

‘Bangladesh is currently where Indonesia and the Philippines were four years ago’

Says Silicon Valley venture capitalist Anis Uzzaman

MUHAMMAD ZAHIDUL ISLAM

Silicon Valley-based venture capital firm Pegasus Tech Ventures plans to invest \$40 million in Bangladeshi startups within a few years as the fast expanding economy holds huge growth potential for budding entrepreneurs, said its top executive.

“We are committed to investing in Bangladesh’s startup ecosystem,” Anis Uzzaman, general partner and chief executive officer of Pegasus, told The Daily Star in an interview recently.

Pegasus Tech Ventures started its journey in Bangladesh in 2015 as Fenox Venture Capital. Later, it was renamed. It invested about \$10 million in the last three years in various local startups.

Located in California’s San Jose, Pegasus provides early stage and final round funding. With several multi-million dollar funds under management, it focuses its investment in IT, health IT, artificial intelligence, internet of things, robotics, big data, virtual reality, augmented reality, fintech and next generation technologies.

In Bangladesh, Pegasus has investments in online ticketing and ride-sharing platform Shohoz, online shopping platforms AjkerDeal and Bagdoo, online marketplace HandyMama, business process outsourcing company Digicon and online news platform priyo.com.

The firm is interested in investing in some other companies.

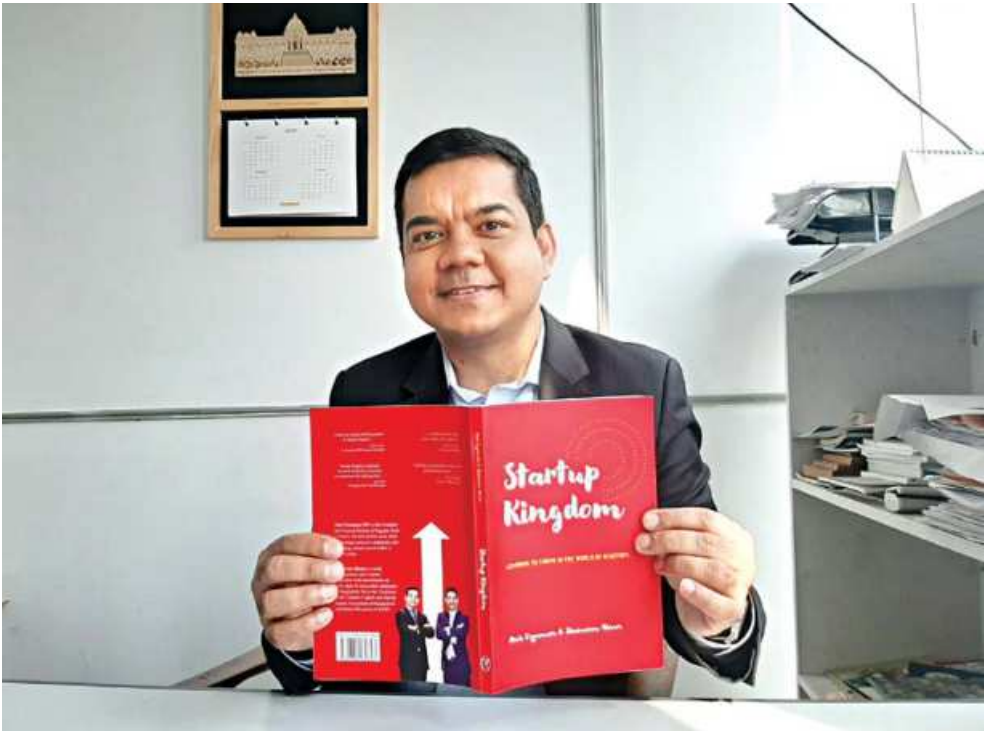
“If these companies do better, Pegasus will increase its investment in them.”

Pegasus has raised huge amounts of funds from investors across the globe and is exploring opportunities to invest, said the serial entrepreneur.

The company did not get the growth that it had anticipated in the market as there were some infrastructural challenges. “Our expectation was much higher than the speed at which the market is currently growing.”

But the CEO is not frustrated as challenges are being addressed.

“We are very positive about the Bangladesh



Anis Uzzaman

market and plan to invest continuously. We are considering invest \$30 million to \$40 million in the next three to four years.”

According to Anis, Bangladeshi youths are very smart and are aiming to build global companies. A good number of them have registered their firms in Singapore and this will ultimately help them raise funds from the international market.

Initially, there were challenges on payment systems. But those are gradually being addressed, Anis says.

People’s perception about e-commerce channel is also changing. Still, the market is lagging behind other countries when it comes to customer education, he said.

A Bangladeshi expatriate living in the US, Anis holds a bachelors degree in engineering from the Tokyo Institute of Technology in

Japan, a Masters degree in engineering from the Oklahoma State University in the US, and a PhD in computer engineering from the Tokyo Metropolitan University.

“Bangladesh has changed a lot and digital infrastructure is taking huge strides. Mobile communication has developed tremendously as internet speed and penetration grew. This is a very positive signal for the startup market.”

Anis is very optimistic that Bangladesh will grab a strong position in the digital commerce ranking.

Bangladesh’s strength lies in its strong economic growth. The economy has boomed over the years and it is reflected in various international indexes.

“This is very important to attract investors.”

In the past, Pegasus heavily invested in countries such as Indonesia and the

Philippines, drawn in by their tremendous economic growth. It made lucrative profit in the markets.

“Bangladesh is currently at the point where Indonesia and the Philippines were four years ago. This is an encouragement for investors like us. All the economic numbers of Bangladesh look very good. It can help bring in more investments to this market.”

The venture capital firm estimates that Bangladesh’s economy can maintain the current pace of expansion in the next few years.

“Pegasus will get good returns from its investments as the technology companies it is investing in will certainly clock the same rate of growth in line with the national economy. This is how it works -- everywhere.”

Thus far, it has invested \$100 million in about 45 startups in Indonesia, the Philippines, Malaysia, Vietnam, Singapore and Thailand.



PEGASUS TECH VENTURES IN BANGLADESH

▶ Set foot in the country in Dec '15

▶ Invested \$10m

▶ Poured money in:













▶ Plans to invest another \$30 m to \$40 m in next few years

▶ Organises Startup World Cup since 2016 and Bangladesh a key part of the competition

These countries started their journey in the startup market just a little before Bangladesh did and the governments of the Southeast Asian countries have prioritised innovation as their main driver for economic growth.

The countries have also launched joint initiatives on innovation, which is why investors who have invested in one country gradually move to the other counties as well.

So far, Bangladesh hasn’t been able to pull much investment, especially from venture capital, but Anis says the scenario can change.

During his visit to Bangladesh, he also received good response from the local business community, which showed interests to join hands with him in the venture capital industry.

Recently, Bangladesh has taken some initiatives and a lot of new startups are sprouting up. The startups are getting government funds and incubation support.

“This is a superb initiative. Other countries also did the same to be successful in digitalisation. It needs to continue in the coming years and this will help create a startup ecosystem in Bangladesh.”

“Once there are plenty of startups, investors will automatically flock to the market and change the investment numbers.”

Pegasus has so far invested in 170 companies across the globe.

In order to build the startup ecosystem, Pegasus is also organising the Startup World Cup, which will link startups with the venture capital firms in Silicon Valley. Anis is the chairman of the global event. This year, 60 countries are going to contest after the country-level competition for the prize of \$1 million.

The Bangladesh round of this year’s competition wrapped up on February 8. Gaze Technologies was chosen the winner.

National champions will present their ideas before investors at a gala event on May 20 in Silicon Valley and get funds.

Anis recommended incorporating entrepreneurship in academic curriculum as it has been already included in other countries.

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Feb 18: The infusion company alerted investors there is no reason for the stock’s rise abnormally.

Jan 28: Orion Infusion’s EPS dropped to Tk 0.30 in the second quarter (October-December of 2019) from Tk 0.50 a year earlier.



Feb 18: The pharma company alerted investors there is no reason for the stock’s rise abnormally.

Jan 28: Orion Pharma’s consolidated EPS was Tk 0.97 in the second quarter (October-December 2019), down from Tk 1.08 year-on-year.

Northern Jute halts production after account freeze

STAR BUSINESS REPORT

Northern Jute Manufacturing Company’s factory at the BSCIC Industrial Estate in Kushitia was closed after it failed to clear workers’ wages following bank account freeze by the central bank.

The decision to stop the production of the listed jute good producer caused its share to slide 8.74 per cent to Tk 421 on the Dhaka Stock Exchange (DSE) yesterday.

Northern Jute has previously informed investors through the DSE of the bar on its bank accounts as per a High Court order.

Since the chairman of Northern Jute, Uzzal Kumar Nandi, is also the chairman of People’s Leasing and Financial Services (PLFS), the decision to discontinue the production could be considered as a consequence of recent events.

PLFS has gone into liquidation since July 2019 due to its weak financial situation.

“But Northern Jute has no connection with PLFS,” said Shahadat Hossain Patwary, company secretary of Northern Jute.

Workers at the jute product factory are paid on a weekly basis and since all the bank accounts are frozen, operations had to be shut down, Patwary said.

The company could not realise any export proceeds. As such, it could not procure raw jute or make payments to spare part suppliers, according to the announcement of Northern

NORTHERN JUTE’S TWO-YEAR STOCK MOVEMENT



Jute.

Besides, the company could not disburse any cash dividend to shareholders although an adequate fund has been maintained, it added.

“Now, we will move to courts so that we are allowed to transact through our accounts. We hope to reactivate the accounts within February 25. Until then, the factory will remain shut,” he said.

According to data from the DSE, Northern Jute’s stock was unstable over the past two years due to earnings volatility.

By the end of June 2018, the company’s earnings per share (EPS) was Tk 17.15 in the negative and it provided no dividend that year. As a result, it was downgraded to Z category.

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Wealthy turned to post office accounts after savings certificate rules shut them out

SOHEL PARVEZ and REJAUl KARIM BYRON

A section of well-off people have apparently made a mad dash for post office accounts right after the government tightened rules on investment in high interest-bearing national savings certificates.

Fixed deposits in Post Office Savings Bank soared 66 per cent year-on-year to Tk 11,730 crore in the first half of the fiscal year, according to data from the Bangladesh Post Office (BPO).

At the same time, investment in savings certificates sold by the post office plummeted 88 per cent to Tk 1,870 crore from Tk 15,870 crore.

“This clearly shows that a section of the people have switched to fixed deposit accounts in the post office to avoid giving personal details that are required for purchasing national savings certificates,” said a senior BPO official seeking to remain unnamed.

Deposits and investment in savings instruments in post office

Period: July-December

SOURCE: POST OFFICE

■ Fixed deposit ■ Savings instrument



Fiscal Year	Fixed deposit	Savings instrument
FY 2018	7,070	15,870
FY 2019	11,730	1,870

The rules, which were tightened last year, stipulated that savers would have to submit their taxpayer identification number (TIN) for availing national savings certificates, whose interest

rates can reach as much as 11.76 per cent -- way higher than what banks offer.

Another rule stated that if the value of the national saving certificates went

over Tk 1 lakh, the payment had to be made using cheques of the buyer’s bank account.

This essentially reveals sources of large purchases, putting off

unscrupulous investors, who had previously been able to flout the individual purchase limit through cash payments.

The rules for the post office’s ordinary and three-year tenure fixed deposit accounts had remained unchanged up until February 12 this year, prompting depositors to switch to banks and post office accounts in the last couple of months, said officials.

The latest data on the deposits in banks are unavailable.

However, it grew threefold to Tk 28,710 crore in the July-September period of fiscal 2019-20 from a year earlier, finance ministry data showed.

The switch to post office accounts by affluent people prompted the government to cut the interest rates on the ordinary and fixed deposits to 5 and 6 per cent from 7.5 and 11.28 per cent respectively to discourage them from making deposits there, said a

finance ministry official.

The interest rates on national savings certificates issued by the Department of National Savings have remained unchanged at more than 11 per cent.

The sudden interest rate cut of the post office accounts led to an outcry from savers and drew criticism from various quarters, as the post office has over 50 lakh savings accounts, mostly owned by small and low-income groups with many of them being women and farmers in rural areas.

Following the reaction, Finance Minister AHM Mustafa Kamal said the government would revisit the interest rate cut considering the effect it had on small and marginal savers.

The finance ministry is exploring options, including the one on making the interest rate inversely proportional to the investment, meaning the higher the investment the lower will be the interest rate, officials said.