

BUSINESS

REVIEW

SCRIPTING EXPORT NARRATIVES: LEAVING A DOMESTIC PAPER TRAIL IN GLOBAL MARKETS



বিকাশ অ্যাপ দিয়ে
আইডিএলসি-তে
টাকা
জমেছে,
বেড়েছে
নিরাপদে

অভিনন্দন আপনাদের,
যারা ২ বছর মেয়াদী ডিপিএস
সম্পন্ন করেছেন

আইডিএলসি আপনাদের টাকা
পৌঁছে দিয়েছে আপনার বিকাশ-এ



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**Scripting Export Narratives:
Leaving a Domestic Paper Trail in
Global Markets**

The paper and paper products industry is generating optimism amidst a period of declining export earnings for the country's manufacturing sector products and is currently displaying itself as one of the few bright sparks in the export segments for Bangladesh. The market size of paper and paper-allied products in the country currently amounts to BDT 5,000 crore. The sector encompasses various paper products, such as writing and printing paper, offset paper, newsprint, tissue, and packaging paper. Bangladesh Paper Manufacturers Association (BPMA) reported that BDT 70,000 crore has been invested by entrepreneurs in the paper industry so far, enabling the paper mills to achieve an annual production capacity of 15 lakh tonnes. Most recently, Bangladesh built on its already exponential rise in the exports of paper and paper products, with figures reaching USD 39.79 million during July-August of the current fiscal year and experiencing an 85% year-on-year growth.



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Capital Market Review



Scripting Export Narratives: Leaving a Domestic Paper Trail in Global Markets

Bangladesh is currently in a precarious position due to rising import prices and dwindling foreign currency reserves. Amidst the uncertainties, the paper and paper products industry has emerged as a key source of foreign earnings in recent years, with the sector recording an 85% year-on-year growth during July-August of FY 2023-24 relative to FY 2022-23.

The market size of paper and paper-allied products is estimated to be BDT 5,000 crore, with the industry comprising diverse paper products, including writing and printing papers, offset papers, newsprints, tissues, and packaging papers. The industry was largely boosted back in 2016, owing to the government's cash incentive of 10% on receipts. Till now, Bangladesh has been exporting its paper-allied products to over 50 nations, including the United States and countries from Europe, the Middle East, and Africa.

As the world edges closer towards a paperless economy, the demand for writing and printing paper is expected to experience a sharp downfall, while the heavy reliance on paper pulp imports and its scarcity will trigger an increase in the prices of paper products. However, these challenges have been addressed adequately, as paper mills have invested in waste paper processing to reduce reliance on imported raw materials while prioritising product diversification to cater to foreign demands. An excellent opportunity awaits Bangladesh, as the decreased paper manufacturing of China, India and Japan can propel the paper industry to new heights and establish itself as one of the paper manufacturing hubs in the world.

Md. Shah Jalal

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IDLC Monthly Business Review

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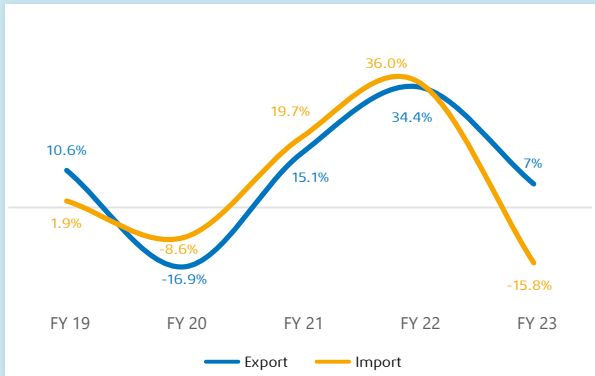
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ECONOMY AT A GLANCE

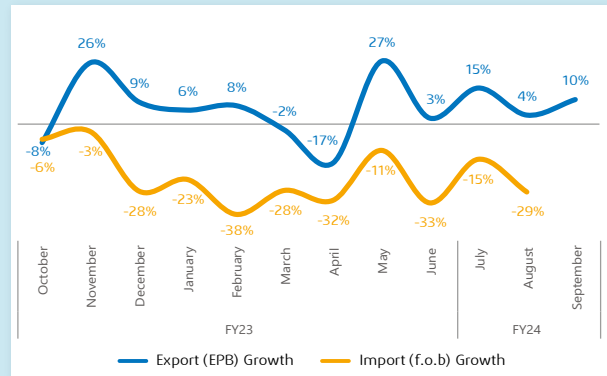
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EXPORT-IMPORT

Growth in Export-Import Trade (Last 5 Years)

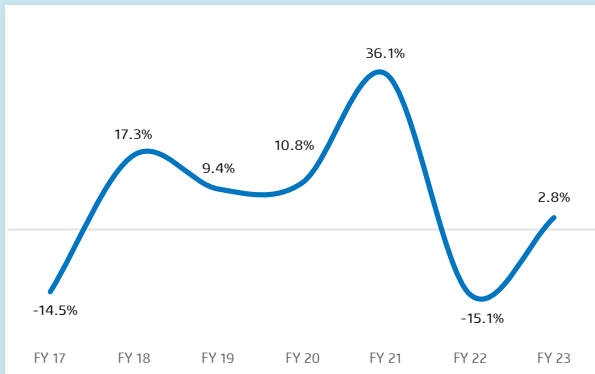


Export and Import Growth (Last 12 Months)

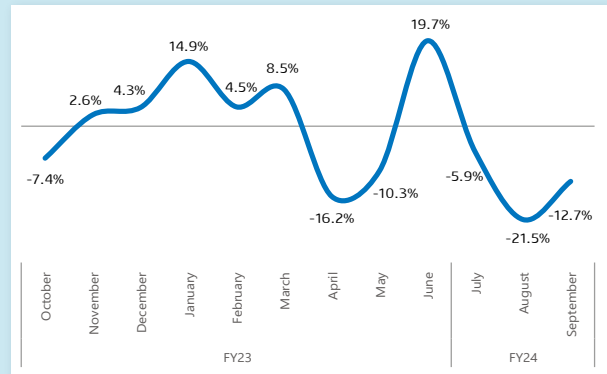


REMITTANCE

Remittance Growth (Last 5 Years)

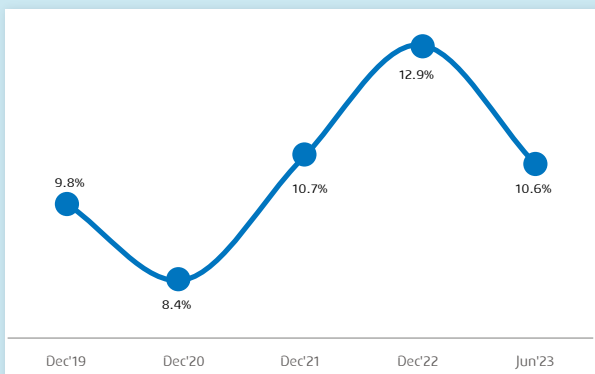


Remittance Growth (Last 12 Months)

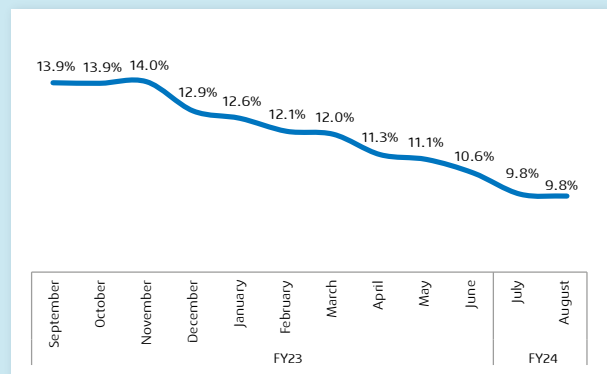


PRIVATE SECTOR CREDIT GROWTH

Private Sector Credit Growth (Last 5 Years)



Private Sector Credit Growth (Last 12 Months)



■ MONTH IN BRIEF

● Despite earlier economic strife, Sri Lanka has repaid the USD 200 million loan to Bangladesh through a currency exchange deal, as well as approximately **USD 25.537 million in interest. The final and third instalment was paid on September 21, 2023.**

● During the first week of September, Bangladesh received BDT 40.38 billion (US\$368.87 million) in remittances as reported by Bangladesh Bank (BB). State-owned banks, **private banks and foreign banks have received \$32.08 million, \$329.12 million, and \$1.76 million respectively.**

● According to government data, exports of merchandise experienced a 3.80% year-on-year growth from **USD 4.61 billion in August 2022 to USD 4.78 billion in August 2023.**

● According to a report published on September 21, 2023, by the Chinese Embassy in Bangladesh, the Belt and Road Initiative (BRI) will **increase Bangladesh's GDP by at least 2.1%, create 2.5% to 5.1% more jobs, and reduce extreme poverty by 1.3%.**

● In the first two months of the current fiscal year, Bangladesh's pharmaceutical exports increased by about **15% year-on-year, with medicine shipments fetching USD 31.64 million in July 2023 and August 2023.**

● Two bilateral agreements were signed between the governments of Bangladesh and Germany on September 03, 2023, with the latter country providing **EUR 191 million in the form of technical cooperation and financial cooperation.**

● **The agriculture ministry of Bangladesh has declared BDT 1.89 billion** of incentives to stimulate the production of ten Robi crops during the upcoming Robi season (October to March).

● To facilitate the launch of the LB Multi Asset Income ETF, the country's first ever Exchange Traded Fund (ETF), the sponsor, trustee, asset manager, and custodian signed a trust deed on **September 04, 2023. The initial size of the fund will be BDT 1 billion.**

● **In the first seven months of this year, Bangladesh experienced a sharp decline in woven fabric imports by 25.97% compared to the same period** in the previous year. This drop in imports is linked to a decrease in garment makers' reliance on imported fabrics as a result of increasing local production and shorter lead times sought by international retailers and brands.

● The export of paper and paper products from Bangladesh registered 85% year-on-year growth in **the first two months of the fiscal year 2023–24, amounting to USD 39.79 million.**

MOST APPAREL BRANDS HAVE CLEARED THEIR INVENTORY AND ARE NOW PLACING NEW ORDERS. AT THE SAME TIME, VIETNAM AND CHINA ARE FACING A SLIGHT DOWNWARD TREND IN APPAREL MANUFACTURING AND A PORTION OF THEIR ORDERS IS ALSO COMING TO BANGLADESH.

Shovon Islam, Managing Director of Sparrow Group, on Merchandise Exports Growing by 3.80% Year-on-Year in August 2023. (September 04, 2023. The Business Standard.)

Buyers are always looking for high-quality products at affordable prices, and Bangladesh has done well in the varieties of paper products.

Nawsherul Alam, Secretary of Bangladesh Paper Mills Association, on Exports of Paper and Paper Products Jumping by 85% Year-on-Year in the First Two Months of the Fiscal Year 2023-24. (September 07, 2023. The Daily Star.)

Dollar crisis is another factor to blame. Because of dollar shortage, many cannot import required amount of cotton due to problems in opening letters of credit. The rate of dollar is also high.

Mohammad Ali Khokon, President of Bangladesh Textile Mills Association, on the Probability of Imports of Cotton to Drop in the Fiscal Year 2023-24. (September 17, 2023. The Daily Star.)

Drug manufacturers have secured tenders in the importing countries while economic volatility is easing. This sent drug exports higher in the last two months.

Monjurul Alam, Chief Executive Officer of Beacon Pharmaceuticals Limited, on Exports of Pharma Growing by 15% Year-on-Year in the First Two Months of the Fiscal Year 2023-24. (September 17, 2023. The Daily Star.)

Bangladesh can be the trade hub and bridge of business between the ASEAN, South Asian and South East Asian countries.

Dr Joshoda Jibon Deb Nath, Vice President of Federation of Bangladesh Chambers of Commerce and Industry, on Bangladesh Having the Potential to Be A Trade Hub for ASEAN and South Asia. (September 22, 2023. The Financial Express.)

Bangladesh is one of the fastest growing economies in the world. I strongly believe that the country is on the right track to become an upper-middle income country by 2041, as Bangladesh has maintained its economic growth over the years despite the COVID-19 pandemic.

Souleymane Coulibaly, Acting Country Director for Bangladesh and Bhutan of World Bank, on Bangladesh Being on Track to Become Upper-Middle Income Country by 2041. (September 05, 2023. The Business Standard.)

The satellite that we will buy will travel through the orbit around 350 miles above the earth. This will be used mainly to observe the status of our crops and the sea. Currently, we don't have any monitoring capabilities across the vast sea.

Shahjahan Mahmud, Chairman and Chief Executive Officer of Bangladesh Satellite Company Limited, on the Prospect of a Deal Being Signed between the Government and Airbus. (September 11, 2023. The Daily Star.)

If the US gives us duty free access of apparel items made from US cotton, it will create an opportunity to benefit both countries.

Mohammad Hatem, Executive President of Bangladesh Knitwear Manufacturers and Exporters Association, on the United States Considering to Include Bangladeshi Apparel in the New GSP. (September 20, 2023. The Business Standard.)

The government has decided to introduce trade unions in economic zones under the pressure of the ILO and buyers. However, labour laws will not be fully enforced in economic zones, only the labour rights related sections of the labour law will be added.

Farooq Hasan, President of Bangladesh Garments Manufacturers and Exporters Association, on the Government Allowing Trade Unions in Economic Zones. (September 28, 2023. The Business Standard.)

Country	Nominal GDP: 2022 (USD in Billion)	Real GDP Growth: 2022 (Yearly % Change)	Inflation Point to Point (%)	Current Account Balance: (% of GDP)	Interest Rates (%), Ten years Treasury Bond	Currency Units (Per USD)	
Frontier Markets							
Sri Lanka	75.30	-8.66	1.30	September-23	-1.94	12.88	322.66
Vietnam	406.45	8.02	3.66	September-23	-0.88	2.99	24,385.00
Kenya	115.99	5.37	6.80	September-23	-4.72	16.80	148.80
Nigeria	477.38	3.25	25.80	August-23	-0.72	14.71	772.04
Bangladesh	453.85	6.03	9.63	September-23	-0.70	9.19	110.50
Emerging Markets							
Brazil	1,924.13	2.90	4.61	August-23	-2.91	11.98	5.15
Saudi Arabia	1,108.15	8.74	2.00	August-23	13.79	N/A	3.75
India	3,386.40	6.83	6.83	August-23	-2.61	7.34	83.13
Indonesia	1,318.81	5.31	2.28	September-23	1.00	7.11	15,610.00
Malaysia	407.92	8.69	2.00	August-23	2.64	4.16	4.72
Philippines	404.26	7.60	6.10	September-23	-4.41	6.67	56.69
Turkey	905.53	5.57	61.53	September-23	-5.38	26.78	27.71
Thailand	536.16	2.64	0.30	September-23	-3.26	3.36	36.97
China	18,100.04	2.99	0.10	August-23	2.31	2.69	7.30
Russia	2,215.29	-2.05	5.20	August-23	10.27	12.30	101.00
Developed Markets							
France	2,784.02	2.61	4.90	September-23	-1.71	3.49	0.95
Germany	4,075.40	1.78	4.50	September-23	4.20	2.90	0.95
Italy	2,012.01	3.68	5.34	September-23	-0.73	4.91	0.95
Spain	1,400.52	5.48	3.50	September-23	1.06	4.03	0.95
Hong Kong	360.98	-3.51	1.80	August-23	10.73	4.30	7.83
Singapore	466.79	3.65	4.00	August-23	19.33	3.47	1.37
United States	25,464.48	2.07	3.70	August-23	-3.64	4.75	1.00
Denmark	390.68	3.62	2.40	August-23	12.82	3.20	7.06
Netherlands	993.68	4.52	0.20	September-23	5.49	3.26	0.95
Australia	1,701.89	3.66	6.00	June-23	1.20	4.54	1.57
Switzerland	807.23	1.70	1.70	September-23	9.84	1.16	0.91
United Kingdom	3,070.60	4.05	6.70	August-23	-5.55	4.64	0.82

Bangladesh Data: The new GDP size (FY23) is as per the provisional estimate of Bangladesh Bureau of Statistics and real GDP growth (FY23) is as per new base year. Calculation Method of CA balance (% of GDP) = CA balance of FY23 /Provisional Estimate for GDP of FY23 Interest rate (%) 10 years TB as per September 2023, Inflation as per September 2023 and Currency Unit (per USD) as per 4th October are sourced from Bangladesh Bank

Nominal GDP: Data of all countries apart from Bangladesh is sourced from IMF estimates of 2023 data (April, 2023 Outlook)

Real GDP Growth and Current Account Balance: Data of all countries apart from Bangladesh is sourced from IMF estimates of April, 2023 data (World Economic Outlook, April 2023)

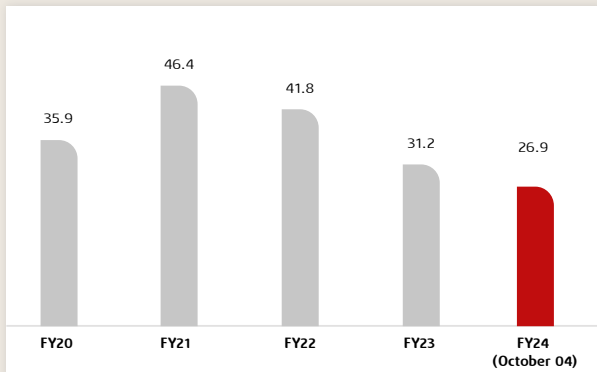
Inflation: Data of all countries apart from Bangladesh is sourced from tradingeconomics.com

Interest rates 10 years TB and Currency Unit : Data of all countries apart from Bangladesh is sourced from Investing.com

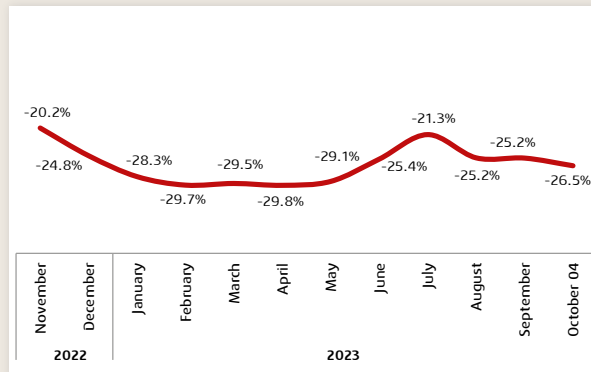
BANKING DATA CORNER

Prepared by IDLCSL Research Team

Gross Foreign Exchange Reserve
(In USD Billion and Last 5 Years)

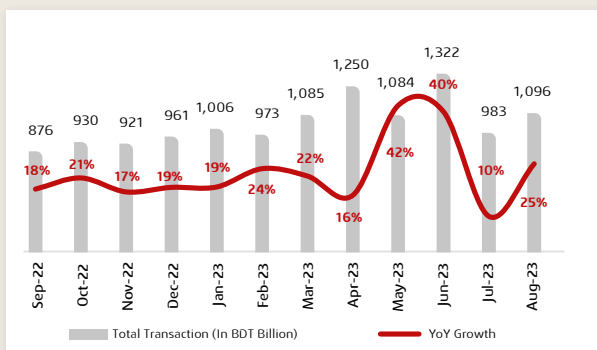


Gross Foreign Exchange Reserve
(Last 12 Months Trend)

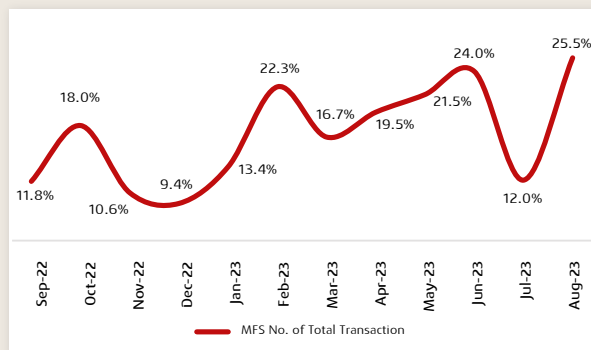


*As per BPM6 calculation method, our foreign exchange reserve was USD 21.1bn on October 04, 2023

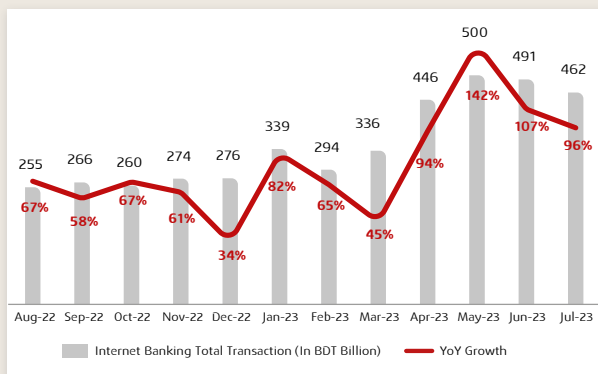
MFS Monthly Transaction
(BDT Billion and YoY Growth)



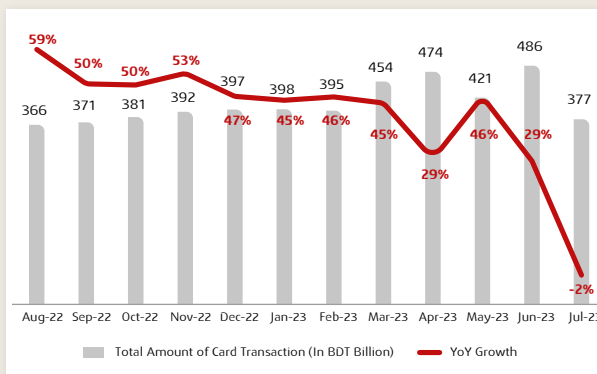
MFS No. of Total Transaction
(YoY Growth)



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



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



Source: Bangladesh Bank

Jomma



Nofel Wahid
Founder & CEO, Jomma

Interviewed by
Syed Md. Rakeen, Team MBR

Nofel Wahid is the founder and CEO of Jomma, a digital investment marketplace for stocks, bonds and mutual funds. Prior to founding Jomma, Nofel worked 6+ years at bKash and launched bKash's digital savings (with IDLC), loan (with City Bank) and insurance (with Guardian Life Insurance) businesses. He started his career at the Australian Treasury (Ministry of Finance) and worked on Australia's policy response to the Global Financial Crisis, followed by policy research work on Asian financial markets integration as a senior policy analyst at the Australian APEC Study Center at RMIT University. Team MBR was in conversation with Mr. Nofel Wahid to learn about Jomma and his aspirations for a digital investment marketplace.

Syed Md. Rakeen: You possess a wealth of experience in the financial services industry, encompassing roles such as Financial Markets Analyst at Commonwealth Treasury and Vice President at bKash. Would you kindly share what inspired you to leave a successful corporate career and form Jomma?

Nofel Wahid: Prior to moving back to Bangladesh in 2015 to work at bKash, I lived and worked in Australia for many years. When I was an undergraduate student, I used to work at a clothing store as a contractual employee who got paid a minimum wage of AUD 15/per hour. Australia's pension policy requires everyone, even someone working on a minimum wage, to contribute about 10% of their monthly salary to a privately managed pension

fund that would invest the pension contributions until retirement.

In Bangladesh, we do not have a private pension industry yet. The government recently launched its Universal Pension Scheme, which is an important social safety net initiative. However, for all Bangladeshis to save sufficiently over their working lives and retire with dignity, we need to develop a private pensions industry that will take in and manage consumer funds efficiently and with integrity to maximise returns for consumers and enhance their financial well-being.

My lived experience of how a private pension system should and can work well motivated me to start Jomma to make investing easier and



more accessible for Bangladeshis to save for their future.

Syed Md. Rakeen: Jomma is a digital investment marketplace for stocks, mutual funds, and bonds aimed at making financial investments and their monitoring convenient for investors. How is Jomma ensuring broad access to financial investments through its services?

Nofel Wahid: As a digital investment marketplace, Jomma's focus is to empower investors by providing easier access to financial products as well as greater product choice from multiple financial institutions. Through Jomma's digital marketplace, investors can open a BO account with a licenced broker, fund their BO account through online payments to the broker, and invest in listed stocks, bonds, and open-ended mutual funds.

As your readers are likely aware, investments in listed stocks and bonds are executed through licenced brokers, and open-ended mutual funds are managed by licenced asset management companies (AMCs). Jomma is a first-of-its-kind marketplace that provides access to and choice over seven open-ended mutual funds from two different AMCs and listed stocks and bonds through a licenced broker.

Syed Md. Rakeen: Jomma allows investors to open Beneficiary Owner (BO) accounts online in the comfort of their houses. Would you kindly share how opening BO accounts through Jomma differs from opening at other financial institutions?

Nofel Wahid: The process for opening a BO account with a licenced broker is regulated and standardised across the industry. Jomma users open a BO account with a licenced broker in much the same way as any other investor would at another financial institution. However, once the BO account has been opened, enabling investors

to fund the BO account through online payments and investing in listed stocks and bonds as well as open-ended mutual funds from one platform is how Jomma adds value as a one-stop investment marketplace.

Syed Md. Rakeen: Investors can track real-time daily market information through Jomma's website, facilitating investors to track their portfolio of investments with relative ease. Which market information is accessible through Jomma to ensure that its users are well-informed regarding their portfolio as well as financial markets?

Nofel Wahid: Investors can access market information such as stock prices, mutual fund NAV and receive personalised updates on their investment portfolio performance from their brokers and mutual funds through Jomma. It helps investors not only monitor market trends but also make informed investment decisions about how to manage their portfolios.

Syed Md. Rakeen: Digital investment marketplaces are responsible for the proper distribution of funds, such as dividend payments, interest payments, and capital gains for their users. How is Jomma ensuring the proper withdrawal of funds from their platform without any hassles?

Nofel Wahid: Jomma, as a technology platform, provides the technology service of digitally distributing financial products/services of licenced financial institutions and generating user acquisition and transaction leads for those financial institutions. For example, if an investor wants to withdraw funds from their BO account, the investor can send a withdrawal request to the broker from Jomma's platform. The broker will subsequently provide the financial service of transferring funds to the investor's bank account as per regulations. Jomma's role is to connect investors and financial institutions and empower

both parties to transact more efficiently and cost-effectively through the use of technology.

Syed Md. Rakeen: Security concerns in recent times have raised concerns regarding the digital protection of customers' personal and financial information online. How does Jomma ensure the confidentiality of their customers' information?

Nofel Wahid: Confidentiality of customer information is very important. We have adopted industry best practices and standards to ensure the confidentiality of customer information. Financial institutions have to follow specific regulations that require them to KYC their customers. As an investment marketplace that digitally connects investors with financial institutions, investors have full line of sight on what information is required by financial institutions to KYC them. Investors have to consent to share their information with the financial institution to complete the institution's KYC and user onboarding journey.

Syed Md. Rakeen: Online trading of stocks, bonds, and mutual funds is highly used in countries abroad, with diverse options available for convenient trading. Is Jomma planning to introduce new services on its platform to attract more investors?

Nofel Wahid: We are constantly guided and supported by our partner financial institutions on what financial regulations envision and enable our partners to do in terms of financial product design and service delivery. Jomma will work closely with our partner financial institutions to enable them to offer new financial services that are relevant and impactful, as well as being guided by policy and regulatory directives.

Syed Md. Rakeen: A negative perception exists among people regarding the trading of digital financial assets, with the MTFE scandal further discouraging users from engaging in investing activities. Would you kindly share

how Jomma is planning to tackle challenges surrounding trust in the digital investment market space and enlarge its user base while maintaining integrity?

Nofel Wahid: Jomma has partnered with licenced, well-reputed brokers, mutual funds, and merchant banks regulated by BSEC, which is an important marker of trust. More importantly, the lack of trust investors feel often stems from a lack of information and know-how about investing.

You would be surprised by how many people are not aware that in order to invest as an individual, you need to open a BO account with a licenced broker, fund that BO account through a payment to the broker to invest in listed stocks and bonds, or pay the mutual fund to buy mutual fund units. Jomma extensively communicates and educates investors about the processes and actions they need to follow to invest securely and with ease. Communication and financial education on investment can help build trust, and trust is essential for growth.

Syed Md. Rakeen: Jomma boasts enormous potential in this sector, which is further evident by the combined massive investment of BDT 2 crores from SBK Tech Ventures and Robi. How do you envision the future of Jomma in the next 5–10 years?

Nofel Wahid: Jomma's goal is to make investment easier and more accessible for all Bangladeshis. Achieving that goal entails creating value for consumers by effectively communicating with them about how investing can help them achieve their financial goals, making the process of investing simpler and more cost-effective through the use of technology and informing investors about the choice available to them in terms of different financial products offered by various financial institutions and the benefits or even the risks associated with those products. We envision Jomma to be the preferred digital investment marketplace for all Bangladeshis in the next 5–10 years.



Scripting Export Narratives:

Leaving a Domestic
Paper Trail in
Global Markets



Written By
Syed Md. Rakeen



Bangladesh is currently navigating through rocky roads and finding itself in a dicey situation with continuous depletion of foreign reserves and a dollar crisis leading to skyrocketing prices of imports. Amidst all the economic uncertainties, the paper and paper products industry is generating optimism amidst a period of declining export earnings for the country's manufacturing sector products and is currently displaying itself as one of the few bright sparks in the export segments for Bangladesh. Its meteoric rise in recent years can be attributed to the widespread necessity of paper products in both local and foreign countries. Albeit paper manufacturing is largely synonymous with

heavy imports of raw materials, i.e., pulps, the recent surge in paper exports tells a different tale as Bangladesh gained considerable ground in this space. Particularly, the private paper mills have leapt ahead of the government-owned paper mills in catering to the local as well as the foreign demand for high-quality paper products with their modern technologies. According to the Bangladesh Paper Mills Association (BPMA), almost 70 private paper mills are currently in operation among the 105 paper mills in Bangladesh with a combined annual production capacity of more than 15 lakh metric tonnes of paper products.

Figure 1: Paper Mills and Their Capacity

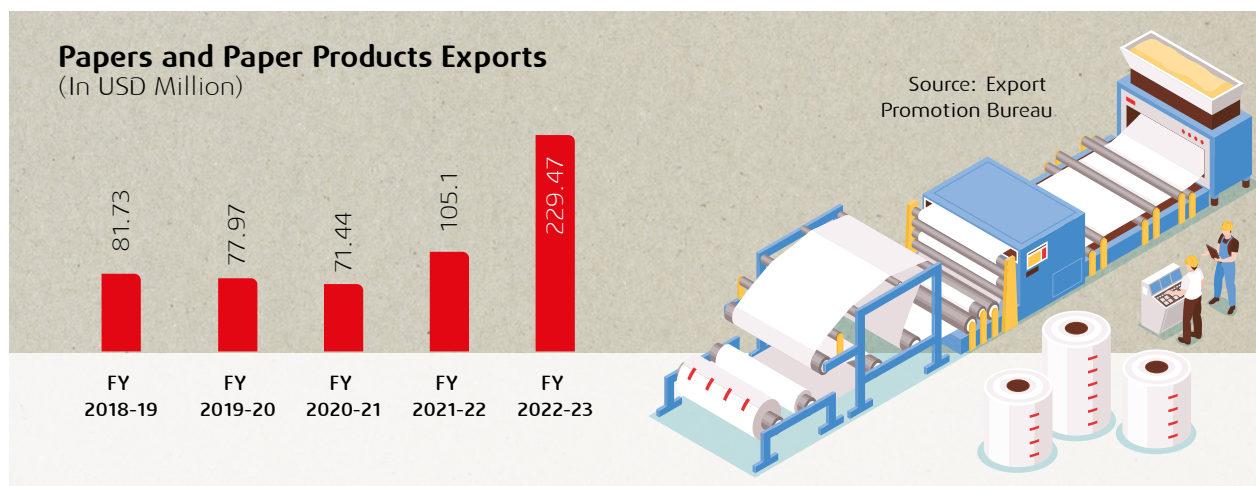


The Paper Industry's Rise to Prominence

The inception of the local paper industry can be traced back to the 1980s, when it initially operated on a modest scale. However, during the 1990s, a surge in investors' interest resulted in massive capital inflows, propelling the industry

towards self-sufficiency. As reported by The Business Standard, the market size of the paper market in the country currently amounts to BDT 5,000 crore. The paper mills within the country are presently engaged in exporting their products while fulfilling domestic demand and employing approximately 1.5 million people.

Figure 2: Papers and Paper Products Exports (In USD Million)



As Figure 2 shows, the exports figures remained relatively stagnant during fiscal years 2018–19 and 2019–20 but experienced a sharp downfall during fiscal year 2020–21 owing to the rise of the COVID-19 pandemic, which reduced the usage of papers across educational institutions and offices. The industry's resilience in the following fiscal year is a strong indication of its promise, with figures of USD 105.1 million in fiscal year 2021–22, followed by over 100% growth during fiscal year 2022–23. Most recently, Bangladesh has demonstrated an exponential rise in the exports of papers and paper products, with figures reaching USD 39.79 million during July–August of the current fiscal year and experiencing 85% year-on-year growth, according to the Export Promotion Bureau.

The local market is predominantly comprised of writing and printing paper products, which constitute approximately 60–70% of the total demand for paper products. The Bangladesh Paper Manufacturers Association reported that BDT 70,000 crore has been invested by entrepreneurs in the paper industry so far, enabling the paper mills to achieve an annual production capacity of 15 lakh metric tonnes. The local demand for paper products is estimated to be around 6 lakh metric tonnes, indicating a surplus of 9 lakh metric tonnes, which are then exported.

The vastness of the industry is evident through its broad range of sub-industries and ancillary

industries, totaling approximately 300. Some of these include printing, publishing, ink making, decoration, packaging, and binding. These industries are closely intertwined with the sector, contributing to its overall functioning and value chain.

Underlying Reasons Behind the Exponential Rise in Exports

Industry sources suggest that the rate of exports experienced a surge shortly after the implementation of a government initiative in 2016 to provide a 10% cash incentive on receipts. According to the BPMA, the United States, along with countries in Europe, Middle East, and Africa, serve as the primary export destinations for domestically manufactured papers and paper products. Besides, Bangladesh is strategically leveraging the scarcity of supply resulting from decreased production in prominent sourcing destinations like China, India, and Japan owing to environmental concerns.

Additionally, China, India, and Japan are leaning towards investment in hi-tech industries, which has paved the path for Bangladesh to seize the opportunity and ensure a much bigger market share of the global paper market. This transition, along with government policy support and the dedication of producers, has played a significant role in driving the growth of this industry over the course of several years.



Diverse Export Destinations

Broadening export base across 50+ countries



Product Diversification

Production of paper-based commodities such as tissue paper, toilet paper, facial tissue, napkin, and diapers



Shutdown of Many Paper Mills in China, India and Japan

Decreased production in prominent paper sourcing destinations like China, Japan, and India due to environmental concerns and a shift towards hi-tech industries



Government Policy

Government initiative in 2016 which included a 10 percent cash incentive on receipts

4

Key Reasons Behind the Growth of PAPER EXPORTS



The local and global market dynamics suggest that firms engaged in product diversification possess the potential to cater to a much larger customer base. This, in turn, led some of the entrepreneurs in the paper industry to shift their attention from paper manufacturing to diversifying paper products, while others are planning to fixate entirely on diversified products.

The domestic tissue market experienced a significant growth rate of 100% over a span of ten years, primarily attributed to the rapid process of urbanisation, an increase in per capita income, and a heightened awareness of hygiene practices among consumers. The annual production capacity followed suit, rising from 30,000 metric tonnes in the fiscal year 2016–2017 to approximately 84,000 metric tonnes as of November 2022.

Major Market Players in the Paper Industry

The likes of Bashundhara Paper Mills, Monospool Paper Manufacturing Company, Partex Pulp & Paper Mills, Meghna Paper Mills, and Papertech Industries had managed to capture a large market share domestically and establish a prominent presence in the industry. Additionally, the increase in the price of paper products has played a significant role in the success of this industry. This enabled the industry leader, Bashundhara Paper Mills, to generate higher revenues and improve its profitability. By effectively managing costs and optimising production processes, the company managed to navigate the challenges posed by rising prices and maintain a competitive edge.

Till now, the paper mills in Bangladesh have comfortably met the local demand while broadening their export base across multiple countries at the same time.

Figure 3: Some of the Leading Paper Mills in Bangladesh

				
Bashundhara Paper Mills Limited	Monospool Paper Manufacturing Company	Papertech Industries Limited	Partex Pulp & Paper Mills	Meghna Paper Mills

Monospool Paper Manufacturing Company, a concern of Magura Group, which generates around BDT 66 crore in revenue, is among the top paper mills, after Bashundhara Paper Mills. The company is scheduled to merge with Pearl Paper & Board Mills, another Magura Group firm. Following the merger of the two businesses, Monospool Paper’s income is expected to reach a whopping BDT 350 to BDT 400 crore.

Diversification of Paper Products

The paper and paper-goods sector encompasses various types of paper products, such as writing and printing papers, offset papers, newsprints, tissues, and packaging papers. Bangladesh has demonstrated commendable progress in the paper manufacturing sector, particularly in the production of paper-based commodities such as tissue papers, toilet papers, facial tissues, napkins, and diapers. This has translated to buyers consistently exhibiting a keen interest in procuring paper products of commendable quality at competitive prices. Paper mills have strategically developed a diversified range of tissue products, catering to various consumer needs and preferences. By diversifying their product portfolio, paper mills have tapped into new market segments and expanded their customer base. This strategic move has not only boosted sales but also enhanced the brand image and reputation of paper mills in Bangladesh.

Waste Paper Processing Industry

Lipy Paper Mills recently decided on investing in waste paper processing with the objective of mitigating reliance on imported raw materials, specifically pulp. The ongoing endeavour at the factory located in Sonargaon involves the implementation of state-of-the-art machinery to facilitate the processing of discarded paper and subsequently recycle it for future uses. Bashundhara Paper Mills, Base Papers, Meghna Pulp, and Paper Mills, along with several other mills, are actively involved in the paper recycling industry. However, the quantity of waste paper recycled by these mills is insufficient in relation to the prevailing demand. The current market exhibits a significant surge in demand for recycled waste paper, which serves as a valuable raw material in paper mills.

Figure 4: Prominent Companies Involved in the Waste Paper Processing Industry



Hindrances on the Horizon

A huge concern revolves around the escalating cost of pulp, primarily attributed to a scarcity in supplies, with Bangladesh heavily reliant on imports for approximately 90% of the pulp it consumes. Besides, the current predicament faced by the paper industry revolves around the challenges encountered in the process of initiating necessary letters of credit (LCs) in order to fulfil the growing demand for raw materials. The paper industry experienced a significant setback due to the prolonged closure of educational institutions and offices in response to the global outbreak of the COVID-19 pandemic in 2020 and 2021. The industry encountered yet another setback due to disruptions in the supply chain and a significant surge in raw material prices within the global market because of the Russia-Ukraine war. The demand for paper products, especially those that are diversified in nature, has encountered disruptions regarding raw material imports due to a severe dollar crisis.

In a bid to respond to growing raw material prices, recycling the disposed paper waste has emerged as a way of reducing the reliance on imports. There are approximately 40 tonnes of waste paper generated for every 100 tonnes of paper that is sold. The potential for cost savings can be realised through the local recycling of waste paper.

The National Curriculum and Textbook Board (NCTB) has encountered challenges in the dissemination of books, primarily attributable to the escalating cost of papers and the scarcity of pulps. The National Council of Textbook and Curriculum Development implemented a

strategy wherein they provided paper mills with their own surplus inventory of outdated books. The used papers have undergone a recycling process, resulting in the production of fresh paper materials. This newly generated paper has subsequently been employed for the printing of the latest editions of textbooks published by the National Curriculum and Textbook Board.

According to the Globe Newswire, the global market size for the paper industry was USD 354.39 billion in 2022. Besides, there is a perceived need for increased competitiveness in pricing, particularly within the United States and European markets. The industry holds significant potential for improvement if additional policy support is provided. Despite the global market leaning more towards a paperless economy in the next decade, the importance of different paper products apart from writing or printing paper will only incrementally grow in the forthcoming years. Other segments within the paper industry, such as tissue and hygiene products, have displayed resilience and are exhibiting robust growth patterns. Especially, the increasing awareness of hygiene has prompted the sector to elevate itself in a short period of time. Amidst the shutdown of paper mills across China due to environmental concerns, Bangladesh can hope to elevate the paper industry to new heights by increasing its global market share while simultaneously focusing on addressing climate issues. All in all, the paper and paper products industry seems destined to succeed, with its massive export figures already providing Bangladesh some breathing space to develop another key source of foreign earnings.





M. Mazedul Islam

Company Secretary, Bashundhara Paper Mills Limited

Interviewed by
Syed Md. Rakeen, Team MBR

With over 13 years of experience under his belt at Bashundhara Group, one of the leading conglomerates in Bangladesh, M. Mazedul Islam is currently working as the Company Secretary at Bashundhara Paper Mills. He completed his Masters in Business Administration degree with a major in finance from American International University Bangladesh (AIUB) along with a Masters in Accounting. His extensive experience in the Department of Corporate Affairs, Financial Management, Corporate Governance Management and Issue Management had led him to become one of the most experienced heads at Bashundhara Group. Team MBR was in conversation with Mr. M. Mazedul Islam and was fortunate enough to receive his take on the prospects of paper and paper products exports.

Syed Md. Rakeen: As per the Export Promotion Bureau (EPB), paper and paper products experienced a massive 85% year-on-year increase in exports in the initial two months of the fiscal year 2023–24 relative to FY 2022-23. Which factors are playing an instrumental role in fueling the growth of exports?

M. Mazedul Islam: The growth of paper exports can be attributed to the quality of paper products produced by different paper mills. Back in 2016, the government offered a 10% incentive on the export proceeds of paper and paper products as well, which further strengthened the industry. Additionally, low production costs helped to scale the industry and increase the margins of the industry as well.

Syed Md. Rakeen: The strong paper export figures have often been attributed to the diversification of product categories such as writing paper, printing paper, and tissues. Would you kindly specify certain paper products that are flourishing in the markets abroad?

M. Mazedul Islam: Well, Bashundhara Paper Mills currently produces and exports around eight basic categories of papers and tissues with 35 grades/ items and allied products. Then again, the export options are still very limited as of now. Diversifying paper categories in the form of Wrapping Papers, Color Ledger Paper, Sticker Papers, Cigarette Tipping Papers, OGR Paper, etc., would hugely elevate the export segment of paper and paper-allied industries.

Syed Md. Rakeen: The paper and paper-allied industries bounced back remarkably from the adverse effects of COVID-19 when the shutdown of educational institutions and offices hugely reduced the usage of printing and writing papers. Would you kindly share how the industry rebounded and exceeded pre-pandemic levels of growth within a short period?

M. Mazedul Islam: Paper and allied products are considered essential by consumers. While it's true that the industry faced adversities during COVID-19, its demand and daily necessities helped it rebound. Bashundhara Paper Mills, as an organisation, ensured cost control in production and introduced some supplementary products like food wrapping, paper, and tissue-based cover/sheets, considering health and hygiene. After COVID-19, these aforementioned products showed noticeable demand.

Syed Md. Rakeen: Globally, several paper mills have been closed recently, including close to 1200 mills in China, due to environmental and pollution concerns. How is Bangladesh addressing environmental sustainability issues amidst the growing exports of paper and paper products?

M. Mazedul Islam: Bangladesh is a contributory partner to the Sustainable Development Goals of the United Nations (UN). There is no denying that the paper manufacturing process does have a negative impact on the environment. Against this backdrop, the paper mills of Bangladesh have taken many steps to address environmental concerns, such as ESG implementation, ETP plants for water, solar plants, plantations, and other initiatives for improved energy, water efficacy, and emission control.

Syed Md. Rakeen: Exporters are generally required to conduct thorough quality and compliance procedures for their goods. How do the paper manufacturers ensure that exported paper products meet international quality standards?

M. Mazedul Islam: To meet international quality standards, Paper manufacturers ensure that exported paper products meet certain protocols, including Quality control, Testing and Certification, etc. Among the certifications, the most basic certificates for quality testing are FSC-COC certification, ISO 9001: 2015 and ISO 14001: 2015. Apart from these protocols mentioned above, the paper manufacturers also work closely with their importers to ensure that their products meet their specific requirements. This may involve developing custom paper products or modifying existing products to meet the importers' needs.

Syed Md. Rakeen: About 90% of the pulp used in manufacturing papers is imported and is scarcely available at times, leading to an increase in the price of paper. How can Bangladesh reduce its reliance on pulp imports and promote local production of paper to cater to domestic and foreign demands?

M. Mazedul Islam: It's true that, at this stage, Bangladesh isn't in a position to produce virgin pulps. As there's a lack of availability of pulp, the government can reduce the duty of imports of these raw materials. However, considering the long-term potentiality of the industry, Bangladesh can reduce its reliance on pulp imports by promoting the use of non-wood pulp sources. Bangladesh has a large amount of agricultural waste, such as rice straw, jute sticks, and bagasse, which can be used to produce pulp. The government can provide incentives to companies that invest in non-wood pulp production technologies.

Syed Md. Rakeen: The gradual shift of China and India from paper exports to hi-tech industries has opened up opportunities for Bangladesh to ramp up its paper export segments. How can Bangladesh capitalise on this opportunity and increase its competitiveness in the global market?

M. Mazedul Islam: Bangladesh should look to improvise the machines and equipment of its factories as well. China and India are among the

core raw material suppliers of Bangladesh; hence, the exemption of import duty and income tax can play a vital role in increasing the competitiveness of paper exports.

Syed Md. Rakeen: The Export Promotion Bureau data displayed that the paper and paper-allied industries registered an incredible USD 313.2 million in exports during the fiscal year 2022–23, relative to USD 169.81 million during the fiscal year 2021–22. Given the industries' exponential rise in recent years, how do you envision the future of paper and

paper-allied industries in both domestic and foreign markets?

M. Mazedul Islam: Due to the concept of a paperless economy and digitalisation, the demand for writing papers is decreasing day by day. However, if we look at the change in demand of consumers for paper-allied products, the demand is continuously going up every day. For this consideration, paper products can be used as alternatives to plastic goods. In the future, paper and paper-based products will take over plastic goods.





Beyond Boundaries:

Scoring Big with Sports Merchandise in Bangladesh

Written By
Muktadir Mubassir

From the fierce rivalry between Abahani and Mohammedan football clubs to the meteoric rise of cricket as the nation's favourite pastime, sports have always held a special place in the hearts of Bangladeshis. In this cricket-obsessed nation, where the sound of bats hitting balls reverberates throughout, sports go beyond being just a game; they represent a way of life. However, in recent

times, this enthusiasm has expanded beyond the playing field and found a new outlet in the world of sports merchandise. The proliferation of sports-themed clothing, accessories, and equipment has given rise to a thriving industry that not only celebrates the essence of sports but also reflects the evolving facets of the country's economy and culture.



The Evolution of Sports Merchandise

The origins of Bangladesh's sports fanaticism can be traced back to the 1980s, when the matches between the iconic Abahani and Mohammedan clubs in Dhaka were more than mere sporting events; they were fierce contests that divided communities and ignited a passionate love for the sport. Fans proudly sported the jerseys of their favourite teams, unknowingly laying the groundwork for a burgeoning sports merchandise market. Cricket eventually took over as the nation's beloved sport, and Bangladesh's transformation from a cricketing underdog to a competitive force on the global stage mirrored its ascent in the sports merchandise industry.

The influence of European football leagues also played a significant role in the industry's expansion, with fans supporting foreign clubs with as much fervour as their local teams. This global influence led to a surge in demand for jerseys, scarves, and accessories featuring the logos of these European giants.



Exporting the "Made in Bangladesh" Tag

As the world's second-largest apparel manufacturing powerhouse after China, Bangladesh generates over USD 42 billion in annual exports to a little over 150 countries for over 1,000 retailers, according to The Business Standard. With the global demand for sports-related products on the rise, Bangladesh has effectively showcased its manufacturing prowess in the sports merchandise industry. The export of sports merchandise from Bangladesh has been increasing consistently, and with several factors contributing to its competitive advantage over other nations, Bangladesh has earned a reputation for its cost-effective manufacturing capabilities, attracting international brands seeking to outsource production. This cost-effective manufacturing process has extended to the sports merchandise sector, fostering its growth.



The Economics Behind Sports Merchandise

While the exact figures for sports merchandise exports may vary from year to year, recent data provides insights into the magnitude of these activities. According to the Observatory of Economic Complexity, in 2021, Bangladesh exported USD 31.6 million worth of sports equipment, ranking it as the 49th largest exporter of sports equipment globally. Sports equipment was Bangladesh's 73rd most exported product in the same year. Malaysia (USD 9.48 million), the United States (USD 8.59 million), Mexico (USD 3.79 million), China (USD 2.5 million), and the United Kingdom (USD 1.72 million) were the top five destinations for Bangladesh's sports equipment exports. Between 2020 and 2021, the fastest-growing export markets for Bangladesh's sports equipment were the United States (USD 2.94 million), Malaysia (USD 2.37 million), and Hong Kong (USD 725,000).

Figure 1: Top Five Export Destinations for Bangladesh's Sports Merchandise



Source: Observatory of Economic Complexity

The revenue generated from the sports equipment market is currently at an all-time high. This indicates a promising and lucrative future for Bangladesh's sports merchandise industry on both domestic and international fronts.

The increasing revenue is having a significant impact on Bangladesh's local economy. As the market size of sports products continues to expand, it has generated substantial employment opportunities. Currently, the Bangladesh Sports Accessories Merchant Manufacturers and Importers Association (BSGMMIA) estimates that the country boasts a sporting goods market valued at BDT 1,500–2,000 crore, with approximately 50,000 individuals directly employed in the sector.

This growth in the sports merchandise industry also opens doors for additional investment opportunities. The increasing exports of sports merchandise can attract more investments in the manufacturing sector, leading to the creation of additional job opportunities and technological advancements. Furthermore, it has a positive ripple effect on the readymade garment (RMG) industry, which is now the largest single export earner for Bangladesh. According to the Bangladesh Garment Manufacturers and Exporters

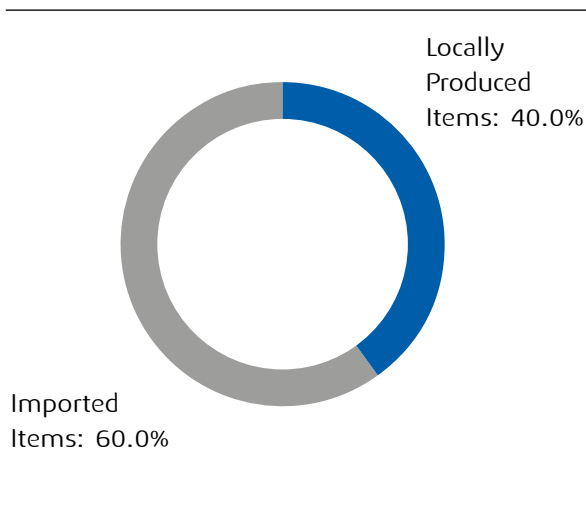
Association (BGMEA), the RMG sector contributes a remarkable 83% to the country's total export earnings.

In essence, the expansion of the sports merchandise industry not only benefits those directly involved in sports manufacturing and exports but also bolsters the broader economy by creating jobs, attracting investments, and contributing to the nation's export earnings. This underscores the multifaceted impact of this industry on Bangladesh's local economy.

Thriving Local Manufacturing Industry

The role of local manufacturers in this promising sector is gradually expanding. Currently, approximately 40% of the domestic demand is met by locally produced items, with the remaining 60% being imported from countries like China, Pakistan, and India, as per the data of the Bangladesh Sports Goods Merchants Manufacturers and Importers Association. Notably, barely a decade ago, Bangladesh relied largely on the global market to meet domestic demand.

Figure 2: Composition of Sports Merchandise: Local Productions and Imports



Source: Bangladesh Sports Goods Merchants, Manufacturers, and Importers Association

BSGMMIA further reported that the local market consumes nearly 700–800 sports items, while domestic manufacturers are capable of producing only around 200 items, including cricket bats, balls, gloves, sports bags, helmets, caroms, anklets, knee caps, socks, and nets. Additionally, the country annually consumes 50 lakh footballs and 2 lakh cricket bats, presenting a significant growth opportunity for the industry in the local arena.

Global Players in Bangladesh

In terms of prospects, some global sports brands like Nike (in collaboration with DBL Lifestyles) and Puma have already established retail stores in Bangladesh, although most of their production occurs outside the country. Adidas is also scheduled to launch stores this year. This situation creates a promising opening for domestic companies to enter the sports merchandise industry, which is poised for future growth.

Figure 3: Some of the Global Sport Brands Available in Bangladesh



Furthermore, the sports goods manufacturing industry can boost demand for existing Man-Made Fibres (MMFs) and encourage the development of the MMFs industry. Sports goods manufacturing predominantly relies on MMFs as raw materials to produce professional sports equipment and gear, including training equipment, match balls, sports apparel, and off-field apparel (such as polo shirts, caps, jackets, etc.), making it a suitable candidate for expansion.

Presence of Sports Merchandise in Both Online and Offline Channels

Among all types of online shopping, the sports merchandise section stands out for its unmatched convenience. Online shopping not only offers ease but also opens up a world of possibilities in the sports merchandise realm. The convenience of online shopping has allowed fans from all corners of the globe, including Bangladesh, to easily access and purchase official jerseys from their beloved European clubs and players. Online retailers have streamlined the process, making it effortless for fans to obtain authentic, licenced jerseys from European football clubs. Furthermore, many online jersey sellers provide customisation options, enabling fans to personalise their jerseys with the names and numbers of their favourite players. This high level of customisation strengthens the bond between fans and their chosen clubs or players. Online stores such as Jersey Freak BD, Indigo, and Hat-Trick have seized this opportunity and established themselves as prominent players in the industry.

Figure 4: Some of the Local Sports Merchandise Online Stores



Nevertheless, wholesale markets continue to thrive as well. Fans still rush to locations like Gulistan and Bangabandhu Stadium to acquire their desired sports merchandise. The two largest wholesale and retail markets for sports merchandise in

Bangladesh are the Maulana Bhashani National Hockey Stadium Market and the Cooperative Twin Tower Sports Market, situated on Bangabandhu Avenue in the capital city.

A distinctive facet of the sports merchandise market in Bangladesh is the burgeoning popularity of age-group cricket teams. Jerseys and accessories representing youth teams have become essential for young cricket enthusiasts, and some school teams have established direct contracts with wholesale markets to fulfil all their team's equipment needs, which has, in turn, given more opportunity to the local manufacturers.

The World Cup Fever

The FIFA World Cup typically triggers a surge in demand for football jerseys and apparel, and this trend is evident in Bangladesh, a country with a growing interest in football. Jerseys from popular teams like Brazil, Argentina, Germany, and Spain are highly sought after by football enthusiasts who want to show strong support for their favourite teams. According to The Business Standard, traders anticipated significant sales, envisioning at least BDT 1,000 crore in revenue within a month and a half of the 2022 FIFA World Cup. According to the Bangladesh Sports Goods Merchants, Manufacturers, and Importers Association, traders imported approximately 50 lakh jerseys and about one lakh footballs from countries like China, Pakistan, and India in preparation for the football World Cup event.

The excitement surrounding the ongoing 2023 ICC Men's Cricket World Cup is reaching a fever pitch in Bangladesh. Cricket is not just a sport in the country; it is a passion. Major cricket events like the World Cup historically led to a surge in demand for cricket-related merchandise.

With the national cricket team representing the country on a global stage, there is tremendous demand for team jerseys, caps, and other apparel. Fans in Bangladesh are eager to show their support for the national team, resulting in a spike in sales of official team merchandise. This also presents an opportunity for local brands to capitalise on their branding efforts.

Local sports merchandise brands in Bangladesh often release special edition World Cup merchandise and may even sponsor the national team or organise promotional events, enhancing their visibility and sales during the tournament. The prevalence of e-commerce in Bangladesh also plays a pivotal role in meeting the increased demand for cricket merchandise. Online retailers offer a wide range of World Cup-themed products, making it convenient for fans to purchase items such as jerseys, cricket bats, and memorabilia. Collectable merchandise, including limited-edition cricket memorabilia and autographed items, tends to gain popularity during major tournaments. Fans become eager to acquire these items as keepsakes. As such, the ongoing tournament is expected to leave a lasting impact on the sports merchandise market, both in terms of sales and the reinforcement of cricket culture in the country. It represents a significant opportunity for the sports merchandise industry to flourish in Bangladesh.

From the passionate football rivalries of local football giants to the cricket craze that has swept the nation, Bangladesh's love for sports has fueled a thriving sports merchandise market. The fusion of local sports fervour with a global appetite for sports apparel has created a unique and lucrative industry. However, as we navigate through a volatile global economy, it is important for businesses in this sector to formulate strategies to battle the volatility. One such strategy is diversifying export destinations beyond traditional markets. While Bangladesh has traditionally relied on specific countries for its sports merchandise exports, it is essential to explore opportunities in non-traditional regions. In addition to diversification, businesses should also prioritise innovation in their product lines, keeping pace with changing consumer preferences and global trends in sports merchandise. With the right strategies in place, businesses in this sector can not only weather economic storms but also continue to score big in the global arena. The future holds immense promise, and the sports merchandise industry is expected to contribute significantly to the nation's economy.

Sheraspace



Sarjeena Maodud

CEO & Co-Founder, Sheraspace

Interviewed By

Syed Md. Rakeen, Team MBR

Sarjeena Maodud is the co-founder and CEO of Sheraspace, an interior design platform on a mission of democratising interior design in Bangladesh. She is educated from University College London with a Bachelors in Computer Science and a Masters in Technology Management, and holds a second Masters in Entrepreneurship from the University of Cambridge. A personal experience with interior design led her to found her own company, Sheraspace, to address the gaps in the market that she had faced during that experience. Team MBR was in conversation with Ms. Sarjeena Maodud to learn about Sheraspace and her vision to make interior design services accessible to the mass populace.

Syed Md. Rakeen: Sheraspace, with its incredible interior design services, has tapped into an innovative yet vital industry segment of Bangladesh. Would you kindly share your inspiration behind forming Sheraspace?

Sarjeena Maodud: Back in 2017, I was looking for an interior service provider to renovate my new house in Dhaka. I ended up having an experience that revealed to me that existing solutions in the market lacked quality, transparency, and affordability. It piqued my curiosity about the interior design industry, leading me to delve into research and eventually launch a tech-driven interior design platform, Sheraspace, in 2019, along with Nizam Farid Ahmed.

Syed Md. Rakeen: The availability of interior design services is often perceived as a luxury as opposed to a necessity. How did Sheraspace manage to make interior design services affordable while maintaining quality at the same time?

Sarjeena Maodud: Sheraspace is making interior design services accessible to a segment of people who could not access them before. Expensive fees, extensive timelines, and the hassle of availing of interior services used to previously position the offering to be unattainable to middle-class buyers. By addressing these pain points of the customers, Sheraspace was able to offer them a solution they found pertinent.

Sheraspace is the first company to introduce online interior solutions in Bangladesh. Being the first mover allowed us the advantage of setting the price benchmark and working with a focus on addressing the previously unresolved needs of consumers.

Syed Md. Rakeen: Preferences for interior designs vary from client to client, which could lead to potential disagreements regarding the choice of designs. How does Sheraspace cater to the different requirements of clients while consulting on interior design projects?

Sarjeena Maodud: Understanding the clients' needs is key. And that starts with astute listening. The frontline project representatives are trained extensively in empathetic listening and communication to ensure a thorough understanding of the clients' requirements. Each project starts with a requirement elicitation meeting whereby client needs are carefully extracted through discussion, probing, and questionnaire filling.

We furthermore have an in-house custom-built CRM and project management tool that enables the operational management of each project and supports the storage, communication, and execution of client requirements.

Syed Md. Rakeen: The interior designs of houses located in commercial spaces, as opposed to residential spaces, tend to vary a lot. From your experience, how does the interior design style vary in commercial and residential spaces?

Sarjeena Maodud: I believe perceptions of interior design are quite subjective - a space that is beautiful to one may be found undesirable by another. It really depends on the subjective lens of each client, so every project is unique in that respect.

As for commercial versus residential interiors – the former usually prioritises productivity, efficiency and focuses on capturing the company culture in its everyday surroundings. Residences, on the other hand, are centred around the personality

and lifestyle of its inhabitants, thereby possessing aesthetics and functionality that complement those aspects.

Syed Md. Rakeen: During COVID-19, Sheraspace switched its attention from offering offline services to online interior design consultation. Would you kindly share the transition from offline to online services during the pandemic, as well as a brief on how the online interior design consultation works?

Sarjeena Maodud: The pandemic's disruption challenged Sheraspace to think disruptively. In a time of uncertainty, we piloted the online interior design consultation service by offering it to a small group of customers. Upon collecting feedback from the delivered consultations, we re-defined and improved the workflow processes, established quality assurance checkpoints, and integrated appropriate back-end technological intervention to deliver a seamless client experience. Processes are ever-evolving, though, and we continue to remain attentive to the scope for improvement, even today.

A customer simply shares their name and contact information on our website, following which a sales team member will get in touch to hear their needs and recommend a suitable package(s). It starts with an online requirement elicitation meeting whereby all requirements of the client are logged onto our system. The designer then works with the client's brief and puts together design visualisations (mood boards, 2D, 3D, etc.) into a design plan presentation. This design plan is then presented to the client online, discussed elaborately, and their queries are resolved. All of this is delivered within a week.

Upon completion of the online interior design consultation, clients also have the option to avail further interior execution and fit-out services.

Syed Md. Rakeen: Possessing a diverse range of interior designs requires designers to stay updated with timeless and trendy design trends and technologies. How does



Sheraspace manage to cultivate a culture of innovation and creativity within its employees?

Sarjeena Maodud: The Sheraspace design team holds expertise in a wide range of interior design styles. It is a matter of learning from both what's relevant in the world of design and what expectations are coming in from clients. I believe it is a positive feedback loop that reinforces learning for our team of designers. Sheraspace also offers access to online professional courses for employee training and educational purposes. Going forward, we intend to incorporate further training and skill-building methods for employee development.

Syed Md. Rakeen: Sheraspace is home to impeccable interior designs, with several renowned content creators already availing of its services. Would you kindly share if Sheraspace plans to incorporate technologies like augmented reality, virtual reality, or artificial intelligence into interior design projects?

Sarjeena Maodud: Indeed. Technology is becoming increasingly indispensable in the ways we work and live. Although I do not see AI replacing our designers completely, I do believe AI can be an assistive and collaborative tool that would enable our designers to deliver a greater number of spaces within the same amount of time.



CAPITAL MARKET REVIEW

Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of September in negative territory. During the month, the broad index DSEX decreased by -0.2%. In addition, blue chip index DS30 declined by -0.1% and Shariah index DSES fell by -0.9% in September.

Among the regional peers, Pakistan and Sri Lanka reported a positive return of 2.6% and 2.0%, respectively. On the other hand, Vietnam (-5.7%) ended the month in negative. MSCI Frontier Markets Index declined by -2.5% in September. Over 5-year horizon, Sri Lanka (+93.4%) yielded the most encouraging return.

Table 1: Equity market performance of Bangladesh and peer countries

Indices	Index Points, August 2023	Return*					
		1M	3M	YTD	12M	3Y	5Y
Bangladesh							
DSEX	6,284.6	-0.2%	-0.9%	1.3%	-3.5%	26.6%	17.1%
DS30	2,140.4	-0.1%	-2.4%	-2.5%	-8.2%	26.2%	13.3%
DSES	1,359.6	-0.9%	-1.3%	0.1%	-4.2%	21.4%	N/A
Peer Countries							
Pakistan (KSE 100)	46,252.0	2.6%	11.9%	14.4%	12.5%	14.0%	12.8%
Sri Lanka (CSE - All Share)	11,335.6	2.0%	26.2%	33.3%	14.1%	89.4%	93.4%
Vietnam (VNI)	1,154.2	-5.7%	8.4%	14.6%	1.9%	27.5%	13.5%
MSCI Frontier Markets Index	732.1	-2.5%	3.3%	8.7%	5.1%	7.8%	4.1%

*All returns are Holding Period Return.

Source: Investing.com, MSCI, DSE

Liquidity Condition in Equity Market of Bangladesh

During September, the total market capitalization increased by 0.2%. The daily average turnover of September was BDT 6.3 bn (USD 56.8 mn), up by 43.2% from that of the last month. Turnover velocity which represents overall liquidity of the market stood at 17.5% in September, compared to 14.9% of last month. In 2022, turnover velocity of Bangladesh equity market was 30.7%, in comparison to 65.3% in 2021.

Table 2: Market capitalization and turnover statistics

Particulars	31-Aug-23	31-Jul-23	% change
Total market capitalization (USD* mn)	70,363	70,235	0.2%
Total equity market capitalization (USD mn)	40,510	40,619	-0.3%
Total free float market capitalization (USD mn)	15,655	15,752	-0.6%
Daily Avg. Turnover (USD mn)	56.8	39.7	43.2%
Turnover Velocity~	17.5%	14.9%	N/A

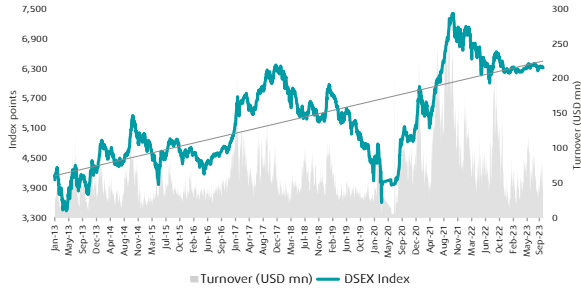
*All USD figures are converted using an exchange rate of 110.00 as of September 04, 2023 as per Bangladesh Bank website.

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

Historical Index Points and Market Participation Data

Since its inception on February 27, 2013, DSEX yielded a holding period return of 55.0% till September 2023. During this period, daily average turnover of the market amounted to BDT 6.8 bn (USD 61.6 mn) (Figure 1).

Figure 1: DSEX since inception along with market turnover



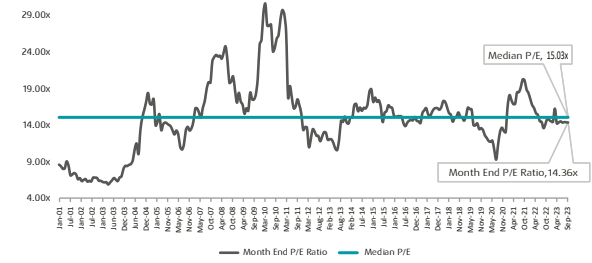
Source: DSE

Market Valuation Level - P/E Ratio

The market P/E fell to 14.36x in September compared to August's 14.39x. It is slightly lower than the 23 years' median market P/E of 15.03x (Figure 2).

Figure 2: Historical market P/E* and its median

Current Market P/E* in Context of History



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

Source: CEIC, DSE

Sector Performance

Large cap sectors posted mixed performance in September 2023. Non-life Insurance sector posted the highest positive return of 12.7% among the major sectors. On the other hand, Miscellaneous (-2.4%) sector faced the most price correction.

Telecommunication sector has the highest dividend yield of 5.9% among all sectors.



Table 3: Sector performance snapshot

Sector	Market Capitalization (USD mn)		Return*						P/E (x)**	P/BV (x)^	Dividend Yield~
	Total	Free Float	1M	3M	YTD	12M	3Y	5Y			
Pharmaceuticals & Chemicals	6,496	3,441	-0.7%	0.2%	-1.4%	-4.7%	36.7%	56.6%	16.8	3.1	2.4%
Bank	6,145	3,352	-0.6%	-0.2%	4.8%	3.6%	29.0%	36.6%	6.6	0.7	4.1%
Telecommunication	5,251	578	0.1%	0.1%	3.1%	3.1%	7.4%	9.9%	13.4	6.0	5.9%
Engineering	4,763	1,029	-0.3%	-0.8%	0.4%	-2.5%	32.2%	35.7%	36.6	2.5	2.4%
Fuel & Power	4,053	1,165	-0.2%	-0.4%	0.9%	1.8%	10.7%	6.7%	13.5	1.4	4.9%
Food & Allied	3,600	1,153	-0.5%	-0.4%	5.3%	6.6%	53.3%	70.7%	17.6	9.0	3.1%
Miscellaneous	2,016	823	-2.4%	-0.7%	1.9%	-4.8%	101.0%	117.2%	12.8	2.4	2.2%
NBFI	1,691	548	-0.1%	-0.4%	0.7%	-3.7%	5.6%	4.0%	50.7	2.0	1.6%
Textile	1,529	878	-0.9%	-1.9%	-1.7%	-5.8%	34.4%	7.8%	21.7	1.1	2.5%
Cement	1,111	436	-1.0%	-0.4%	13.1%	4.1%	65.0%	15.2%	14.9	3.2	4.9%
Non-Life Insurance	1,026	583	12.7%	15.0%	24.7%	23.0%	39.2%	186.2%	19.3	2.2	2.5%
Life Insurance	678	398	0.3%	-11.4%	6.2%	-3.1%	20.0%	19.6%	114.3	7.4	1.8%
Tannery	303	163	-1.8%	-4.0%	3.2%	-1.0%	73.5%	18.6%	22.8	3.0	2.2%
IT	372	231	-0.1%	-3.1%	6.8%	16.0%	79.1%	85.3%	23.9	3.3	1.4%
Ceramics	285	114	0.0%	-1.3%	-1.1%	-6.4%	51.8%	21.5%	44.2	2.0	1.7%
Travel & Leisure	421	221	4.4%	-7.5%	8.6%	6.8%	99.3%	101.9%	14.5	1.6	1.7%
Paper & Printing	359	126	-6.2%	-6.6%	0.9%	-8.4%	107.8%	8.4%	25.4	2.8	0.8%
Services & Real Estate	258	134	2.9%	-2.5%	6.9%	-11.8%	79.9%	69.3%	21.8	1.6	3.4%
Jute	35	19	-1.3%	4.8%	7.2%	50.4%	67.6%	150.4%	299.1	11.5	0.0%
Market	40,510	15,655	-0.2%	-0.9%	1.3%	-3.5%	26.6%	17.1%	14.0	1.8	3.4%

*All returns are Holding Period Return.

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

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

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

Cap Class Performance

During the month of September, Mid cap (+0.2%) class and Small cap (+2.5) class managed to close the month in positive territory. On the other hand, Micro cap posted the highest negative return of -3.6%.

Table 4: Performance of different market cap classes

Cap Class	Definition based on market capitalization (USD mn)	% of total equity Mcap	Return*						P/E (x)	P/BV (x)	Dividend Yield
			1M	3M	YTD	12M	3Y	5Y			
Large	≥92	76.7%	-0.4%	-0.2%	2.7%	1.6%	56.2%	60.1%	12.4	1.8	4.1%
Mid	28-91	12.0%	0.2%	-1.1%	1.6%	-4.5%	-28.0%	-27.6%	20.1	1.6	2.4%
Small	9-27	8.2%	2.5%	-1.2%	4.1%	-1.2%	65.3%	68.1%	28.7	1.1	2.3%
Micro	<9	3.2%	-3.6%	-0.5%	15.1%	11.5%	-82.8%	-82.8%	34.3	1.0	1.6%
Market		100.0%	-0.2%	-0.9%	1.3%	-3.5%	26.6%	17.1%	14.0	1.8	3.4%

*All returns are Holding Period Return

Performance of 20 Largest Listed Companies in Bangladesh

Among the 20 largest listed companies in terms of market capitalization, BERGERPBL fell by -5.0%, followed by MARICO (-3.4%), UNILEVERCL (-1.4%), LHBL (-0.7%) and SQRPHARMA (-0.6%). All the other stocks of this list remained unchanged.

Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BEACONPHARMA (+1331.8%), BEXIMCO (+473.1%), UNILEVERCL (+197.9%), MARICO (+153.9%), BXPBARMA (+106.9%) and DUTCHBANGL (+95.3%).

Among the scripts, GP, UPGDCL, LHBL, SQRPHARMA and BATBC recorded higher dividend yield compared to that of market.

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

DSE Code	Sector	Market Capitalization (USD mn)		Daily Avg. Turnover (USD mn)	Return*						P/E (x)	P/ BV (X)	Dividend Yield
		Total	Free Float		1M	3M	YTD	12M	3Y	5Y			
GP	Telecommuni- cation	3,502	350	0.05	0.0%	0.0%	3.3%	3.3%	-3.8%	-2.6%	9.8	13.3	7.7%
WALTONHIL^	Engineering	2,872	29	0.01	0.0%	0.0%	0.0%	0.0%	40.4%	N/A	40.5	4.0	2.9%
BATBC	Food & Allied	2,535	670	0.06	0.0%	0.0%	1.9%	3.9%	56.1%	62.6%	14.7	8.5	3.9%
SQURPHARMA	Pharmaceuti- cals & Chemi- cals	1,683	1,100	0.52	-0.6%	0.0%	0.0%	4.8%	18.6%	4.6%	9.4	2.6	4.8%
ROBI^	Telecommuni- cation	1,422	142	0.01	0.0%	0.0%	2.3%	2.3%	N/A	N/A	115.4	2.6	2.3%
RENATA	Pharmaceuti- cals & Chemi- cals	1,264	616	0.04	0.0%	0.0%	0.0%	1.0%	40.4%	69.9%	38.9	7.1	1.1%
UPGDCL	Fuel & Power	1,226	123	0.00	0.0%	0.0%	0.0%	-0.7%	-4.4%	-15.3%	12.4	5.1	7.3%
BEXIMCO	Miscellaneous	917	613	0.05	0.0%	0.0%	0.0%	-11.0%	408.5%	473.1%	10.1	1.7	2.6%
BERGERPBL	Miscellaneous	741	37	0.04	-5.0%	-1.6%	2.5%	1.5%	32.4%	52.4%	21.1	11.3	2.3%
LHBL	Cement	729	262	0.54	-0.7%	-0.1%	9.6%	-3.6%	88.8%	54.9%	11.2	5.2	6.9%
MARICO	Pharmaceuti- cals & Chemi- cals	705	70	0.08	-3.4%	2.1%	3.3%	3.0%	25.1%	153.9%	14.7	42.3	3.0%
ICB	NBFI	671	24	0.00	0.0%	0.0%	0.0%	-2.7%	-1.2%	-7.4%	113.3	7.8	0.5%
BXPBARMA	Pharmaceuti- cals & Chemi- cals	590	412	0.01	0.0%	0.0%	0.0%	-14.1%	40.0%	106.9%	13.5	2.1	2.4%
BRACBANK	Bank	521	280	0.63	0.0%	0.0%	1.8%	1.8%	12.7%	-19.3%	9.3	1.5	1.9%
BEACONPHAR	Pharmaceuti- cals & Chemi- cals	512	308	0.07	0.0%	0.0%	-14.3%	-21.9%	241.1%	1331.8%	71.5	19.2	0.7%
ISLAMIBANK	Bank	475	271	0.21	0.0%	0.0%	1.8%	2.1%	29.0%	59.7%	7.7	0.9	3.1%
DUTCHBANGL	Bank	400	52	0.01	0.0%	0.0%	4.3%	3.1%	31.9%	95.3%	9.2	1.7	2.8%
TITASGAS	Fuel & Power	366	92	0.00	0.0%	0.0%	0.0%	2.4%	41.0%	37.3%	404.8	0.6	2.4%
UNILEVERCL	Food & Allied	351	50	0.01	-1.4%	-3.6%	14.0%	12.2%	51.5%	197.9%	53.0	34.4	0.7%
POWERGRID	Fuel & Power	338	84	0.00	0.0%	0.0%	0.0%	0.8%	14.2%	28.3%	(8.4)	0.7	1.9%
Market		40,510	15,655	56.85	-0.2%	-0.9%	1.3%	-3.5%	26.6%	17.1%	14.0	1.8	3.4%

*All returns are Holding Period Return.

^WALTONHIL got listed on Sep 23, 2020. ROBI got listed on Dec 24, 2020.

Top Performing Mutual Funds

The top ten open end mutual funds based on 5Y year CAGR outperformed the market, during the same period. Among them, Zenith Annual Income Fund (+21.8%) yielded the highest return. On YTD basis, Second ICB Unit Fund, Vanguard AML Growth Fund, IDLC Growth Fund, Zenith Annual Income Fund and EDGE Bangladesh Mutual Fund outperformed the market.

Table 6: Top ten open end funds based on 5Y return (CAGR) performance

Name	Asset Management Company	Fund Size (USD mn)	NAV Return		
			YTD 2023*	2022	2018-22
Zenith Annual Income Fund	ZENITH	0.9	1.9%	-1.0%	21.8%
Shanta First Income Unit Fund	SHANTA	9.0	0.3%	-5.3%	13.5%
Vanguard AML Growth Fund	VANGUARD	1.3	5.3%	-0.3%	12.1%
CAPM Unit Fund	CAPM	1.1	-0.2%	5.6%	12.0%
Credence First Shariah Unit Fund	CREDENCE	1.1	1.4%	3.2%	11.5%
HFAML-ACME Employees' Unit Fund	HFAML	1.8	-4.7%	-0.9%	11.3%
Second ICB Unit Fund	ICB AMCL	2.2	5.5%	-1.6%	9.4%
IDLC Growth Fund	IDLC	5.6	2.4%	-3.8%	9.1%
EDGE Bangladesh Mutual Fund	EDGE	2.4	1.8%	-4.2%	9.0%
Capitec Padma P.F. Shariah Unit Fund	CAPITEC	3.6	-4.6%	10.2%	8.3%
Market (Broad Index) Return (%)			1.3%	-8.1%	-0.1%

*Based on published NAV and DSEX point of August 31, 2023

All the top ten closed end mutual funds on the basis of 5 years (2018-2022) outperformed the market during the same horizon. Among them CAPMIBBLMF (+8.9%) posted the highest return. On YTD basis, PF1STMF (+6.6%), ICBSONALI1 (+4.4%) and ICBEPMF1S1 (+4.3%) were the top performers.

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

DSE Code	Fund Size (BDT mn)	Fund Size (USD mn)	Price ¹ (BDT)	NAV ¹ (BDT)	Price/NAV	Dividend Yield ² (%)	NAV Return ³				Redemption Year ⁴
							YTD 2023	2022	2020-22	2018-22	
CAPMIBBLMF	721.3	6.5	10.6	10.8	98.2%	5.7%	-3.3%	0.0%	14.9%	8.9%	2027
1STPRIMFMF	270.4	2.4	14.7	13.5	108.7%	7.5%	3.2%	0.5%	23.6%	8.8%	2029
CAPMBDBLMF	548.4	5.0	9.9	10.9	90.5%	6.1%	-4.5%	4.7%	17.7%	8.1%	2027
ICBEPMF1S1	702.0	6.4	7.1	9.4	75.9%	4.2%	4.3%	0.8%	25.0%	7.8%	2030
PRIME1ICBA	957.0	8.7	7.7	9.6	80.5%	3.9%	2.2%	-2.3%	20.8%	7.6%	2030
ICB3RDNRB	899.0	8.1	6.5	9.0	72.3%	4.6%	3.7%	-1.1%	22.7%	7.0%	2030
PF1STMF	571.2	5.2	9.9	9.5	104.0%	3.0%	6.6%	-4.1%	21.4%	6.6%	2030
ICBAMCL2ND	503.5	4.6	8.7	10.1	86.4%	3.4%	3.2%	-0.8%	22.2%	6.4%	2029
ICBSONALI1	1,004.0	9.1	7.8	10.0	77.7%	3.2%	4.4%	-1.1%	17.1%	6.1%	2023
ICBAGRANI1	1,014.9	9.2	9.2	10.3	89.0%	5.4%	3.4%	-1.6%	17.2%	5.6%	2027
Market							1.3%	-8.1%	12.0%	-0.1%	

¹Price as on October 02, 2023 and index value as on September 27, 2023.

²On last cash dividend declared.

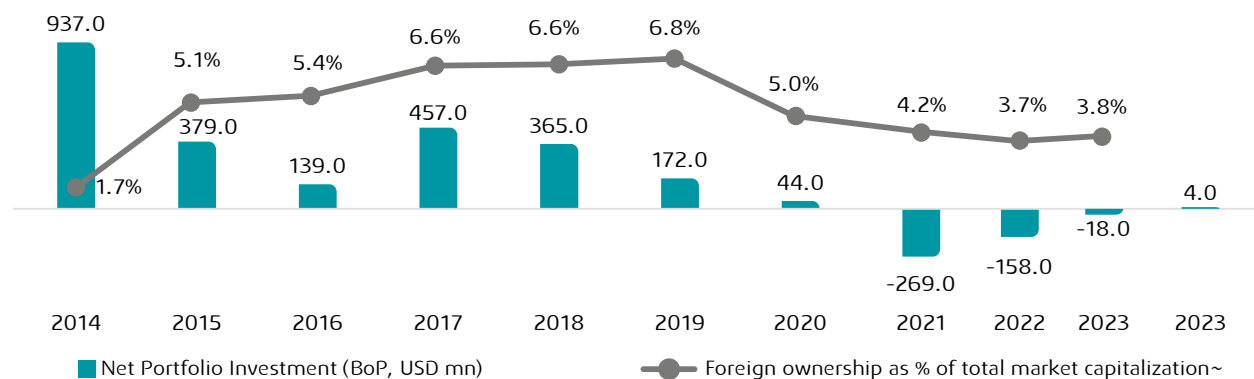
³CAGR computed for respected periods, except for 2021 and 2022 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

⁴In reference to BSEC Press Release বিএসইবিস/মুখপত্র (৩য় খণ্ড)/২০১১/২৫ published on Sep 16, 2018, tenure of existing listed closed end mutual funds can be extended by another tenure equal to maximum 10 years, provided that the full tenure of the subject fund does not exceed 20 years in total. However, the mutual funds those are not willing to extend their tenure will still have the option to convert or wind up as per rules and regulations.

Foreign Participation in Equity Market of Bangladesh

Over last 5 years, Bangladesh equity market has seen a fall of foreign investment. As of August 2023, total foreign ownership stood at 3.8% of the total equity market capitalization, which was only 1.7% in February 2014.

Figure 3: Net foreign portfolio investment and foreign ownership as % of total equity market capitalization



Source: DSE and Bangladesh Bank

Note:

1. % of foreign ownership of equity market capitalization as of December and net portfolio investment as of June of the respective years.

2. Net portfolio investment of FY'24 includes Jul-Aug, 2023.

Among all the companies with foreign ownership, ISLAMIBANK had the highest foreign shareholding of 34.5% as of August 2023, followed by BRACBANK with 32.7%.

Table 8: Top ten companies with highest foreign shareholding as of June 2023

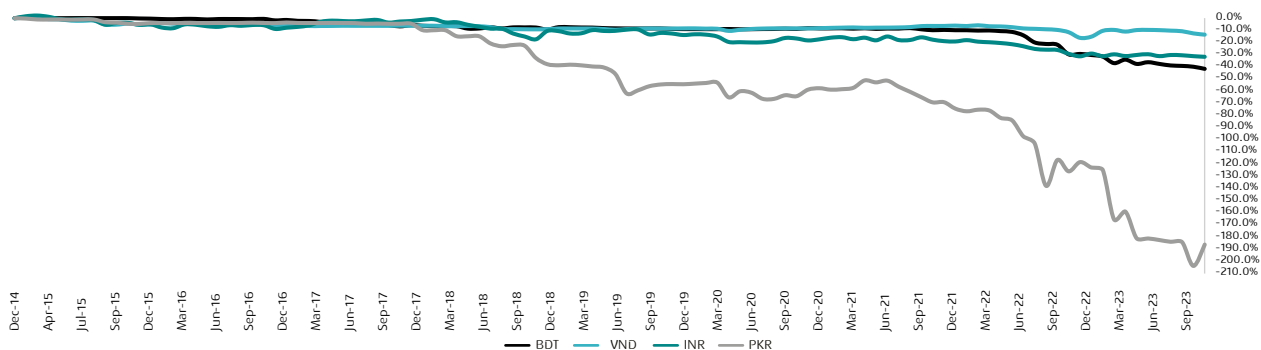
Ticker	Sector	Foreign Shareholding*
ISLAMIBANK	Bank	34.5%
BRACBANK	Bank	32.7%
BXPHERMA	Pharmaceuticals & Chemicals	28.9%
NAVANAPHAR	Pharmaceuticals & Chemicals	27.7%
OLYMPIC	Food & Allied	24.7%
RENATA	Pharmaceuticals & Chemicals	22.7%
BSRMLTD	Engineering	17.3%
DBH	NBFI	17.0%
SQURPHARMA	Pharmaceuticals & Chemicals	13.4%
SHEPHERD	Textile	9.5%

Source: DSE

Performance of BDT and Currencies of Peer Countries against USD

BDT depreciated by 41.6% against US Dollar while other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) also lost value against US Dollar by 13.5%, 31.7% and 186.0% respectively, since December 2014.

Figure 4: Nine year's relative performance of BDT and peer currencies



Source: Investing.com

Major Commodity Price Movement

Among the major commodities, Crude Oil gained by 8.8% in September, followed by Aluminum (+2.3%). On the other hand, Wheat witnessed a slight correction of 0.4%. Over last 5 years, wheat price hiked the most by 48.2%.

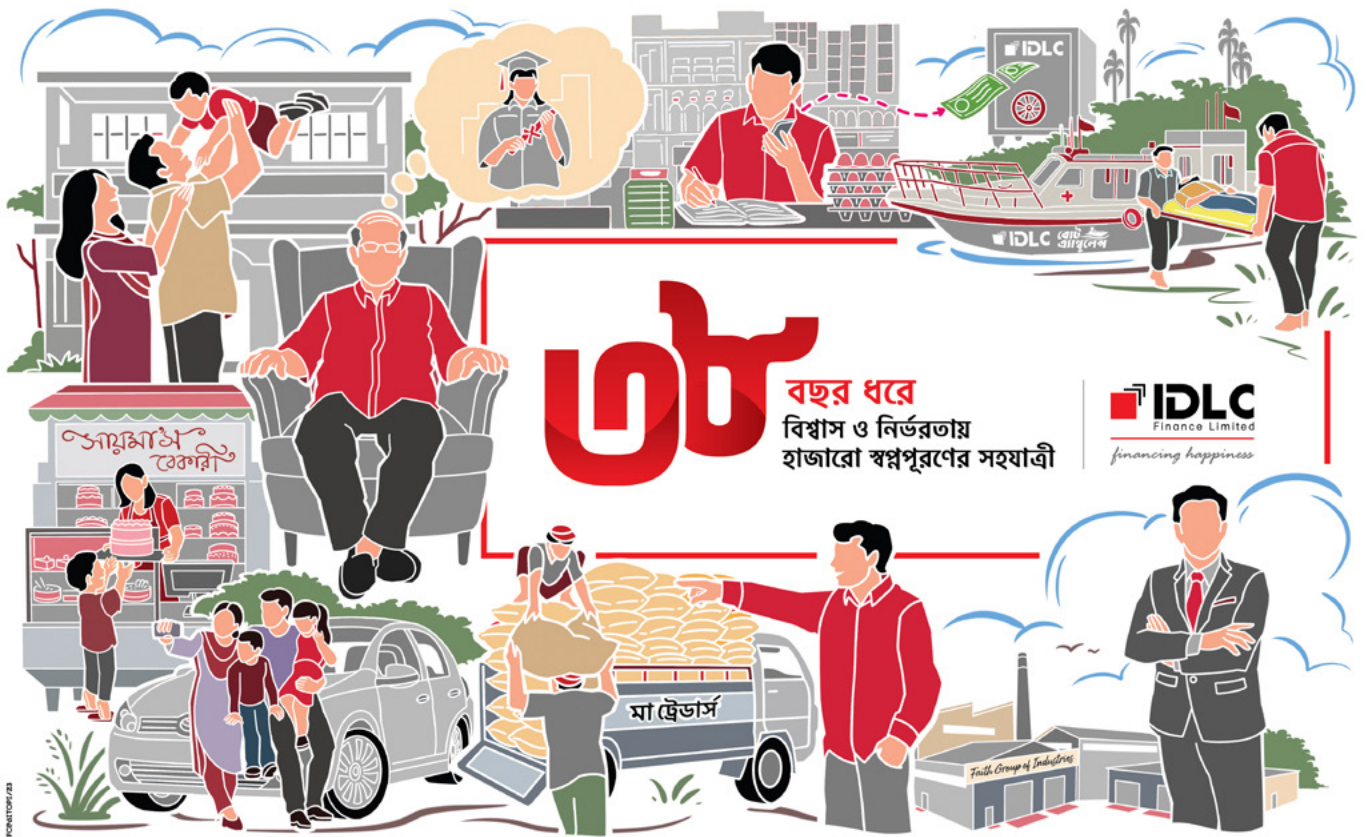
Table 9: Major Commodity Price Movement

	Price Change (%)					
	1M	3M	YTD	12M	3Y	5Y
Crude oil, Average*	8.8%	25.9%	18.1%	4.5%	127.2%	22.4%
Wheat, US HRW	-0.4%	-8.9%	-18.5%	-24.9%	27.1%	48.2%
Cotton, A Index	2.1%	5.9%	-2.9%	-16.7%	38.3%	8.4%
Aluminum	2.3%	0.0%	-9.0%	-1.8%	25.3%	7.8%

Source: World Bank Pink Sheet

*Average of Crude oil (Brent), Crude oil (Dubai), Crude oil (WTI)





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