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IDLC MONTHLY

BUSINESS REVIEW

IDLC Finance PLC
financing happiness

LEATHER AS A GAME CHANGER

TAPPING BANGLADESH'S EXPORT POTENTIAL


IDLC
Finance PLC
financing happiness
Proud to Achieve
Bangladesh's Highest ESG Score
in Sustainability by Bloomberg
Our commitment to sustainability reflects our belief
that doing good today secures a better tomorrow

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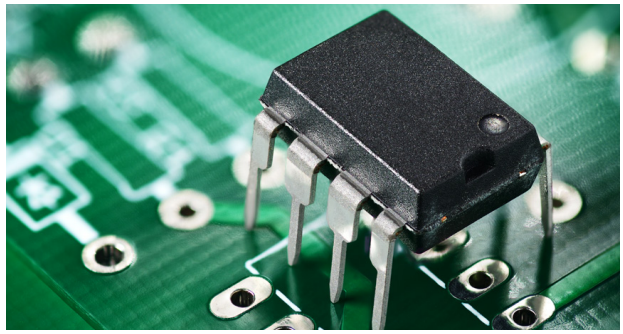

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FROM THE

EDITOR

Leather as a Game Changer: Tapping Bangladesh's Export Potential

With a projected Cumulative Annual Growth Rate (CAGR) of 8.9% between 2020 and 2026, Bangladesh's leather industry has been setting new standards in our economy as a major game changer. According to a survey by EBL Securities, Bangladesh produces 350 million square feet of leather a year, of which 20–25% is used domestically and the rest is exported. Our leather industry was the second-largest sector in Bangladesh in terms of exports in FY 2023–2024, with $1350 million worth of leather and leather products exported, according to the Export Promotion Bureau. Bangladesh currently exports leather and leather products to a number of countries, including Germany, Japan, and the United States.

Even though our leather industry has a lot of potential for export, it is nevertheless strangled by a number of issues, such as lack of environmental regulations, ineffective procurement, growing local value addition, dependence on imported equipment and chemicals, insufficient funding, and reliance on brokers. By taking steps like increasing policy incentives for leather exports, upholding environmental standards, promoting innovation, cultivating skilled labor, and so forth, Bangladesh may position itself as a reliable, ethical, and competitive global participant in the leather industry. Bangladesh has every chance to establish itself as an export hub with these actions.

Akhlaqur Rahman Sachee
Editor
IDLC Monthly Business Review

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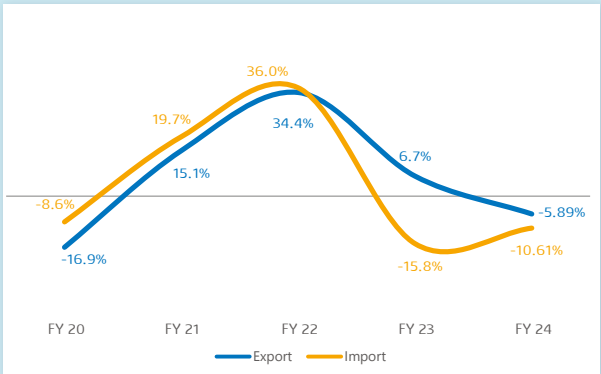
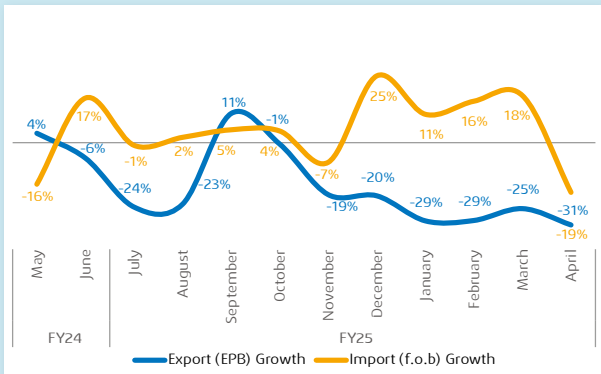
ECONOMY AT A GLANCE

EXPORT-IMPORT

Growth in Export-Import Trade (Last 5 Years)

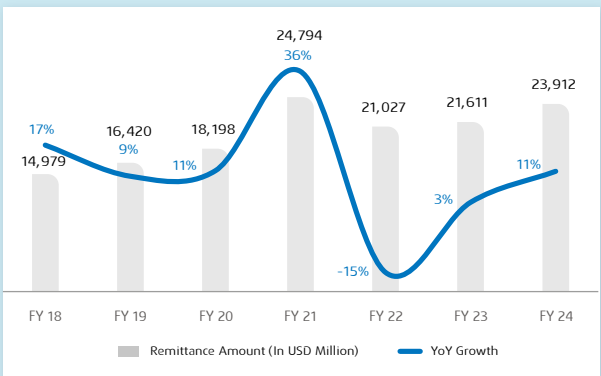


Export and Import Growth (Last 12 Months)

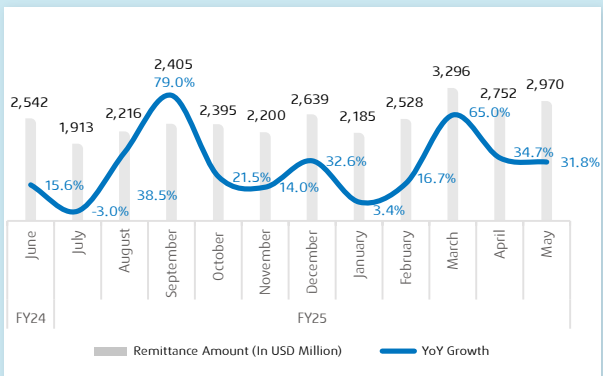


REMITTANCE

Remittance Amount (In USD Million and YoY Growth)

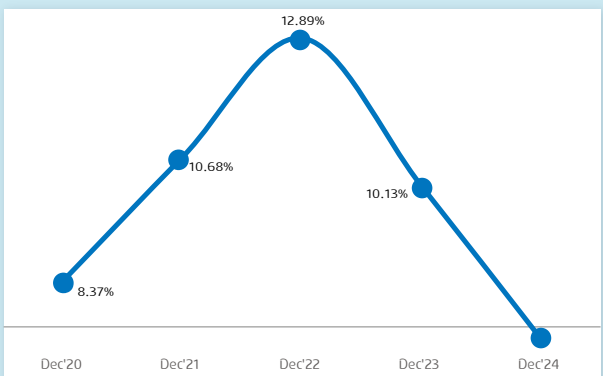


Monthly Remittances (In USD Million and YoY Growth)

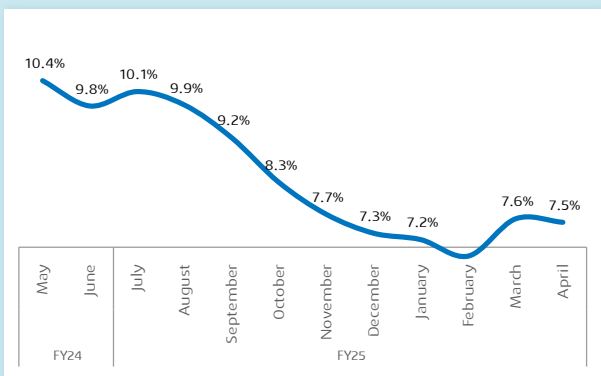


PRIVATE SECTOR CREDIT GROWTH

Private Sector Credit Growth (Last 5 Years)



Private Sector Credit Growth (Last 12 Months)



Source: Bangladesh Bank

MONTH IN BRIEF

● Despite a rise in weighted average interest rate of deposits to **6.14%, deposit growth in banking sector dropped to 7.88% year-on-year in February 2025, down from 10.42% the previous year.**

● **Exports reached $40.20 billion during July–April FY25, marking a 9.83% year-on-year growth,** driven by strong performance in the RMG sector, despite April's earnings being the lowest monthly figure of the fiscal year.

● Bangladesh Bank has decided to keep the policy interest rate unchanged at **10% to maintain monetary stability, following recent hikes aimed at curbing inflation and managing liquidity pressures.**

● **Bangladesh had 750,000 new internet subscribers in March 2025**—ending an 8-month decline—driven by broadband growth, though mobile users continued to drop, losing 460,000 in the same month.

● Japan has signaled continued duty-free trade access for Bangladeshi products even after its LDC graduation, **during high-level consultations in Tokyo, boosting hopes for sustained export competitiveness in the post-graduation era.**

● According to the most recent report from the Bangladesh Bureau of Statistics (BBS), the number of employed individuals in **Bangladesh decreased to 68.09 million in the fourth quarter of 2024 from 71.11 million in the same period of 2023.**

● Bangladesh's average foreign direct investment inflow during the last decade was only **0.8% of GDP, much less than that of Cambodia (9.4%), Vietnam (4.6%), and Indonesia (1.9%).**

● **Bangladesh's budget deficit rose 73.04%** in Jul–Jan FY25 due to sluggish tax receipts.

● Google's digital payment service, Google Pay, will soon be officially available to **Bangladeshis, eliminating the need for workarounds.**

● **GDP is projected to grow by just 3.97% in FY25,** according to provisional BBS data—its lowest in years.

● Private investment dropped to 22.48% of the GDP in FY 2024–25 from **23.96% the year before, according to provisional data released by the Bangladesh Bureau of Statistics (BBS).**

WHEN CREDIT RATING AGENCIES PREPARE THEIR REPORTS AND DEVELOP THEIR OUTLOOK NARRATIVES, IT WILL BE SEEN AS HIGHLY SIGNIFICANT IF THEY NOTE THAT AN ONGOING IMF PROGRAMME FAILED TO DISBURSE.

Dr Zahid Hussain, Former Lead Economist at the World Bank Dhaka office, on the effectiveness of IMF loan programme for Bangladesh. (9 May, 2025. The Business Standard.)

To build Bangladesh as a manufacturing hub, we need to develop our ports; we need to engage world's top port operators for this.

Chowdhury Ashik Mahmud Bin Harun, Chairman, BIDA, on his visit to Chittagong port, explaining his aspirations for developing Bangladeshi ports. (9 May, 2025. The Financial Express.)

Once the inflation is brought down to the targeted level, we will meet again to adjust the policy rate. Not now because we find the existing policy helps reduce the inflationary burden.

Anonymous Member, Monetary Policy Committee (MPC), on policy rate remaining unchanged at 10%. (10 May, 2025. The Financial Express.)

The economy is now worth half a trillion USD, and is expected to double in the next 10 to 15 years. The commitments made to investors at the outset must be upheld, including ensuring the stable and quality supply of gas and electricity.

Mohammad Zaved Akhtar, President, Foreign Investors' Chamber of Commerce and Industry (FICCI), on his perspective of 2025-26 budget as an opportunity to boost investor confidence. (11 May, 2025. The Business Standard.)

We are paying the price for years of underinvestment in energy and infrastructure. Insufficient energy supply is the single biggest threat to our industrial backbone.

Anwar-Ul-Alam Chowdhury (Parvez), President, Bangladesh Chamber of Industries (BCI), on manufacturers struggling to survive amid rising costs of imported liquefied natural gas (LNG). (18 May, 2025. The Daily Star.)

Bringing in more foreign investment could be a viable solution, as foreign investors usually have access to upmarket buyers and advanced technologies.

Khondaker Golam Moazzem, Research Director, Centre for Policy Dialogue (CPD), suggesting initiatives for fair pricing of Bangladesh's RMG exports through innovation and diversification. (18 May, 2025. The Daily Star.)

The leather sector will face challenges, such as the loss of Duty-Free, Quota-Free market access and the end of WTO flexibilities, after graduating from the LDCs.

Syed Nasim Manzur, Managing Director, Apex Footwear Ltd, on the sustainable export growth of Bangladesh's leather sector in Post-LDC Era. (26 May, 2025. The Financial Express.)

Upgrading seaports can help Bangladesh become a regional trade hub.

Hoe Yun Jeong, Country Director (Bangladesh), Asian Development Bank (ADB), suggesting to avert further erosion of the already-waning investor confidence as reflected in the declining inflow of FDI. (22 May, 2025. The Financial Express.)

What emerges is a system where credit is not democratised but hoarded, where banks are not instruments of inclusive development but facilitators of entrenched inequality.

Ashikur Rahman, Principal Economist, Policy Research Institute (PRI), on only 0.1% of account holders controlling nearly 42% of total bank deposits as of the end of FY 2023–24. (22 May, 2025. The Daily Star.)

Private investment drives employment and output. Without it, sustainable growth will remain out of reach

M Masrur Reaz, Chairman and CEO of Policy Exchange of Bangladesh, on Private investment as a percentage of the gross domestic product has slumped to its lowest level in five years, stoking fears over waning business confidence and a slowdown in job creation. (29 May, 2025. The Daily Star.)

WORLD ECONOMIC INDICATOR

Country	Nominal GDP: 2023 (USD in Billion)	Real GDP Growth: 2023 (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	74.85	-7.82	-0.70	May-25	-0.99	11.23	298.65
Vietnam	433.70	5.05	3.24	May-25	5.12	3.28	26,081.47
Kenya	108.92	5.51	3.80	May-25	-3.94	13.37	128.85
Nigeria	374.95	2.86	23.71	Apr-25	0.32	19.42	1,544.24
Bangladesh	446.35	6.03	9.05	May-25	-0.75	11.88	122.92
Emerging Markets							
Brazil	2,173.67	2.91	5.32	May-25	-1.32	13.95	5.57
Saudi Arabia	1,067.58	-0.76	2.20	May-25	3.94	N/A	3.75
India	3,572.08	7.83	2.82	May-25	-1.21	6.26	86.01
Indonesia	1,371.17	5.05	1.60	May-25	-0.11	6.73	16,266.00
Malaysia	415.57	3.68	1.40	Apr-25	1.20	3.59	4.24
Philippines	436.62	5.57	1.30	May-25	-2.57	6.40	56.42
Turkey	1,108.45	4.52	37.86	Apr-25	-4.07	33.92	39.42
Thailand	514.95	1.87	-0.57	May-25	1.28	2.09	32.45
China	17,662.04	5.24	-0.10	May-25	1.50	1.64	7.18
Russia	1,997.03	3.59	9.90	May-25	2.53	15.05	78.75
Developed Markets							
France	3,031.78	0.87	0.70	May-25	-0.75	3.23	0.86
Germany	4,457.37	-0.31	2.10	May-25	6.80	2.53	0.86
Italy	2,255.50	0.92	1.70	May-25	0.16	3.51	0.86
Spain	1,581.15	2.50	2.00	May-25	2.60	3.19	0.86
Hong Kong	376.97	3.22	2.00	Apr-25	9.40	3.15	7.85
Singapore	501.43	1.08	0.90	Apr-25	19.77	2.32	1.28
United States	27,357.83	2.53	2.40	May-25	-2.97	4.44	1.00
Denmark	405.20	1.81	1.60	May-25	10.90	2.50	6.44
Netherlands	1,117.10	0.09	3.30	May-25	10.17	2.74	0.86
Australia	1,741.88	2.06	2.40	Mar-25	1.22	4.26	1.54
Switzerland	885.14	0.76	-0.10	May-25	7.64	0.29	0.81
United Kingdom	3,344.74	0.15	3.50	Apr-25	-2.20	4.54	0.74

Bangladesh Data: Interest Rate of 10 Years Treasury Bond As Per May 2025, Inflation As Per May 2025, and Currency Unit (Per USD) As Per 17th June 2025 are sourced from Bangladesh Bank.

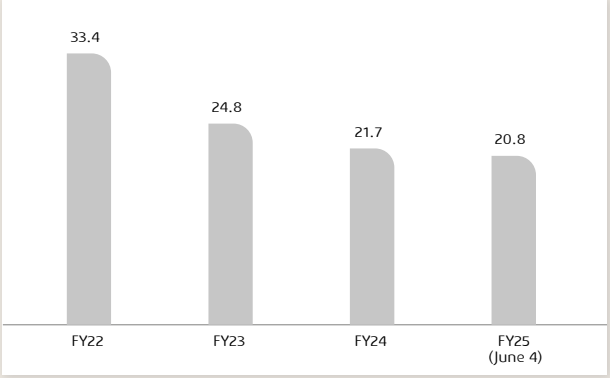
Nominal GDP, Real GDP Growth, and Current Account Balance: Data of all countries are sourced from the IMF World Economic Outlook April 2024.

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

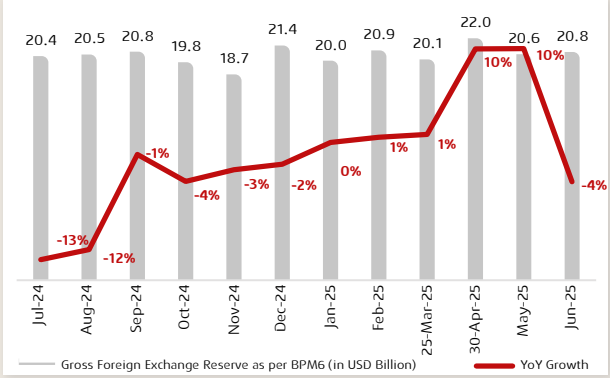
Interest Rate of 10 Years Treasury Bond and Currency Unit: Data of all countries apart from Bangladesh are sourced from investing.com.

BANKING DATA CORNER

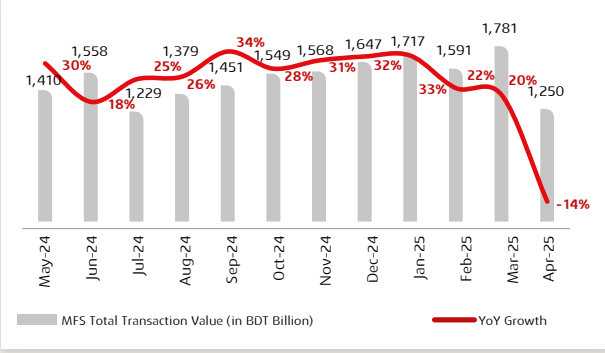
Gross Foreign Exchange Reserve as per BPM6
(In USD Billion and Last 2 Years)



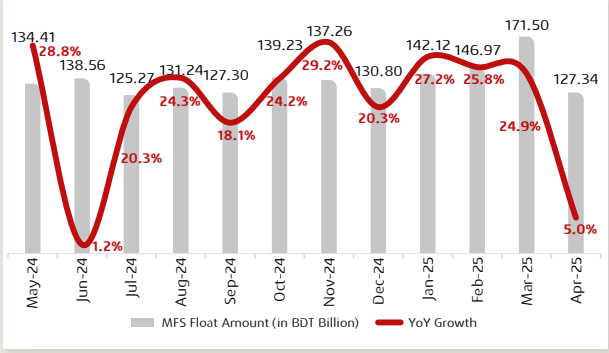
Gross Foreign Exchange Reserve as per BPM6
(In USD Billion and Last 12 Months Trend)



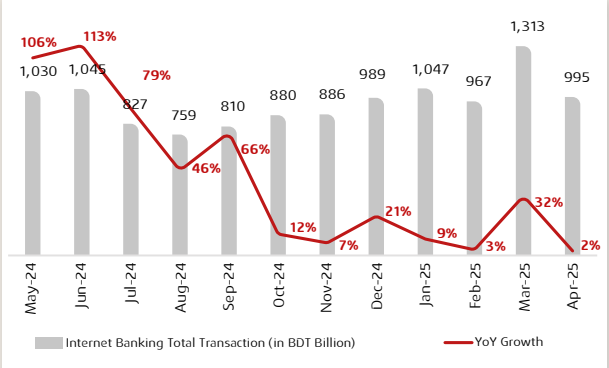
MFS Total Transaction Value
(In BDT Billion and YoY Growth)



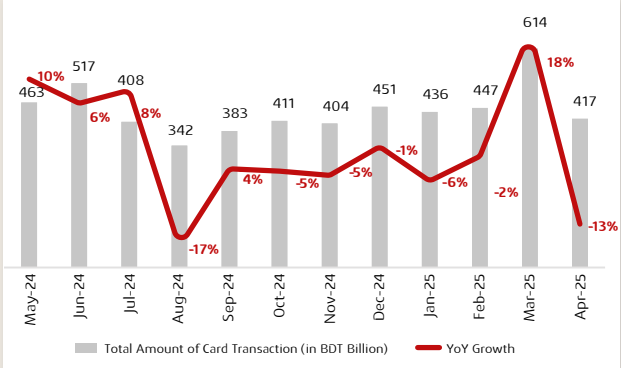
MFS Float Amount
(In BDT Billion and YoY Growth)



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



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



Source: Bangladesh Bank

Druto Fintech Limited

Abdul Gaffar Sadi
Co-Founder and CEO, Druto Fintech Limited

Interviewed By
Sumaiya Tarannum Sujana, Team MBR

Founded by Mr. Abdul Gaffar Sadi & fellow co-founders in 2019, Druto Fintech Ltd. (Drutoloan) is Bangladesh's first and only loan service aggregator built exclusively for MSMEs. With smart technology, they connect small businesses with the right financial institutions—making the entire lending process more efficient, faster, and fully digital. They have developed an alternative credit scoring engine based on 150+ multi-dimensional data points tailored specifically for small businesses. Their fully automated lending platform enables instant loan decisions, no paperwork, and no bank visits; smart repayment schedules match each business's cash flow, and a built-in debt collection engine ensures seamless recovery. Team MBR was in a conversation with the co-founder and CEO of Drutoloan, Mr. Sadi, and had the opportunity to learn about his motivations behind forming the startup and his future aspirations surrounding Drutoloan.

Sumaiya Tarannum Sujana: By utilizing digital platforms, Drutoloan has been revolutionizing the way micro, small, and medium-sized businesses (MSMEs) in Bangladesh obtain financing. May we know how you have come up with the idea to form Drutoloan?

Abdul Gaffar Sadi: The idea behind Drutoloan was born out of lived experience. I come from a small business family in Bangladesh and have witnessed firsthand how smart, hardworking entrepreneurs are routinely denied access to finance—not because they lack potential, but because the system wasn't designed for them.

What motivated me the most was realizing that this very sector—MSMEs—drives over one-fourth of our GDP and provides more than half of all employment in the country. Seven out of ten people in Bangladesh are directly or indirectly dependent on it. And yet, they are denied a basic right: access to finance. These businesses are the backbone of our economy, and if we want to stand tall in the world, we must strengthen that backbone.

After graduating in finance, while most of my peers chased corporate jobs, I teamed up with two of my childhood friends who shared the same conviction. In February 2019, we started

Drutoloan with a single mission: make finance fast, fair, and accessible for small businesses.

Drutoloan wasn't born in a boardroom. It was built from the ground up, in the marketplaces and streets where real businesses hustle every day. That's why we're not just innovating—we're transforming the DNA of MSME financing in Bangladesh.

Sumaiya Tarannum Sujana: With numerous fin-techs entering the lending space, MSME financing has turned into a growingly familiar concept in Bangladesh. Would you please share with us about what makes Drutoloan's digital financing process unique compared to those of other fin-techs or traditional methods?

Abdul Gaffar Sadi: What makes Drutoloan stand out in a crowded fintech space is not just what we do — but how we do it. While many fintechs have entered the lending space with flashy apps or alternative models, we've focused on building Bangladesh's first and only loan service aggregator with a pure bank-centric co-lending model. This means we don't lend from our own balance sheet. Instead, we work shoulder-to-shoulder with top financial institutions to digitize and scale formal lending to MSMEs in a sustainable, compliant, and capital-efficient way.

Our second major differentiator is what we call a "phy-gital" approach — a hybrid of physical and digital execution. While our entire loan journey is fully automated, we maintain a local presence through field teams and community engagement. This ensures that even the most underserved entrepreneurs—those without deep digital literacy—can benefit from seamless access to finance. It keeps us grounded and gives us a richer, real-time view of borrower behavior.

Lastly, we've built a proprietary alternative credit scoring engine that draws on over 150 multi-dimensional data signals to evaluate MSME creditworthiness. This engine wasn't built in a lab. It was developed from the ground up, through years of fieldwork and pattern recognition across thousands of MSMEs.

Sumaiya Tarannum Sujana: Drutoloan has been offering different kinds of loans, savings schemes etc. through its digital platform. Would you kindly tell us about the business model of Drutoloan and its revenue drivers?

Abdul Gaffar Sadi: Drutoloan operates as a digital loan service aggregator—a bridge between MSMEs and financial institutions. Think of it like a toll bridge: anyone crossing—whether a borrower or a lender—pays a fee for the value we create.

For our financial partners, we do the heavy lifting. We source and onboard MSME borrowers, evaluate their creditworthiness, facilitate disbursements, and manage collections—end to end. We've built a lean, tech-driven infrastructure that lets financial institutions serve small businesses at scale, without increasing their operational complexity or cost. It's a partnership-first model designed to drive long-term alignment and efficiency.

On the MSME side, we offer a growing suite of financial products—from term loans and Britto (our digital ROSCA model), to BNPL (Buy Now Pay Later), savings products, and micro-insurance. Everything is designed to be simple, fast, and digital—making access to finance truly inclusive.

Our business model is transaction-based:

- For Term Loans, we charge a small service fee from the financial institution and MSME borrower.
- For Britto, we charge a small service fee from every member of the circle.
- For BNPL (Buy Now Pay Later), we make a percentage of the sales from the seller; selling their products through our platform.
- For Deposits, we charge a small percentage of the amount deposited through our platform from the bank.
- For Insurance, our Insure-tech partners share a small portion of their revenue with us.

This dual-sided model ensures that we grow only when our users and partners succeed. It's scalable, cost-efficient, and rooted in real alignment with the ecosystem we serve.

Sumaiya Tarannum Sujana: Dealing with loan operations certainly comes with the risk of default, more especially in such a shaky economy like us. Would you please share with us about your approach towards mitigating the credit risk?

Abdul Gaffar Sadi: At Drutoloan, we believe lending is an execution game—not a formula. There's no one-size-fits-all strategy to eliminate default risk, especially when working with MSMEs in a volatile economy. What keeps our portfolio strong is not one big system, but hundreds of small things done right. Still, our approach rests on three core pillars:

First, we prioritize healthy financial products. Products like Britto (digital ROSCA), term loans with customized repayment schedules, and zero-interest BNPL are designed to keep our customers' cash flow stable. Because if a business stays healthy, repayment takes care of itself.

Second, we focus heavily on borrower selection. What we call the "pre-disbursement" phase is where our in-house credit scoring engine kicks in—analyzing over 150+ multidimensional data points, from mobile wallet behavior to supplier credit patterns. But tech alone isn't enough. We physically verify every borrower to ensure their reality matches their data—because no algorithm sees what a trained human eye can in the field.

Third, and most crucial, is post-disbursement. This is where most lenders stumble. Our smart collection engine continuously monitors repayment behavior and flags early warning signs. On top of that, we assign one collection officer for every 100 loans—who visits borrowers in person to ensure discipline but never handles cash. All repayments flow directly to the bank through mobile financial services (MFS), adding an extra layer of security and transparency.

To date, this multi-layered approach has helped our partners maintain a 0% default rate. But we're pragmatic. As we scale, we expect defaults. That's why we're constantly improving our models, adding insurance layers, and investing in tech that helps us keep the default rate below 2%—without ever compromising on speed or inclusion.

Sumaiya Tarannum Sujana: "Going all digital" often comes with regulatory challenges like-obtaining licenses, inadequate data security etc. May we know about how Bangladesh's regulatory environment has supported or challenged your operations?

Abdul Gaffar Sadi: Navigating Bangladesh's regulatory landscape has been both a challenge and an enabler for Drutoloan. Rather than disrupt from the outside, we adopted a compliance-first model as a loan service aggregator—partnering with licensed financial institutions to sustainably digitize MSME lending from within the system as technology service provider (TSP).

We do not disburse or collect funds ourselves. All financial transactions happen directly through our partners, ensuring full KYC, AML, and audit compliance. For example, in a recent collaboration with a state-owned bank, we enabled 3,000+ loans in a semi-urban area within 45 days—without opening a single branch. Our platform handled onboarding, scoring, and customer management, while the bank remained the official lender. This is digital transformation done responsibly.

We also align deeply with Bangladesh Bank's vision for sustainable digitization. We believe digital finance should be embraced slowly but consistently, with conservative, field-tested rollouts. That's why we use a "phygital" model—blending automated workflows with physical verifications—to ensure strong governance and inclusion at scale.

On the data side, security and compliance are non-negotiables. Our platform uses end-to-end encryption, strict access controls, and bank-grade infrastructure to protect sensitive data. We regularly conduct security audits and voluntarily follow the Bangladesh Bank's ICT Guidelines for Banks and NBFIs, even though we aren't directly regulated.

In a sector racing toward digitization, Drutoloan stands out by moving deliberately, respectfully, and sustainably—ensuring innovation never comes at the cost of trust or compliance.

Sumaiya Tarannum Sujana: Since Drutoloan's establishment, it has been quite successfully simplifying the financing process for many Bangladeshi MSMEs. Would you kindly share with us about the market responses you have got till now?

Abdul Gaffar Sadi: The market's response to Drutoloan has been both humbling and energizing.

For MSMEs, especially first-time borrowers, we've become more than just a platform—we've become a trusted bridge to opportunities they never thought were within reach. We've heard stories of small shop owners who used to close their businesses for an entire day just to visit a bank branch, only to be told to "come back with more documents." Today, most of them get approved for loans without leaving their stores. One woman entrepreneur running a tailoring shop in a remote district told us, "This is the first time someone came to my doorstep with a loan, not the other way around." She now employs two more women from her neighborhood.

Our vision is simple: make healthy financial solutions available at their fingertips, as easily as mobile balance top-ups. Not as a favor, but as a right. And when we see MSMEs referring their friends and family to Drutoloan (in fact, most of our customers comes from word of mouth giving us 44+ score in Net Promoter Score)—or when they show us their improved inventory, expanded stalls, or even new signage with pride or customers saying "our drutoloan"— it's the clearest sign that we're doing something right.

From the banks' perspective, what won their trust is that we never tried to change how they lend—we simply made their process faster, more efficient, and smarter, without compromising on compliance or credit risk. One senior banker jokingly told us, "You've made it feel like we hired a 24/7 digital credit officer without actually hiring anyone." We take pride in that. Our systems match their conservativeness with precision and discipline.

At the heart of it all, it's about trust. And we've built it one loan and one story at a time.

Sumaiya Tarannum Sujana: Collaborations with different banks, MFIs or other platforms can strengthen your data ecosystem and outreach more. May we know how your partnership with such entities has been aiding you to scale your services?

Abdul Gaffar Sadi: Certainly. Our partnerships with banks, MFIs, and other financial platforms have been instrumental—not just in scaling our services, but in shaping how we operate.

These institutions bring decades of field knowledge, operational rigor, and an understanding of borrower behavior that you can't always learn from dashboards. We treat our partnerships as learning opportunities. Their experience informs everything from how we design our credit scoring models to how we onboard customers in remote areas.

For example, when a partner pointed out that certain borrower behaviors in semi-urban zones were early indicators of cash flow stress, we adapted our scoring engine to factor that in. Similarly, insights from field officers helped us simplify our app interface for users with limited digital literacy — making it easier for them to navigate and apply without external help.

Beyond the field, we maintain a structured feedback loop with our partners. Their credit committees often share observations on portfolio trends, default signals, and recovery insights. We take these inputs seriously—translating them into new rule sets, feature updates, and risk controls on our end. This continuous refinement process has made our tech smarter and our approach more aligned with ground realities.

Operationally, these collaborations also help us reach further and faster. Financial Institutions have long-standing relationships and trust within communities — by building on that trust with our tech, we've been able to offer digital financial access in places where it was previously unthinkable.

In short, these partnerships aren't just about expansion — they're about evolution. We grow together by combining their institutional depth

with our agility and innovation. That's what makes our ecosystem sustainable.

Sumaiya Tarannum Sujana: In 2023, Drutoloan secured USD 1,25,000 in a pre-seed funding round from both local and foreign investors. Would you please share with us about Drutoloan's operational and business expansion efforts in future?

Abdul Gaffar Sadi: Since securing our initial pre-seed funding in 2023, Drutoloan has continued to gain investor confidence—raising additional rounds from respected strategic investors across Southeast Asia and the United States. Among our early strategic supporters is the founder of one of Indonesia's leading fintech startups, whose backing has been a significant endorsement of our mission and model.

With this support, we've been steadily expanding operations and doubling down on Britto—our digital ROSCA product—as a gateway to financial inclusion for underserved MSMEs. Britto plays a foundational role in helping small businesses build formal credit histories, which we'll leverage to unlock higher-value lending in the years ahead.

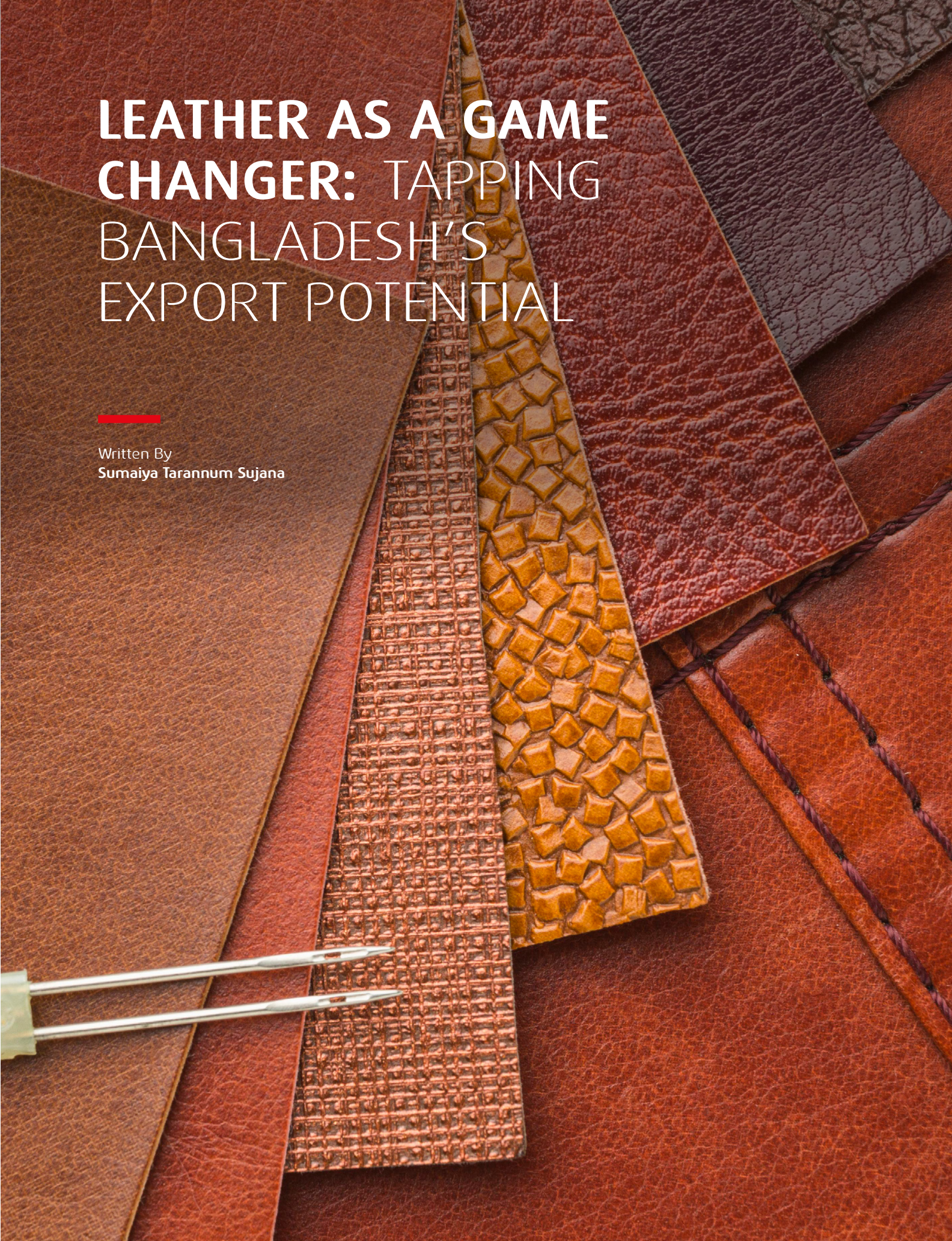
To fuel this growth, we're strengthening our team across marketing, technology, business development, and sales—ensuring we can scale execution while staying close to our customers.

By the end of 2025, we aim to have helped over 30,000 MSMEs establish formal credit footprints via Britto. We're also deepening our integration with several new financial institution partners, expanding our lending ecosystem while maintaining a market-leading NPL rate of less than 1%.

Looking ahead to 2026, our focus will shift toward scaling Term Loans and BNPL (Buy Now Pay Later), alongside plans to introduce higher-ticket financing for growth-stage MSMEs. This evolution allows us to support small businesses throughout their full financial journey—with the same level of trust, agility, and data-driven precision we've built from day one.

LEATHER AS A GAME CHANGER: TAPPING BANGLADESH'S EXPORT POTENTIAL

Written By
Sumaiya Tarannum Sujana



Bangladesh's leather industry is a cornerstone of our country's economy, offering enormous potential both at home and abroad. From traditional tanning hubs to its current contribution as the second-largest export-earning sector after textiles, the sector exemplifies a distinctive fusion of creativity and changing industrial aspirations. According to LightCastle Partners, Bangladesh accounts for around 10% of the global leather industry and 3% of the market for leather goods. However, in a world where sustainable sourcing, environmental compliance, and rapidly changing customer demands are becoming more and more important, Bangladesh's leather industry is at a critical point.

Bangladesh's Leather Industry at a Glance

According to 6Wresearch, Bangladeshi leather market is anticipated to expand at a Cumulative Annual Growth Rate (CAGR) of 8.9% between 2020-2026, reaching a value of USD 7.3 billion by that time. Leather is one of the oldest businesses in Bangladesh. According to a Business Inspection report, Bangladesh's leather industry has grown to be the nation's second-largest source of foreign exchange after RMG, with 10% of the world's leather demand being exported. Bangladesh, home to 2% of the world's livestock population, offers an ideal environment for the rearing and care of animals. Bangladesh's leather is well-known throughout the world for its natural texture, smoothness, consistent fiber structure, and premium fine grain leather.

Bangladesh produces 350 million square feet of leather annually, of which 20–25% is used domestically and the remainder is exported, per a study by EBL Securities. With an annual output volume of over 400 million pairs of shoes, Bangladesh is ranked as the eighth-largest footwear producer and the 18th-largest exporter in the World Footwear Yearbook 2020. About 200 tanneries, 3500 SMEs, 90 large organizations, and 15 large enterprises make up our leather sector, according to LightCastle Partners. More than 60% of the workers in this extremely labor-intensive business are women. The leather industry in Bangladesh currently employs over 200,000 people directly and over 150,000 indirectly. Dhaka Tribune has reported that the local footwear market in Bangladesh was valued at approximately BDT 17,000 crore in 2020.

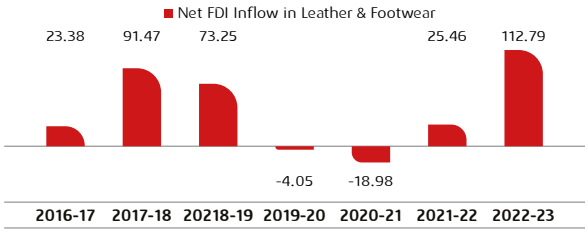
Although Bangladesh's leather industry has the capacity to guarantee 90% value addition through high-quality tanning and the production of high-end products, the value addition is only able to reach 65% because our export product markets are not certified by the Leather Working Group (LWG), a global multi-stakeholder community dedicated to an ethical and transparent leather supply chain. As of now, the LWG has only five certified tanneries in Bangladesh: Apex Tannery, Riff Leather, SAF Industries, Superex Leather, and ABC Leather.

Figure 1: Leather Working Group (LWG) Certified Tanneries in Bangladesh

Source: The Daily Star

Various strong backward and forward linking industries in Bangladesh have been strengthening the base of our leather industry both domestically and internationally, underscoring its potential for further expansion and investment in this vibrant field. Many necessary leather goods and footwear are imported from Bangladesh by well-known companies such as ABC Mart, Adidas, Aldo, Esprit, Hugo Boss, H&M, Kate Spade, K-Mart, Michael Kors, Marks & Spencer, Nike, Steve Madden, Sears, and Timber Land. In addition, one of the main areas of Bangladesh's leather industry is the production of leather accessories such as wallets, belts, purses, coats, suitcases, and other upscale goods. The move of investments from China to Bangladesh's leather and footwear industry is also one of the main causes of the growth of our leather sector. Though COVID-19 pandemic caused a decline in net foreign direct investment (FDI) in our leather sector in 2020–2021, following the pandemic, net FDI values resumed their upward trajectory again. The leather and footwear sector has been identified as one of the top 19 industries in the FDI heatmap, according to the Bangladesh Investment Development Authority (BIDA).

Figure 2: Net FDI in Bangladesh's Leather & Footwear Industry



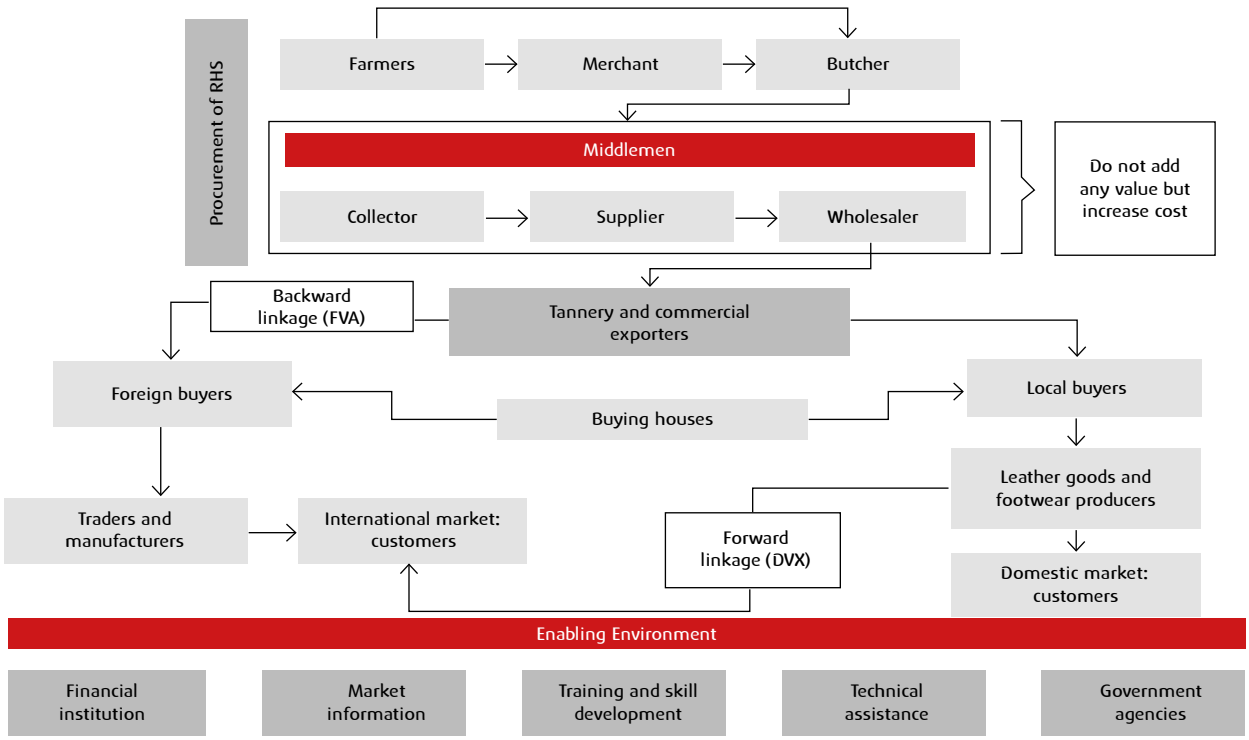
Source: LightCastle Partners

Value Chain of Leather Industry in Bangladesh

Local producers, tanneries, domestic raw material suppliers, and foreign buyers in the global market are all part of Bangladesh's leather industry's value chain. Raw hides and skins (RHS) are the main raw materials used in our leather industry. Our cattle population provides the majority of these RHS. In our local markets, farmers typically exchange animals with merchants. The RHS is then acquired by small-scale collectors. These collectors purchase RHS in tiny quantities, primarily from temporary slaughterhouses, and then deliver them straight to suppliers or wholesalers, who then distribute the RHS in bulk to wholesale markets. Until they are later bought from these wholesale markets by tanneries and commercial leather exporters, the RHS is kept with salt. The RHS is exchanged between the two cohorts in a direct network that connects wholesalers and tanneries. But, in order to receive a specific amount as a commission, the wholesalers can also serve as intermediaries between suppliers and tanneries. All intermediaries, such as distributors, suppliers, and collectors, merely raise prices; they don't engage in value-added operations.

Leather is processed by tanneries in three steps: tanning, re-tanning, drying, or pre-finishing, and finishing. After adding value through the tanning process, the supply chain splits into two further phases. The first step involves exporting the crust and the final leather to overseas clients. Additionally, these goods are frequently exported to foreign consumers through buying houses. As a result, in the subsequent stages of the value chain, the overseas customers process the leather by producing leather items including handbags, purses, and belts. The second step involves the tanneries supplying the domestic market with finished leather, which is then moulded into final leather products by regional manufacturers of footwear and other commodities.

Figure 3: Value Chain Mapping of Leather Industry in Bangladesh

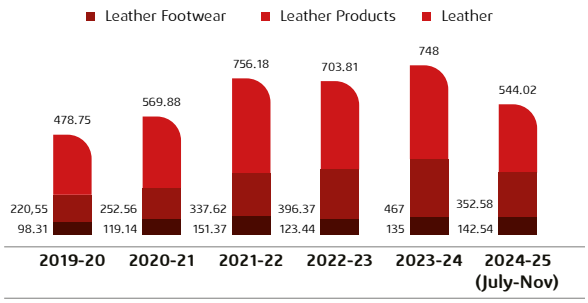


Source: CPD Policy Brief

Export Prospects of Bangladesh's Leather Industry

According to the Export Promotion Bureau, our leather industry exported $1350 million worth of leather and leather products in FY 2023–2024, making it the second-largest sector in Bangladesh in terms of exports.

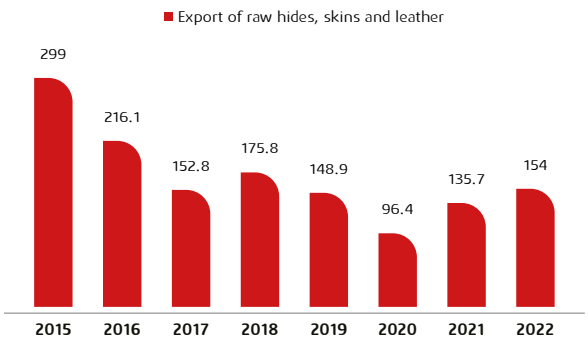
Figure 4: Leather Export Data of Bangladesh



Source: LightCastle Partners

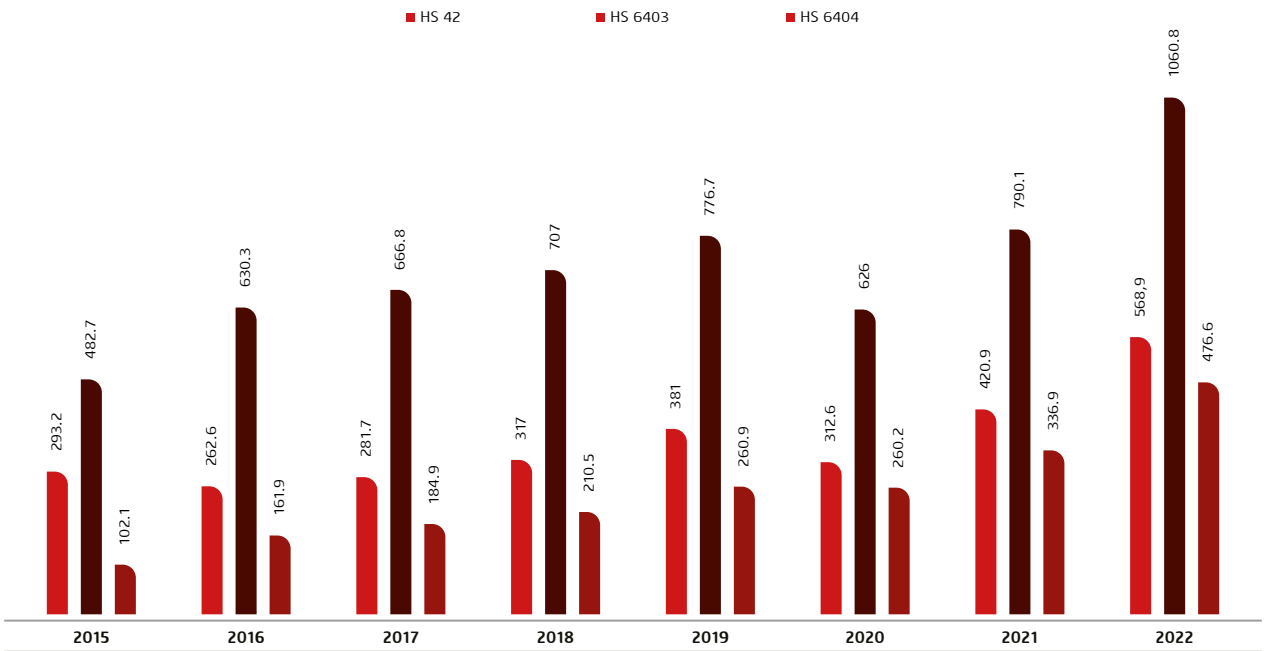
The manufacturing of leather from raw hides and skins (HS41), leather-made products (HS42), and leather goods and footwear (HS6403 and HS6404) are all included in Bangladesh's leather sector, according to the ITC Trade Map 2022. Raw hides, skins, and wet and crust leather are all included in HS41. Leather goods like saddles, purses, and other items go under HS42, although leather shoes are fundamentally covered under HS6403. Specifically, the HS6403 comprises shoes with a leather upper and a sole composed of either plastic, rubber, or leather. On the contrary, HS6404 refers to footwear consisting plastic, rubber, or leather soles, the upper part of which is made of textile materials. ITC Trade Map has revealed data regarding the export values of these coded items over the past few years.

Figure 5: Bangladesh's Total Export of Raw Hides, Skins and Leather (in USD Million)



Source: ITC Trade Map, 2022

Figure 6: Bangladesh's Total Export of Merchandise Made of Leather (in USD Million)

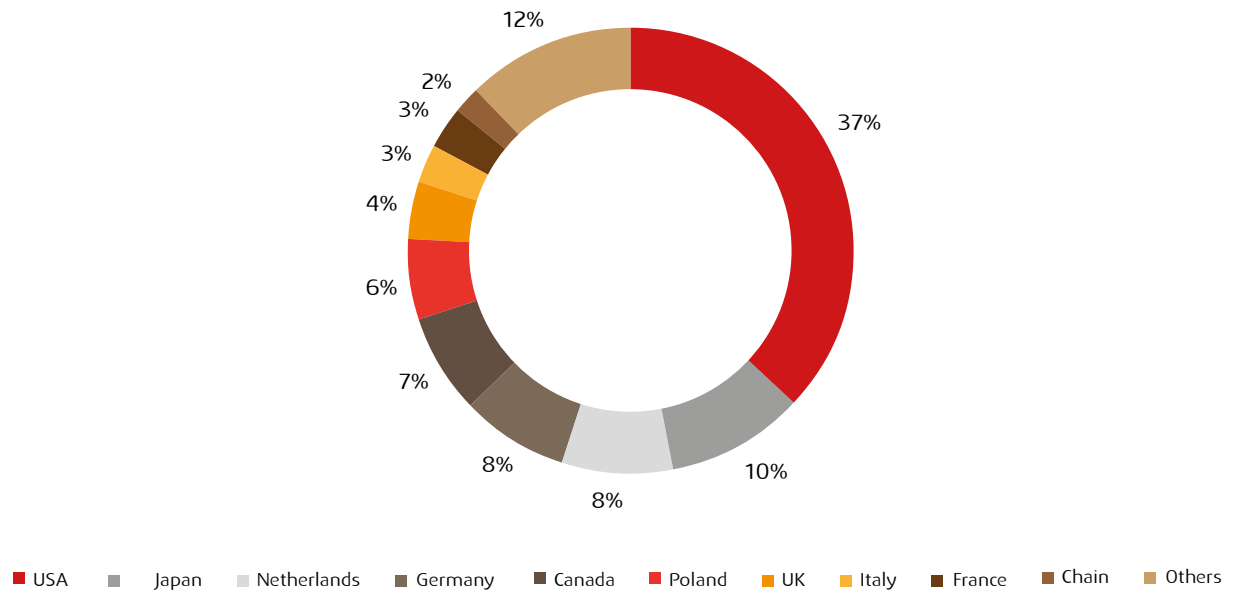


Source: ITC Trade Map, 2022

Wet blue leather used to be the mainstay of our exports. To create wet blue leather, fur and skin are separated and preserved with salt. However, leather items can have a 90% value addition if raw leather can be further processed to create finished goods. According to a Business Inspection article, in 1990, the Bangladeshi government outlawed the export of blue leather in an effort to boost the manufacturing of leather goods with higher added value. As a result, the business owners further modernized their operations, which helped our leather sector expand. From that point on, the nation's endeavor to produce and export finished leather and crust started. Cowhides and goatskins are the main raw materials used in our leather industry. The yearly domestic supply of hides and skins is approximately 220 million square feet, with 63.98% of the total being cowhides, 32.74% being goatskins, 1.09% being sheepskins, and 2.219% being buffalo hides, according to a report by the Business Promotion Council. Half of these are used locally, and the remaining 50% are exported as semi-finished leather (75%), finished leather (20%), and footwear, handbags, accessories, and other leather goods (5%).

Currently, leather and leather goods are exported to various nations, such as the United States, Japan, Germany, and others. According to a source from the Export Promotion Bureau (EPB), this industry generated USD 1223.62 million in export revenue in 2022–2023, of which around 10.09% came from crust and finished leather, 57.52% from footwear, and 32.39% from leather items.

Figure 7: Top Ten Major Export Destinations for Leather Footwear from Bangladesh in FY23 (as a Share of Total Leather Footwear Export)



Source: Export Promotion Bureau, 2024

Here, it can be seen that the USA, Japan, Netherlands, Germany and Canada are the major importers of Bangladesh's leather footwear. With a low-wage labor force and a robust local supply of high-quality hides and skins, Bangladesh has every opportunity to boost export revenue and job opportunities in the leather industry.

Barriers in the Game

Despite having so many potentials, our leather sector is still stuck at the maze of export game due to different barriers:

Poor Compliance with Environmental Standards

One of the main causes of decreased leather exports is the tannery estate at Savar's poor adherence to environmental regulations. According to The Daily Star, this non-compliance results in lower prices from foreign buyers. When selling products to foreign buyers, exporters often have to mention the source of raw materials; but due to the absence of Leather Working Group (LWG) certification, many exporters are unable to export their products.

Inefficient Procurement

In order to finance and preserve the quality of the raw leather procurement acquired during Eid-ul-Azha, raw skin processing must be completed quickly. However, Bangladesh's methods for obtaining, preserving, and processing these skins are far more antiquated and ineffective.

Rising Local Value Addition

Bangladesh's domestic usage of tanned leather has expanded due to the country's growing number of leather factories. Bangladesh's exports of leather and leather products have been hampered by the notable increase in the domestic demand for tanned leather and the ensuing value addition.

Reliance on Imported Machinery & Chemicals

For leather processing and production, our manufacturers mostly have to rely on high-priced imported machineries and chemicals.

Inadequate Funding

One of the biggest issues facing Bangladesh's small and medium-sized tanneries is lack of finance. The high loan default rate in the leather industry often makes it extremely challenging for tanneries to obtain funding.

Reliance on Brokers

For leather sales, the majority of our market's tiny tanneries rely on the larger tanneries, who serve as brokers. This market structure makes it difficult for many small tanneries to reach overseas buyers.

Way Forward

As the second-largest export item, our leather sector has a lot of room to grow as an industry. Bangladesh must, however, provide responsible value by going beyond cheap manufacturing, as consumers throughout the world place a higher priority on environmental standards and circularity. In 2019, the government of Bangladesh launched the "Leather and Leather Products Development Policy," which provides incentives to increase export revenue. Bangladesh may establish itself as a trustworthy, moral, and competitive global participant in the leather business by coordinating these policy incentives with environmental standards, encouraging innovation, and developing qualified manpower. Unquestionably, there is export potential, but realizing it will take coordinated efforts from the government, business community, and international partners.

THE GLOBAL SEMICONDUCTOR INDUSTRY: POWERING THE DIGITAL AGE

Written By
Akhlaqur Rahman Sachee

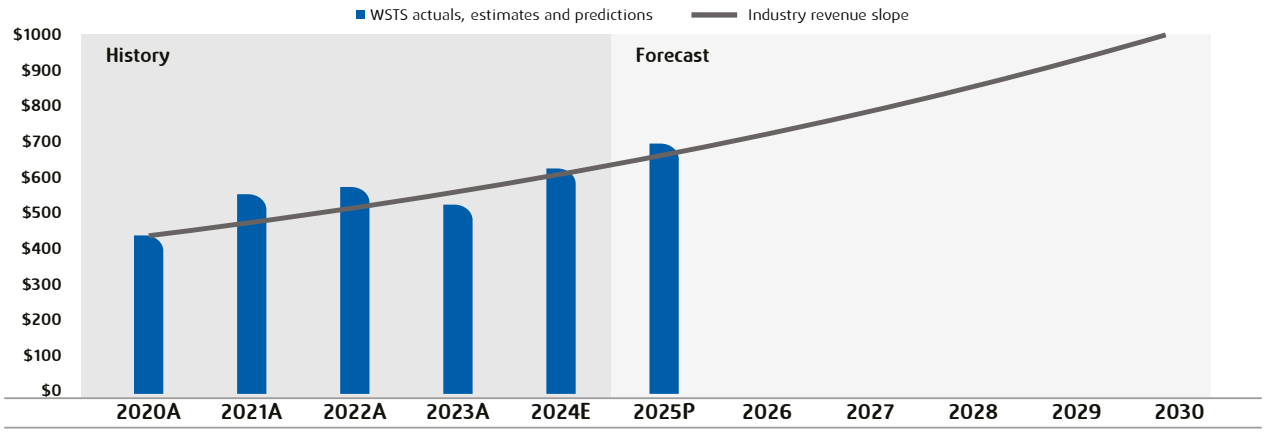
The semiconductor industry lies at the heart of modern technological advancement, powering everything from smartphones and computers to electric vehicles and advanced medical devices. As the backbone of the digital age, semiconductors enable the performance, efficiency, and connectivity that define contemporary life. In recent years, the industry has experienced unprecedented growth and disruption, driven by global supply chain challenges, geopolitical tensions, and rapid innovation in areas like artificial intelligence, 5G, and quantum computing.

The semiconductor industry had a robust 2024, with expected double-digit (19%) growth, and sales of USD 627 billion for the year. But, that is even better than the earlier forecast of USD 611 billion. And, 2025 could be even better, with predicted sales of USD 697 billion, reaching a new all-time high, and well on track to reach the widely accepted aspirational goal of USD 1 trillion in chip sales by 2030. This suggests the industry only needs to grow at a compound annual growth rate of 7.5% between 2025 and 2030. Assuming the industry continues to grow at that rate, it could reach USD 2 trillion in 2040.

Figure 1: Global Semiconductor Industry Sales

Revenues indicate the possibility of the chip industry hitting US$1 trillion in 2030

The path to $1 trillion in semiconductor revenues ($Billions)



Note: A Actual, E Estimate, P. Prediction.
Source: Deloitte analysis and extrapolation based on data from World Semiconductor Trade Statistics.
Deloitte | deloitte.com/us/en/insights/research-centers/center-for-technology-media-telecommunications.html

Source: Deloitte

What is Semiconductor?

In terms of definition, semiconductors are materials that can control the flow of electrical current, acting as neither a perfect conductor nor a perfect insulator. They are crucial in electronic devices because their conductivity can be tuned, allowing them to be used in transistors, diodes, and integrated circuits, which are the building blocks of modern electronics.

A semiconductor is a class of materials that falls somewhere on the continuum between conductor and insulator. Manufacturers process silicon and other materials into wafers, which are then lithographically printed with various functionalities. The wafer is then cut into the chips that make up semiconductor devices, which enable all kinds of machines to harness electricity for processing power. Semiconductors are in greater demand than ever: The Fourth Industrial Revolution (4IR), which is currently transforming manufacturing, production, and, more generally, global business, is characterized by smart computers and connected devices.

Smart means connected, and connected means semiconductors.

Countries that Produce Semiconductors

Semiconductors have grown in importance as the world has become more reliant on computers and electronics to improve the functionality of gadgets from automobiles to doorbells. Even though the semiconductor industry is developing and growing quickly, a small number of nations still control the majority of the market.

Taiwan

The world's unchallenged leader in the production of raw semiconductors is Taiwan, a small East Asian nation whose diplomatic status is contested by China. This is mostly because to the efforts of one business, Taiwan Semiconductor Manufacturing Co. (TSMC), which produces around half of the semiconductors produced worldwide. In contrast to corporations like Samsung and Intel who make semiconductors for their own products, TSMC produces semiconductors for a wide range of other businesses, including Apple, AMD, Nvidia, Qualcomm, and others. This is referred to as the foundry business model.

Korea

In terms of revenue, Samsung Electronics business, a multinational business based in South Korea, is among the biggest technological corporations globally and one of the biggest producers of semiconductors. Samsung serves as a foundry, creating semiconductors for other businesses, as well as an Integrated Devices Manufacturer (IDM), creating semiconductors for use in its own products. South Korea's top export, accounting for 15% of its total exports in 2021, are semiconductors made by Samsung and other firms (including SK Hynix) in the nation's 70+ fabrication units.

Japan

The island nation of Japan, one of the most technologically advanced in the world, is home to over 100 semiconductor fabrication facilities, the majority of which are owned by American, Japanese, or Taiwanese companies. The Japanese government is trying to increase the nation's capacity to manufacture semiconductors, just as other top semiconductor-producing countries.

United States

As of 2021, the United States held about 12 percent of the world's semiconductor production capacity. This is a significantly smaller share of world capacity than the US had only a few decades ago (37% in 1990, for example), before nations like China and Taiwan increased their capacity to produce semiconductors. The US semiconductor sector is still quite profitable in spite of this downturn. More than any other product except for refined oil, aeroplanes, crude oil, and natural gas, semiconductor exports contributed $62 billion (USD) to the US economy in 2021, according to the Semiconductor Industry Association (SIA). A large number of these foreign chips end up back in the United States as completed consumer gadgets.

In 2021, US-based companies owned roughly 46.3 percent of the global semiconductor market share, despite the US having only 12% of the world's total semiconductor manufacturing capacity. This apparent disparity can be explained by the above-mentioned monetary worth of imported US semiconductors as well as the fact that numerous US-based businesses own and run semiconductor fabrication facilities abroad, including in Japan. The profits usually count as part of the US economy, but in certain situations, the manufacturing capacity is added to that nation's capacity rather than the US's.

A global shortage resulted from the COVID-19 pandemic's catastrophic slowdown in semiconductor manufacturing and transportation of both raw materials and completed chips. The US government is aggressively attempting to increase the nation's capacity for producing semiconductors domestically in light of this complexity.

China

China, one of the main manufacturing hubs in the world, is also increasing its capacity to produce semiconductors. China's enormous manufacturing sector contributes to its status as the world's largest market for semiconductors. However, the goal of the Chinese government is to increase the nation's manufacturing capacity to the point where it can produce enough semiconductors on its own without importing them, making it self-sufficient. By 2030, it is anticipated that up to 25% of the semiconductors produced worldwide would come from China.

How is Semiconductor Produced?

Manufacturing semiconductor devices entails a number of intricate procedures that convert raw materials into completed devices. Wafer fabrication, wafer testing assembly or packaging, and final testing are the four main steps in the process. Every level presents a different set of opportunities and difficulties. Cost, complexity, and yield are some of the difficulties that the manufacturing process for semiconductor devices encounters, but it also offers a lot of chances for innovation and expansion. The sector can continue to expand and thrive by tackling the obstacles and seizing the chances, which will allow for the creation of innovative technologies that have the potential to revolutionise how we live and work.

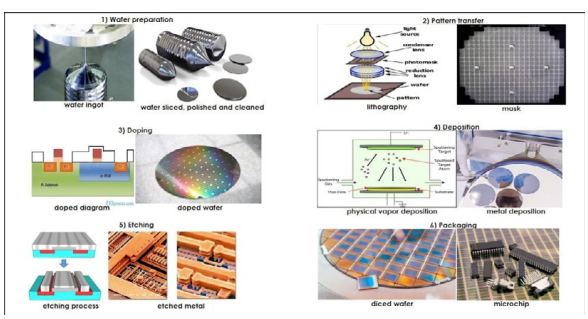
Wafer Preparation

There are several essential phases in the production of semiconductors. Wafer preparation is the initial stage. The initial material used in the semiconductor process is a silicon wafer. To serve as a substrate for the production of the electronic components, the wafer is cleaned, polished, and ready for use.

Patterning

Patterning comes in second. In this phase, a technique known as photolithography is used to produce a pattern on the silicon wafer. A mask is placed on top of the wafer after a thin layer of photoresist has been applied to its surface. A design that matches the electronic component being made is printed on the mask. The design is subsequently transferred from the mask onto the photoresist layer using ultraviolet light. Following the removal of the photoresist regions exposed to the light, a patterned surface is left on the wafer.

Figure 2: Semiconductor Manufacturing Process



Source: Renesas

Doping

Doping is step three. at order to alter the silicon wafer's electrical characteristics, contaminants are inserted at this process. The most widely utilised impurities are phosphorus and boron, which are introduced in trace amounts to produce n-type and p-type semiconductors, respectively. Ion implantation, a technique that involves rapidly accelerating ions before implanting them into the wafer's surface, is used to add these contaminants.

Deposition

Deposition comes in at stage four. The electronic components are created in this process by depositing thin material sheets onto the wafer. Numerous methods, such as atomic layer deposition (ALD), physical vapour deposition (PVD), and chemical vapour deposition (CVD), can be used for this. Materials including metals, oxides, and nitrides can be deposited using these techniques.

Etching

Etching is step five. In order to provide the electronic components the appropriate shape and structure, material is removed from the wafer's surface in this process. There are several methods for etching, including as plasma etching, dry etching, and wet etching. These methods remove material from the wafer selectively using chemicals or plasma.

Packing

Packaging is the last phase. The final product that can be utilised in electronic devices is created in this stage by packaging the electronic components. This entails securing the parts to a substrate, like a printed circuit board, and then using wires or other tools to connect them to other parts. Processes in semiconductors are extremely intricate and require a variety of specialised tools and materials. These procedures, which are continuously changing as new technologies are created, are necessary for the production of contemporary electronic products.

A semiconductor microchip's manufacturing process typically takes a few weeks to many months. Making a silicon wafer, which will act as the microchip's substrate, is the initial step. Usually, there are multiple processes in this

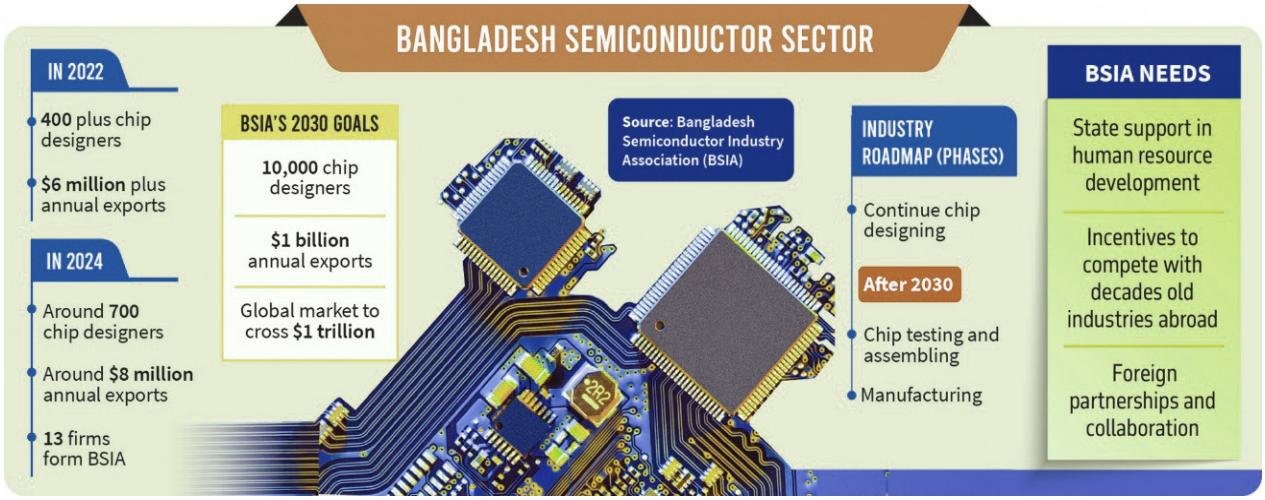
process, such as cleaning, lithography, etching, doping, and deposition. The complete wafer fabrication process can take up to 16–18 weeks, and the wafer may go through hundreds of different process steps.

Bangladesh's Position in the Global Industry

This nation's domestic semiconductor sector is still in its early stages of development. The industry is dominated by a small number of design and simulation-focused businesses, despite the lack of large-scale chip fabrication or testing facilities.

'Developing the Semiconductor Industry in Bangladesh', a July 2024 document from the Metropolitan Chamber of Commerce and Industry (MCCI), highlights Ulkasemi and Prime Silicon, two chip-designing companies that were established in 2007. According to the report, the 400-person local chip design industry currently generates USD 6 million in export earnings.

Figure 3: Bangladesh in the Global Semiconductor Industry



Source: Renesas

Bangladesh is in a strong position to expand this paradigm to semiconductor design services given its continued success in IT outsourcing and freelancing. Bangladeshi engineers could participate in international semiconductor initiatives, especially in chip design and verification, with the correct infrastructure and training.

In Bangladesh, where semiconductor engineering is becoming more and more popular in academic institutions, semiconductor production is a specialised industry that calls for specialised knowledge and expertise.

Microelectronics and VLSI courses have been introduced at numerous universities. Although there is still limited practical exposure, these courses offer a theoretical foundation in semiconductor design.

Wizkit

Bushra E Anjum

Co-Founder and COO, Wizkit

Interviewed By

Sumaiya Tarannum Sujana, Team MBR

Founded by Ms. Bushra E Anjum and a fellow co-founder in 2017, Wizkit is an ed-tech in Bangladesh that enables innovation through science learning and hands-on research and fabrication opportunities. They make STEM kits to help boost empathy, cognitive skills, and motor skills. They also offer different training courses on 3D printing and PCB designing. Team MBR was in a conversation with the co-founder and COO of Wizkit, Ms. Bushra, and had the opportunity to find out more about her motivations behind forming the startup and her future aspirations surrounding Wizkit.

Sumaiya Tarannum Sujana: Wizkit, a STEM education initiative in Bangladesh, has been empowering young minds with hands-on research and scientific learning. May we know about the backstory of creating such a different platform in Bangladesh?

Bushra E Anjum: The inspiration for Wizkit came from a direct observation during my third year of university. While studying microbiology, I noticed a frustrating trend among my peers: they were memorizing answers for experiments rather than engaging with the scientific process. This wasn't "doing" science; it was merely reproducing information. My co-founder and I realized this issue didn't start at the university level but was deeply rooted in the Bangladeshi school system, which often encourages and rewards rote memorization over genuine understanding.

This memorization approach creates a significant disconnection from real learning, causing students to lose interest in science, shy away from applicable scientific fields, and stick to more traditional subjects. Consequently, Bangladesh's technical job sectors suffer. We created Wizkit to counter this trend from a young age. Our mission is to foster a love for science through

hands-on application, build a community of enthusiastic young makers, and create a learning environment where children are excited to move beyond textbooks and engage with the world scientifically.

Sumaiya Tarannum Sujana: Wizkit offers different hands-on learning kits, fabrication tools and promotes engineering thinking. Would you please share with us regarding the diverse product range of Wizkit?

Bushra E Anjum: Wizkit is an education company dedicated to practicing citizen science through the hands-on learning of STEM topics. To facilitate this, we offer a diverse range of products and services. Our core offerings include a variety of science toys, learning games, and educational kits that we both produce in-house and specially procure, ensuring they meet our high standards for quality and engagement.

Beyond individual products, we partner directly with schools to create dedicated maker spaces. These spaces are equipped with fabrication tools and equipment to foster an environment of innovation. We also provide specifically designed science kits for classroom use across grades K-12. A crucial part of our ecosystem is providing comprehensive training for teachers, empowering them to effectively implement hands-on STEM methodologies in their classrooms. We also organize science events and evaluations to build community and measure the impact of our programs.

Sumaiya Tarannum Sujana: STEM is still underrepresented in the mainstream education system of Bangladesh. Would you kindly tell us regarding how Wizkit has been facilitating the STEM education in Bangladesh?

Bushra E Anjum: Wizkit facilitates STEM education by creating a holistic ecosystem that goes beyond just providing materials. We actively partner with schools to integrate our philosophy into their curriculum. This includes setting up maker spaces, supplying grade-appropriate science kits (K-12), and engaging with parents online. We also conduct our own STEAM (Science, Technology, Engineering, Arts & Math) events to generate excitement and build a community around scientific discovery.

What truly sets us apart is our citizen science model. We recruit our students to participate in building real-time technology projects that are contracted to us by industry clients. This unique opportunity allows students to apply their skills to solve actual industry challenges, bridging the gap between academic knowledge and real-world application. By creating this pathway, we not only encourage more students to learn science from a young age but also provide them with invaluable practical experience, fostering a new generation of innovators and problem-solvers.

Sumaiya Tarannum Sujana: Usage of STEM kits, fabrication tools etc. to enhance learning experience is comparatively a new concept in Bangladesh. May we know about the processes you use to ensure that the kits are accessible and adaptable across different socio-economic or educational backgrounds?

Bushra E Anjum: Ensuring our kits are accessible and adaptable is a cornerstone of our mission. Our primary method is extensive piloting with a diverse range of schools, parents, and students. A key part of this process is our work with our own "school-in-the-clouds" in Thanchi, Banderban. There, we provide science training to nearly 90 Marma students through our interactive science clubs and newly launched kits. This initiative allows us to understand firsthand if students in low-resource settings can effectively interact with and learn from our products.

The feedback from these pilots is crucial for refinement. We have a very strict quality control process for procurement and production, with a

focus on what would be attractive and intuitive for a young learner. We design our kits to be colorful and user-friendly, and we actively encourage collaborative use, allowing multiple students to interact with a single kit together. This multi-faceted approach ensures our tools are not just educational, but also inclusive and adaptable to various learning environments.

Sumaiya Tarannum Sujana: Wizkit initially started its journey by providing training programmes and skill development courses for university students. May we know about what age or target groups does Wizkit primarily serve and the current market penetration strategy and success rates of Wizkit?

Bushra E Anjum: While we began with a focus on university students, Wizkit has since pivoted to address the root of the issue in early education. Our primary target group now consists of school students, covering the K-12 spectrum. We still provide courses and workshops like before, but include younger students from middle schools and high schools.

Our market penetration strategy is comprehensive. We employ a direct-to-consumer (D2C) model through our online presence, while simultaneously working directly with schools to provide physically customized packages and programs tailored to their specific needs. This dual approach allows us to reach a wide audience of individual learners and institutional partners. We are proud of our success in this direction; since pivoting during the COVID-19 pandemic, our online customer satisfaction has remained consistently high, between 98-99% over the last three years. This indicates a strong market fit and a positive reception to our hands-on learning philosophy.

Sumaiya Tarannum Sujana: Collaboration is key in EdTech to promote learning on a great extent. Would you please share with us about any such partnership of yours with schools, NGOs, or government programs in Bangladesh to promote scientific learning?

Bushra E Anjum: Collaboration is fundamental to our model and our ability to drive widespread change. Our most significant partnerships are with schools across the country. Through these collaborations, we establish maker spaces, provide our custom-designed science kits for classrooms, and deliver essential training to teachers to help them integrate hands-on STEM learning into their pedagogy.

These school partnerships are our primary avenue for promoting scientific learning on a larger scale. They allow us to embed our resources and methodologies directly into the educational environment, ensuring a sustained impact on students and educators alike. We are continuously working to expand our network of partner institutions. This year, we are looking forward to establishing new partnerships with a few major institutions to further broaden our reach and deepen our impact on STEM education in Bangladesh. We also hope to create long lasting partnerships with relevant government bodies to implement our model all throughout Bangladesh, and beyond.

Sumaiya Tarannum Sujana: Offering accessible designs and educational kits to incorporate knowledge and science into real-world applications on regular basis must require a great deal of R&D. Would you kindly give us a rundown on your tool manufacturing and R&D processes?

Bushra E Anjum: Our R&D process is a collaborative and rigorous endeavor. It begins with a conceptualization stage where our entire team contributes ideas. From there, our design team translates those concepts into tangible products. A dedicated engineering team then takes over, conducting thorough testing on all products to ensure their functionality, feasibility, and durability. We try out every kit and tool individually at our office to guarantee it works

as intended. It's fun, because there is always something new to do or test out at the office!

A critical component of our R&D is user feedback. We convene small focus groups of parents and children to test our kits and provide their honest opinions. This direct feedback is invaluable for product refinement. For manufacturing, we partner with a few external manufacturers abroad for some of our kits, ensuring high-quality production. However, all the work for our citizen science projects is conducted 100% in-house by our team. This comprehensive process ensures that every Wizkit product is well-designed, robust, and truly effective as a learning tool.

Sumaiya Tarannum Sujana: Your journey as a woman in both STEM field and ed-tech is truly inspiring for many. What suggestions would you want to give to those aspiring women who want to explore these fields?

Bushra E Anjum: As a woman in STEM, my primary message is that while science can be hard, it is also incredibly rewarding. I still question why, even in 2025, girls in Bangladesh are often encouraged to pursue subjects deemed "easy," like the arts. My journey has taught me that the most powerful innovations happen at the intersection of disciplines. When you integrate the creativity of the arts with the logic of science, you can create magic.

My suggestion to aspiring women is to embrace this interdisciplinary mindset. Don't be afraid of the challenge that STEM presents. As a trainee to be a bioscience specialist, I see every day that there is a vast, exciting world of possibilities when you embrace science and give it a chance. I encourage you to be curious, to build, to experiment, and to reject the outdated notion that some fields are off-limits. Your perspective is unique and valuable, and the worlds of STEAM will be all the richer for your contributions.

CAPITAL MARKET REVIEW

Performance of Equity Markets of Bangladesh and Peer Countries

Table 1: Equity market performance of Bangladesh and peer countries

Indices	Index Points, May 2025	Return*					
		1M	3M	YTD	12M	3Y	5Y
Bangladesh							
DSEX	4,637.9	--5.7%	-11.6%	-11.1%	-11.7%	-27.5%	14.2%
DS30	1,729.6	-5.1%	-9.2%	-10.8%	-7.7%	-26.4%	26.7%
DSES	1,011.4	-7.6%	-13.3%	-13.5%	-11.6%	-27.9%	6.3%
Peer Countries							
Pakistan (KSE100)	119,691.1	7.5%	5.7%	4.0%	57.7%	177.8%	252.7%
Sri Lanka (CSE - All Share)	16,851.8	6.2%	7.0%	7.0%	38.5%	107.8%	247.7%
Vietnam (VNI)	1,305.4	8.7%	2.1%	5.2%	5.6%	3.1%	54.2%
MSCI Frontier Markets Index	**890.0**	**6.1%**	**3.2%**	**8.0%**	**11.3%**	**17.8%**	**41.0%**

*All returns are Holding Period Return

Source: Investing.com, Trading Economics, MSCI, DSE

Liquidity Condition in Equity Market of Bangladesh

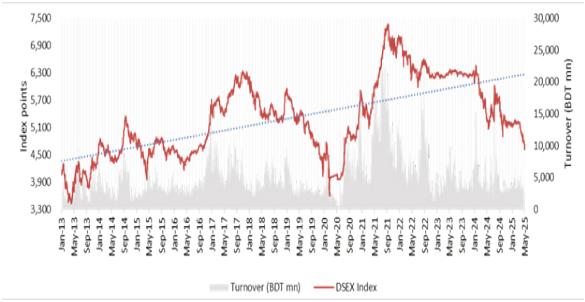
Table 2: Market capitalization and turnover statistics

Particulars	31-May-25	30-Apr-25	%change
Total market capitalization (BDT mn)	6,469,848	6,565,694	-1.5%
Total equity market capitalization (BDT mn)	3,114,862	3,298,234	-5.6%
Total free float market capitalization (BDT mn)	1,261,711	1,328,538	-5.0%
Daily Avg. Turnover (BDT mn)	3,360	4,000	-16.0%
Turnover Velocity~	12.5%	13.2%	N/A

~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

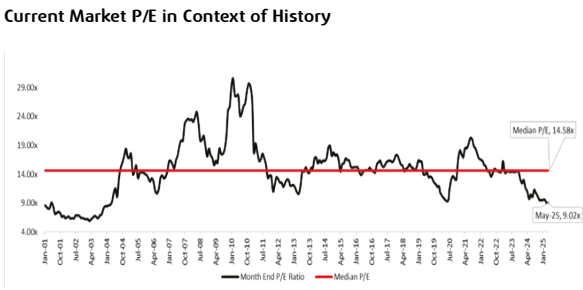
Figure 1: DSEX since inception along with market turnover



Source: DSE

Market Valuation Level - P/E Ratio:

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



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

Source: CEIC, DSE

Sector Performance

Table 3: Sector performance snapshot

Sector	Market Capitalization (BDT mn)		Return*						P/E** (x)	P/BV^ (x)	Dividend Yield~
	Total	Free Float	1M	3M	YTD	12M	3Y	5Y			
Pharmaceuticals & Chemicals	512,126	269,394	-3.2%	-3.0%	-4.6%	-2.3%	-20.2%	29.7%	10.1	2.2	5.7%
Bank	632,883	343,534	-3.7%	-11.2%	-9.0%	-0.9%	-4.8%	55.6%	5.6	0.6	4.5%
Telecommunication	524,615	55,507	-5.6%	-9.5%	-8.2%	34.2%	4.5%	56.2%	80.3	5.5	10.1%
Engineering	242,242	64,928	-8.6%	-13.9%	-13.2%	-18.4%	-51.2%	9.6%	9.8	1.2	6.0%
Fuel & Power	271,942	81,358	-3.8%	-1.3%	-1.3%	0.1%	-25.5%	-2.1%	5.9	0.9	7.1%
Food & Allied	245,541	80,570	-11.6%	-11.8%	-18.2%	-6.8%	-32.6%	22.2%	14.9	5.5	7.2%
Miscellaneous	235,808	103,375	-1.1%	-3.5%	-2.8%	0.5%	-3.4%	141.9%	17.3	2.6	1.3%
NBFI	88,513	26,599	-3.6%	-15.8%	-21.2%	-14.7%	-54.3%	-26.5%	1,910.7	1.0	2.4%
Textile	102,021	56,968	-5.4%	-17.4%	-10.3%	-16.0%	-34.2%	5.4%	9.3	0.7	3.3%
Cement	79,454	31,191	-4.0%	-9.0%	-13.5%	-19.1%	-25.4%	30.3%	28.9	2.1	3.7%
Non-Life Insurance	66,386	36,718	-6.3%	-10.5%	-15.9%	-19.7%	-31.8%	63.3%	11.6	1.3	4.4%
Life Insurance	40,303	23,609	-4.5%	-15.3%	-18.7%	-23.0%	-40.5%	-25.8%	28.6	4.0	3.5%
Tannery	20,617	9,859	2.2%	-4.7%	-7.8%	-14.1%	-38.9%	17.2%	11.2	1.8	1.1%
IT	21,623	13,110	-6.2%	-21.6%	-16.7%	-29.2%	-18.7%	22.3%	15.7	1.7	2.3%
Ceramics	15,898	6,879	-10.5%	-14.5%	-3.2%	-27.5%	-48.7%	-13.5%	50.8	1.0	3.0%
Travel & Leisure	32,308	14,044	-4.8%	-17.1%	-15.3%	-40.8%	-39.0%	-22.9%	15.8	0.6	1.7%
Paper & Printing	17,376	7,041	-8.0%	-18.7%	6.0%	-42.3%	-53.2%	-12.2%	18.0	1.2	1.3%
Services & Real Estate	15,585	7,665	-7.3%	-10.7%	-6.3%	-21.3%	-24.0%	45.5%	8.8	0.9	3.7%
Jute	15,660	7,775	-12.9%	-26.5%	-33.9%	-42.6%	-33.2%	-28.6%	20.0	46.3	0.7%
Market	**3,114,862**	**1,261,711**	**-5.7%**	**-11.6%**	**-11.1%**	**-11.7%**	**-27.5%**	**14.2%**	**9.0**	**1.3**	**5.7%**

*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.

Cap Class Performance

Table 4: Performance of different market cap classes

Cap Class	Definition based on market capitalization (BDT mn)	% of total equity MCap	Return*						P/E (x)	P/BV (x)	Dividend Yield
			1M	3M	YTD	12M	3Y	5Y			
Large	≥10000	79.7%	-4.8%	-7.5%	-8.2%	5.9%	-15.0%	68.3%	8.4	1.2	7.2%
Mid	3001-9999	10.0%	-5.0%	-11.1%	-8.5%	-20.1%	-39.8%	-51.3%	11.7	0.9	3.8%
Small	1001-3000	6.8%	-6.2%	-15.9%	-12.8%	-26.1%	-35.5%	36.1%	14.8	0.6	3.2%
Micro	<1000	3.4%	-5.1%	-15.7%	-8.6%	-24.3%	-22.6%	-83.9%	25.9	0.8	1.6%
Market		**100.0%**	**-5.7%**	**-11.6%**	**-11.1%**	**-11.7%**	**-27.5%**	**14.2%**	**9.0**	**1.3**	**5.7%**

*All returns are Holding Period Return

Mutual Funds Performance:

Table 5: Selected open-end funds based on fund type

Fund Category	Name	Asset Management Company	Fund Size (BDT mn)^	NAV Return		
				YTD 2025	2024	2021-23**
Fixed Income	EDGE High Quality Income Fund	Edge	749.5	4.5%	9.2%	9.9%
Fixed Income	IDLC Income Fund	IDLC	716.6	3.0%	8.9%	9.3%
Fixed Income	Shanta Fixed Income Fund	Shanta	947.8	2.5%	10.8%	7.4%
Fixed Income	UCB Income Plus Fund	UCB	2,098.2	3.1%	10.4%	N/A
Equity	Grameen Bank-Aims First Unit Fund	AIMS	1,441.6	0.6%	-0.2%	N/A
Equity	IDLC Growth Fund	IDLC	734.2	4.7%	1.9%	0.4%
Equity	LankaBangla 1st Balanced Unit Fund	LankaBangla	412.4	0.7%	-2.3%	-1.2%
Equity	Shanta First Income Unit Fund	Shanta	700.9	1.4%	-18.5%	-7.8%
Equity	VIPB SEBL 1st Unit Fund	VIPB	889.8	1.8%	4.3%	1.7%
Equity	VIPB NLI 1st Unit Fund	VIPB	571.3	1.3%	4.0%	N/A
Shariah	EDGE Al-Amin Shariah Consumer Fund	Edge	124.3	4.4%	1.3%	N/A
Shariah	IDLC AM Shariah Fund	IDLC	630.8	3.6%	-3.5%	-2.6%
Shariah	Shanta Amanah Shariah Fund	Shanta	466.9	1.4%	-18.8%	-5.1%
Shariah	UCB Taqwa Growth Fund	UCB	318.1	-0.5%	2.4%	N/A
	Market (Broad Index) Return (%)			**-11.1%**	**-16.5%**	**5.0%**

^Fund size as of March 2025
*NAV & Index value as on March 27, 2025
**CAGR computed for 2022-2024, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

Table 6: Top ten close end funds based on 3Y 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 2025	2024	2021-23	
ICBEPMF1S1	576.8	472.7	5.2	7.7	67.6%	0.0%	3.2%	-20.6%	-5.8%	2030
1STPRIMFMF	193.2	158.4	20.6	9.7	213.3%	0.0%	11.4%	-28.9%	-9.5%	2029
PF1STMF	453.0	371.3	5.4	7.6	71.5%	0.0%	4.0%	-23.8%	-7.9%	2030
ICBAMCL2ND	423.0	346.7	6.3	8.5	74.5%	0.0%	3.5%	-19.8%	-6.0%	2029
ICB3RDNRB	756.0	619.7	4.6	7.6	60.8%	0.0%	1.2%	-17.4%	-5.2%	2030
PRIME1ICBA	797.0	653.3	4.8	8.0	60.2%	0.0%	1.8%	-18.9%	-6.5%	2030
ICBSONALI1	860.0	704.9	5.9	8.6	68.6%	0.0%	2.7%	-17.3%	-4.9%	2033
IFILISLMF1	736.0	603.3	4.4	7.4	59.8%	0.0%	4.8%	-25.0%	-7.2%	2030
CAPMBDBLMF	419.6	343.9	8.5	8.4	101.6%	0.0%	-2.7%	-21.7%	-7.7%	2027
ICBAGRANI1	895.1	733.7	7.0	9.1	76.8%	0.0%	0.4%	-13.3%	-3.7%	2027
Market							**-11.1%**	**-16.5%**	**5.0%**	

[1]Price and index value as on May 31, 2025

[2]Cash dividend declared on 2025.

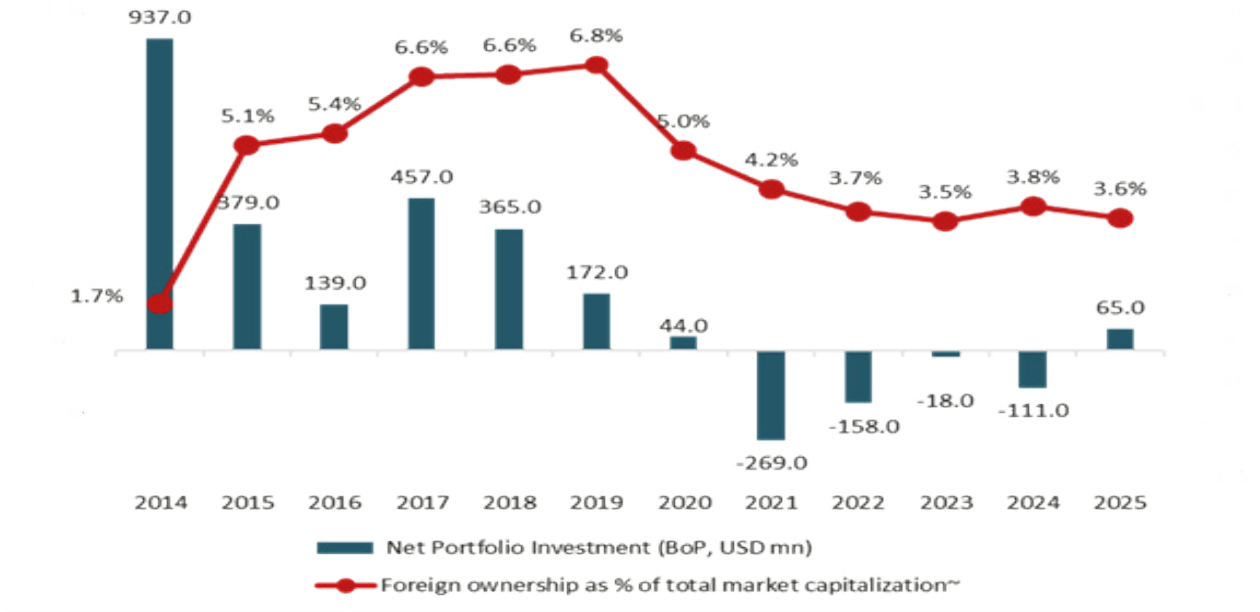
[3]CAGR computed for 2022-2024, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year..

[4]In reference to BSEC Press s Release বিএসইসি/মুখপাত্র (৩য় খন্ড)/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

In May 2025, Bangladesh's equity market witnessed a slight decrease in foreign investment. As of May, 2025, total foreign ownership stood at 3.6% of the total equity market capitalization, which was 3.7% in January, 2025.

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 May 2025 and net portfolio investment as of June of the respective years.
2. Net portfolio investment of FY'25 includes Jul-Mar, 2025.

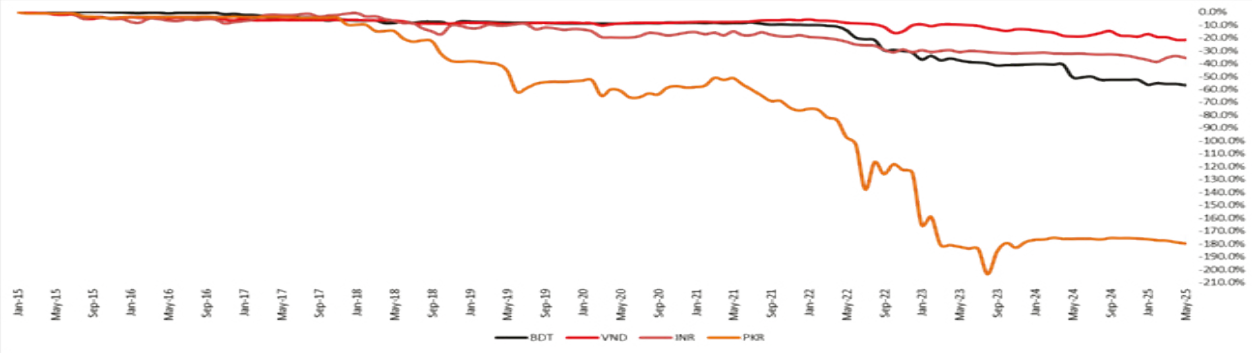
Table 7: Top ten companies with highest foreign shareholding as of May 2025

Ticker	Sector	Foreign Shareholding*
OLYMPIC	Food & Allied	34.3%
BRACBANK	Bank	32.5%
BXPHARMA	Pharmaceuticals & Chemicals	27.7%
RENATA	Pharmaceuticals & Chemicals	20.0%
NAVANAPHAR	Pharmaceuticals & Chemicals	19.6%
ISLAMIBANK	Bank	17.9%
SQURPHARMA	Pharmaceuticals & Chemicals	15.2%
CITYBANK	Bank	6.7%
SHEPHERD	Textile	6.5%
PRIMEBANK	Bank	5.1%

Source: DSE

Performance of BDT and Currencies of Peer Countries against USD

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



Source: Investing.com

Major Commodity Price Movement

Table 8: Major Commodity Price Movement

Particulars	Price Change					
	1M	3M	YTD	12M	3Y	5Y
Crude oil (Average)	-4.8%	-15.0%	-13.2%	-23.0%	-43.0%	106.6%
Wheat (US HRW)	-5.0%	-10.4%	-6.0%	-18.1%	-54.6%	15.2%
Cotton (A Index)	-0.6%	-0.1%	-2.4%	-9.8%	-52.4%	18.7%
Aluminum	3.3%	-7.9%	-3.6%	-4.5%	-13.5%	67.0%

Source: World Bank Pink Sheet
*Average of Crude oil (Brent), Crude oil (Dubai), Crude oil (WTI)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