,381.3	0.0	-1.3%	1.6%	-0.4%	17.9%
SQURPHARMA	Pharmaceuticals & chemicals	2,185.9	1.2	-2.0%	-0.1%	-11.5%	33.5%
UPGDCL	Fuel & Power	1,824.4	3.1	-5.1%	15.0%	150.0%	247.5%
RENATA	Pharmaceuticals & chemicals	1,064.2	0.1	3.9%	2.1%	13.3%	42.1%
ICB	NBFI	956.2	0.1	0.6%	-9.0%	-20.8%	10.6%
BRACBANK	Bank	900.5	0.6	-1.9%	7.2%	-18.8%	142.9%
LHBL	Cement	617.7	0.3	-14.1%	-18.6%	-36.2%	-45.4%
BERGERPBL	Miscellaneous	679.4	0.1	-1.8%	-3.0%	19.9%	27.1%
SUMITPOWER	Fuel & Power	557.8	2.6	7.1%	13.5%	22.0%	47.5%
OLYMPIC	Food & Allied	521.0	1.1	6.6%	5.8%	-24.2%	1.5%
KPCL	Fuel & Power	493.3	5.9	-3.6%	67.9%	95.7%	79.8%
ISLAMIBANK	Bank	451.2	0.1	-0.8%	3.1%	-33.0%	-2.3%
TITASGAS	Fuel & Power	450.7	0.1	-3.3%	0.0%	-13.6%	-38.9%
MARICO	Pharmaceuticals & chemicals	447.0	0.0	0.7%	5.3%	12.2%	-16.5%
BXPHARMA	Pharmaceuticals & chemicals	367.1	0.3	-7.4%	-13.9%	-26.9%	16.5%
CITYBANK	Bank	367.1	0.5	-0.9%	6.4%	-40.2%	86.2%
MJLBD	Fuel & Power	372.0	0.2	1.9%	3.4%	-5.2%	52.3%
IFADAUTOS	Engineering	309.1	1.7	-8.6%	-4.7%	-7.1%	120.1%
DUTCHBANGL	Bank	318.4	0.1	7.5%	13.6%	-12.8%	38.5%

All returns are holding period return

1Mcap as on last trading session of the month

Table: Top Ten Gainers' List (October, 2018)

DSE Code	31-Oct-18	30-Sep-18	% Change
IBP	33.0	10.0*	230.0%
SILVAPHL	26.9	10.0*	169.0%
NORTHERN	668.7	325.8	105.2%
LIBRAINFU	879.6	635.6	38.4%
ISNLTD	36.3	26.8	35.4%
BEACHHATCH	12.0	9.1	31.9%
SHAHJABANK	31.7	24.4	29.9%
JUTESPINN	95.3	73.4	29.8%
SONARGAON	18.0	14.0	28.6%
ADVENT	41.1	33.3	23.4%

*IPO offer price of IBP and SILVAPHL

Table: Top Ten Losers' List (October, 2018)

DSE Code	31-Oct-18	30-Sep-18	% Change
BDAUTOCA*	258.2	436.0	-40.8%
GBBPOWER	8.7	13.9	-37.4%
WMSHIPYARD*	20.0	26.6	-24.8%
NAVANACNG	48.1	63.7	-24.5%
KPPL	17.8	23.1	-22.9%
REPUBLIC	32.3	41.8	-22.7%
LEGACYFOOT*	204.6	262.8	-22.1%
ARAMIT	386.4	496.3	-22.1%
AZIZPIPES	144.7	184.5	-21.6%
STYLECRAFT	3224.9	4106.8	-21.5%

*Represents post record date adjustment



Table: Top Ten Closed End Funds based on 5 years' (CAGR) performance

DSE Code	Fund Manager	Price ¹ (BDT)	NAV ¹ (BDT)	Price/NAV	Dividend Yield ² (%)	NAV Return ³				Redemption Year
						2018 YTD	2017	2015-17	2013-17	
NLI1STMF	VIPB	11.8	14.0	84.1%	11.9%	-10.8%	31.8%	21.9%	19.3%	2022
SEBL1STMF	VIPB	11.8	13.1	90.2%	11.0%	-11.1%	31.1%	20.2%	18.5%	2021
GRAMEENS2	AIMS	11.8	18.2	64.8%	10.2%	-3.4%	24.7%	13.6%	17.2%	2018
RELIANCE1	AIMS	9.1	12.8	70.9%	12.1%	-3.1%	21.2%	13.5%	16.3%	2021
IFILISLMF1	ICB AMCL	6.8	8.0	84.6%	13.2%	-9.1%	11.8%	10.3%	15.4%	2020
PRIME1ICBA	ICBAMCL	5.7	7.7	74.2%	12.3%	-12.0%	21.7%	12.5%	14.3%	2020
1JANATAMF	RACE	4.4	10.7	41.1%	4.5%	-5.4%	20.9%	13.0%	13.6%	2020
PHPMF1	RACE	4.3	10.5	40.8%	7.0%	-5.7%	25.0%	13.8%	13.2%	2020
POPULAR1MF	RACE	4.1	10.8	38.1%	4.9%	-5.3%	22.7%	13.2%	12.9%	2020
PF1STMF	ICBAMCL	5.2	7.5	69.2%	9.6%	-12.5%	16.7%	10.9%	12.8%	2020

¹ Price and NAV published on October 29, 2018;

² On latest cash dividend declared

³ CAGR computed for respected periods, except for 2018, 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.

Table: Fund Managers Performance Summary

Fund Manager	AUM (BDT mn)	P/NAV	Dividend Yield (%)	NAV Return				Fund Managers' Ranking by Return ¹		
				2018 YTD	2017	2015-17	2013-17	2017	2015-17	2013-17
RACE	30,793	41.3%	0.9%	-5.6%	21.8%	12.7%	11.7%	5	4	4
LR Global	9,675	64.9%	10.3%	-7.6%	23.3%	12.5%	9.5%	4	5	5
ICB AMCL	5,643	76.4%	7.1%	-11.6%	16.5%	10.6%	11.9%	7	6	3
AIMS	4,036	65.9%	12.4%	-3.4%	24.0%	13.9%	16.6%	3	3	2
VAML	2,775	74.1%	16.2%	-12.8%	18.6%	-	-	6	-	-
VIPB	2,011	88.1%	15.1%	-11.0%	31.4%	20.8%	18.8%	1	1	1
SEML	1,542	80.1%	3.3%	3.3%	8.7%	-	-	9	-	-
ATCP AMCL	770	76.2%	15.2%	-3.1%	26.1%	16.2%	-	2	2	-
CAPM	1,187	80.5%	2.6%	0.5%	10.8%	-	-	8	-	-
AMC Industry (Closed end)	58,433	55.8%	5.7%	-6.6%	21.3%	12.6%	12.1%	-	-	-

¹ Position of the respective fund manager in the ranking of 6 managers by return in respective

Graph: Sector Return (October, 2018)



CORPORATE HEAD OFFICE

IDLC FINANCE LIMITED Corporate Head Office Bay's Galleria (1 st Floor) 57 Gulshan Avenue	IDLC SECURITIES LIMITED D.R Tower, (4 th Floor) 65/2/2 Bir Protik Gazi Golam Dostogir Road, Purana Paltan, Dhaka-1000	IDLC INVESTMENTS LTD. D.R Tower, (4 th Floor) 65/2/2 Bir Protik Gazi Golam Dostogir Road, Purana Paltan, Dhaka-1000	IDLC ASSET MANAGEMENT LTD. South Avenue Tower (5 th Floor), Unit No. 502, House # 50, Road # 03, 7 Gulshan Avenue, Dhaka 1212
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BRANCH NETWORK OF IDLC FINANCE LIMITED

MIRPUR BRANCH Khan Plaza (1 st Floor) Plot No. 6, Main Road No. 1 Mirpur 10, Dhaka 1216 Tel: +880 (2) 805 1845	DILKUSHA BRANCH D.R Tower, (5 th Floor) 65/2/2 Bir Protik Gazi Golam Dostogir Road, Purana Paltan Dhaka-1000 Tel: +880 (2) 9560111	DHANMONDI BRANCH House # 39A (3 rd Floor) Road # 14A, Dhanmondi Dhaka 1209 Tel: +880 (2) 815 7632	GULSHAN BRANCH Bay's Galleria (4 th Floor) 57 Gulshan Avenue Gulshan 1, Dhaka 1212	UTTARA BRANCH Monsur Complex (3 rd Floor) Plot 59/A, Road 7, Sector 4 Uttara Model Town, Dhaka 1230 Tel: +880 (2) 8932340
GAZIPUR SME BOOTH Rahmat Tower (2 nd Floor) Holding No. 1034, Outpara Joydebpur, Gazipur 1700 Tel: +88 (02) 926 3505	KERANIGANJ BRANCH A.K Tower, Nagar Mahal Road Nadidhara Ispahani East Agarnagar South Keraniganj, Dhaka 1310 Tel: +88 02 7763805-6	IMAMGANJ SME BOOTH AK Tower, (3 rd Floor), 57-58, Mitford Road, Imamgonj Dhaka 1100, Bangladesh Tel: +88 02 7343766-7	NARSHINGDI BRANCH T Hussain Tower, Holding # 382 Kalibari Road, Narshingdi Bazar Narshingdi Tel: +880 (2) 945 2075-6	NARAYANGANJ BRANCH Sattar Tower 50 S.M. Maleh Road Tanbazar, Narayanganj 1400 Tel: +88 (2) 734 8213-6
SYLHET BRANCH Casablanca (2 nd Floor) 982 Dargah Gate Sylhet 3100 Tel: +880 (821) 728241-3	SAVAR BRANCH Alam Plaza (2 nd Floor) 122/B Jaleshwar, Savar Dhaka 1340 Tel: +880 (2) 774 4961-3	TONGI BRANCH Banesa Complex (Ground Floor) 26, Anarkoli Road Tongi Bazar, Tongi, Gazipur. Tel: +88 02 9817647-9	CHITTAGONG BRANCH World Trade Center (5 th Floor) 102-103 Agrabad Commercial Area, Chittagong 4100 Tel: +880 (31) 711034	NANDANKANON BRANCH A.K. Mansion (1 st Floor) Holding No. 17 J.C. Guha Road Nandankanon, Chittagong 4100 Tel: +880 (31) 612 732
BHULTA BRANCH Hazi Abdul Aziz Super Market (2 nd floor), Bhulta, Rugganj Narayanganj Mob- 01755532344	BOGRA BRANCH Sairul Complex (2 nd Floor) Sherpur Road, Sutrapur Bogra 5800 Tel: +880 (51) 69917	COMILLA BRANCH Nasir Center (2 nd Floor) 437 Nazrul Avenue Kandirpar, Comilla 3500 Tel: +88 (081) 64907-8	JESSORE BRANCH Rashid Center (2 nd Floor) 7/A, R.N. Road, Jessore 7400, Tel: +880 421 60892-95	KHULNA BRANCH Syed Ali Hossain Tower 181 Khan A Sabur Road Khulna 9100 Tel: +88 09609994352
MYMENSINGH BRANCH Swapnaneer Tower (1 st Floor), 27 C.K Ghosh Road, Mymensingh 2200	NATORE BRANCH Lili Plaza – 2 nd floor House no. – 838 Kanaikhali, Natore - 6400 Mob- 01730323042	HABIGANJ BRANCH Shankar City (1 st Floor), Ram Krishna Mission Road, Ghatia Bazar, Habiganj 3300	KUSHTIA BRANCH Momotaj Tower (2 nd Floor), 5/1, Jaliram Agarwal Lane Rokshi Goli, N.S. Road Kushtia	RANGPUR BRANCH Paper palace tower House no # 306, Road # 01 Pairachattor Central Road Rangpur.
Chowmuhani Branch N S SBhaban (2nd Floor), Feni Road, Chowmuhani, Noakhali 3821	Elephant Road Branch Pearsons Tower (1st Floor), 299 Elephant Road, 1205, Dhaka, Bangladesh	Rajshahi Branch Sahidullah Tower – 1 (2nd Floor), 32/A Ranibazar, Ghoramara, Boalia, Rajshahi 6100	Barisal Branch LL Tower, 3rd Floor, Sadar Road, Barisal	FARIDPUR BRANCH Hafeez Building (2nd Floor), 94 Mujib Sharak, Faridpur 7800



HOME LOAN



AUTO LOAN



CORPORATE LOAN



SME LOAN

WOMEN
ENTREPRENEUR LOAN

