

# BUSINESS

# REVIEW

Pharmaceutical Industry in Bangladesh  
**The Next Export Frontier**





এখন যেকোনো প্রয়োজনে

**টাকা জমবে, বাড়বে নিরাপদে**

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FROM THE

# EDITOR



## Pharmaceutical Industry in Bangladesh: The Next Export Frontier

The pharmaceutical industry, with a market value of more than BDT 275 billion, is one of Bangladesh's fastest-growing industries, with leading companies like Square Pharmaceuticals Limited, Incepta Pharmaceuticals Limited, Beximco Pharmaceuticals Limited, and Renata Limited. With developing awareness concerning health, proper nutrition, and modern medicine, the average life expectancy of people increased from 66.4 years in 2002 to 72.6 years in 2020. This, in turn, meant an overall increase in healthcare provision. There has also been a shift in focus towards the animal healthcare segment.

In terms of exports, the pharmaceutical industry is the second largest sector in Bangladesh. According to the Bangladesh Association of Pharmaceutical Industries (BAPI), total pharmaceutical exports now stand at USD 169 million.

The local pharmaceutical market has been growing faster than our GDP due to stable economic growth, increasing health awareness, a growing veterinary market, and an expanding supply chain. Nevertheless, our industry is being confronted by some critical threats, like the potential expiration of the TRIPS waiver. To deal with the unfavourable changes, local pharmaceutical companies should focus on more research and development.

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# ECONOMY AT A GLANCE

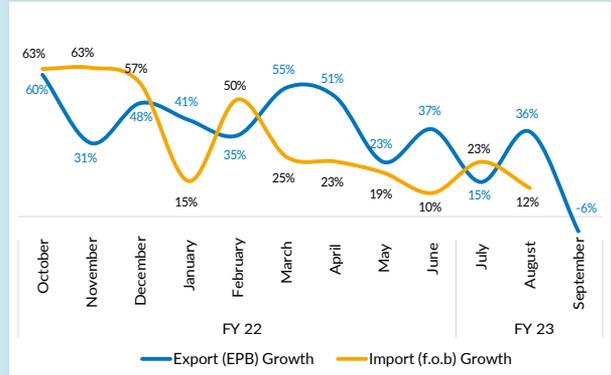
Prepared by IDLCSL Research Team

## EXPORT-IMPORT

Growth in Export-Import trade (Last 5 Years)



Export & Import Growth (Last 12 months)

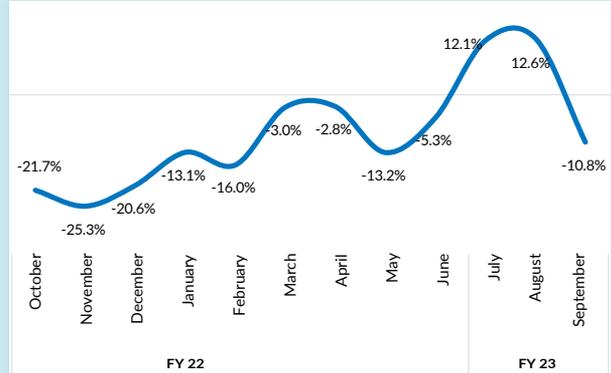


## REMITTANCE

Remittance Growth (Last 7 years)

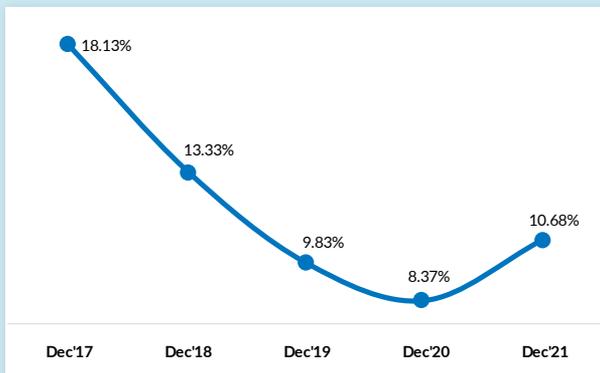


Remittance Growth (Last 12 Months)



## PRIVATE SECTOR CREDIT GROWTH

Private credit growth (Last 5 years)



Private sector credit growth (Last 12 months)



## ■ MONTH IN BRIEF

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● **Due to high import costs and rising dollar prices, credit flow to the industrial sector has increased by 22% year-on-year in FY22.** This sharp increase is mostly attributed to the imports of capital machinery and other products at higher costs due to skyrocketing global prices and the continuous appreciation of the dollar against the taka.

● In comparison to the same quarter of last year, the amount of remittance influx to state-run commercial banks has decreased **by around 35%**, while private commercial banks have experienced a **growth of 1.57%**.

● Due to the liquidity crisis in the banking sector, the government's borrowing from the central bank climbed to **BDT 645.89 billion on September 8, 2022**, from **BDT 237.49 billion on the same day of the previous year.**

● By the end of this current fiscal year, Bangladesh is expected to receive credit assistance of more than **USD 2 billion from the Asian Development Bank (ADB).**

● In an effort to reduce volatility in the country's foreign exchange market, banks have set the dollar exchange rates for remittance inflows and export proceeds at **BDT 108 and BDT 99, respectively, effective from September 12, 2022.**

● As reported by the central bank, lower purchases of fuel and capital machinery contributed more than **65% to the USD 1.41 billion fall in imports in August 2022**, which brought Bangladesh's import bills down from **USD 6.79 billion to USD 5.38 billion in a month.**

● Amid the country's ongoing currency crisis, Bangladesh received inward remittances of more than **USD 1008.67 million in the first half of the month of September 2022.**

● **Bangladesh repaid USD 289.78 million of foreign debts in July 2022 and August 2022**, which indicates a **2.83% decline from the USD 298.22 million** it repaid in the same two months of the previous year.

● **A 24% fall has been observed in the release of foreign aid in the first two months** of the ongoing fiscal year, as implementing agencies generally slow down spending on development projects in the early months of a fiscal year.

*PRODUCTION IN THE BTMA MEMBER MILLS IS ALMOST HALTED OR AT ZERO LEVEL DUE TO THE GAS SUPPLY CRISIS.*

**Mohammad Ali Khokon**, President of BTMA, on Drastic Production Fall of Textiles amid Gas Shortage. (September 19, 2022. The Financial Express.)

We have to take projects that will be economically profitable. We are not in China's debt trap situation. If we are careful in choosing the projects, we will not get into such a situation.

**Ahsan H Mansur**, Executive Director of Policy Research Institute of Bangladesh, on Red Tape Slowing China's USD 20 Billion Loan Offtakes. (September 11, 2022. The Business Standard.)

**LIBOR and SOFR are likely to go up till 2024 because of the current global situation. So, we should try to get fixed-rate loans from the World Bank's regular IDA window for the next two years.**

**Zahid Hussain**, Former Lead Economist of the World Bank's Dhaka Office, on Share of Foreign Loans at Floating Rates Doubles in 4 Years. (September 25, 2022. The Business Standard.)

Since the market is extremely competitive, the increased production cost cannot be adjusted in sales. However, the government has taken steps to determine the prices of rods and cement as essential products. We have shared our problems and demands.

**Shahidullah**, Vice-President of Bangladesh Cement Manufacturers Association, on Major Industries Seeing 25-50% Output Fall amid Energy Crunch. (September 20, 2022. The Business Standard.)

**The existing 15.3% import charges should also be removed for now, following a rise in global prices as well as rocketing trend of US dollar against the local currency.**

**Md Asaduzzaman**, Professional Fellow of Bangladesh Institute of Development Studies, on Rising Rice Prices as Imports Low. (September 29, 2022. The Financial Express.)

**If we cannot now source raw materials, our supplies of yarns and fabrics to garment manufacturers will be disrupted, which will lead to a delay in shipments hurting their business.**

**Saleudh Zaman Khan Jitu**, Managing Director of NZ Tex Group, on Exporters in Raw Material Crunch. (September 13, 2022. The Business Standard.)

**With the current policies, we cannot take per capita income to USD 12,000. We have no alternative to human resource development.**

**Ahsan H Mansur**, Executive Director of Policy Research Institute of Bangladesh, on Bangladesh's GDP Projected to Drop Below 4% by 2035. (September 25, 2022. Dhaka Tribune.)

The new instruction is a bit confusing. If someone has no taxable income, which is the case in many instances, then how will banks assess their eligibility for a credit card.

**Syed Mohammad Kamal**, Country Manager of MasterCard, on NBR's Direction to Offer Up to BDT 20 Lakhs Loans Without Proof of Return Submission. (September 19, 2022. The Daily Star.)

**We reduced production to bring down losses in the face of increasing costs. We are just trying to keep the factory alive while having to pay bank instalments and workers' wages.**

**Shahidullah**, Managing Director of Metrocem Steel, on Steel Industry Suffering from 50% Slump in Sales. (September 20, 2022. The Daily Star.)

Country	Nominal GDP: 2021 (USD in billion)	Real GDP Growth: 2021 (yearly % Change)	Inflation Point to Point (%)	Current Account Balance: (% of GDP)	Interest Rates (%), Ten Years Treasury Bond	Currency Units (Per USD)	
<b>Frontier Market</b>							
Sri Lanka	82.47	3.58	69.80	September-22	-4.28	27.22	367.25
Vietnam	366.20	2.58	3.94	September-22	-0.48	5.08	23,880.00
Kenya	109.80	7.23	9.20	August-22	-5.41	14.19	120.85
Nigeria	441.54	3.65	20.52	August-22	-0.84	13.43	433.72
<b>Bangladesh</b>	<b>465.00</b>	<b>7.25</b>	<b>7.48</b>	<b>July-22</b>	<b>-4.02</b>	<b>8.10</b>	<b>103.62</b>
<b>Emerging Markets</b>							
Brazil	1,608.08	4.62	8.73	August-22	-1.74	11.71	5.20
Saudi Arabia	833.54	3.24	3.00	August-22	6.56	N/A	3.76
India	3,177.92	8.95	7.00	August-22	-1.55	7.48	82.44
Indonesia	1,186.07	3.69	5.95	September-22	0.28	7.38	15,337.30
Malaysia	372.75	3.13	4.70	August-22	3.46	4.42	4.65
Philippines	393.61	5.60	6.90	September-22	-1.76	7.25	59.00
Turkey	806.80	10.99	83.45	September-22	-1.85	12.11	18.58
Thailand	513.17	1.57	6.41	September-22	-2.12	2.95	37.93
China	17,458.04	8.08	2.50	August-22	1.82	2.76	7.15
Russia	1,775.55	4.70	13.70	September-22	6.87	10.15	62.33
<b>Developed Markets</b>							
France	2,935.49	6.98	5.60	August-22	-0.93	2.80	1.03
Germany	4,225.92	2.79	10.00	September-22	7.43	2.19	1.03
Italy	2,101.28	6.64	8.90	September-22	3.29	4.74	1.03
Spain	1,426.22	5.13	9.00	September-22	0.94	3.42	1.03
Hong Kong	368.14	6.42	1.90	August-22	11.20	3.69	7.85
Singapore	396.99	7.61	7.50	August-22	18.12	3.48	1.44
United States	22,997.50	5.68	8.30	August-22	-3.51	3.89	1.00
Denmark	395.71	4.13	10.00	September-22	8.37	N/A	7.67
Netherlands	1,018.68	5.04	14.50	September-22	9.45	2.52	1.03
Australia	1,633.29	4.69	6.10	June-22	3.54	3.90	1.58
Switzerland	812.55	3.72	3.30	September-22	9.30	1.35	1.00
United Kingdom	3,187.63	7.44	9.90	August-22	-2.59	4.37	0.91

**Bangladesh Data:** The new GDP size (FY22 provisional estimate) and real GDP growth (FY22) are as per new base year. Calculation Method of CA balance (% of GDP) = CA balance of FY22 / Provisional GDP of FY22

Interest rate (%) 10 years TB as per September 2022, Inflation as per July 2022 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 2022 data (April, 2022 Outlook)

**Real GDP Growth and Current Account Balance:** Data of all countries apart from Bangladesh is sourced from IMF estimates of April, 2022 data (World Economic Outlook, April 2022)

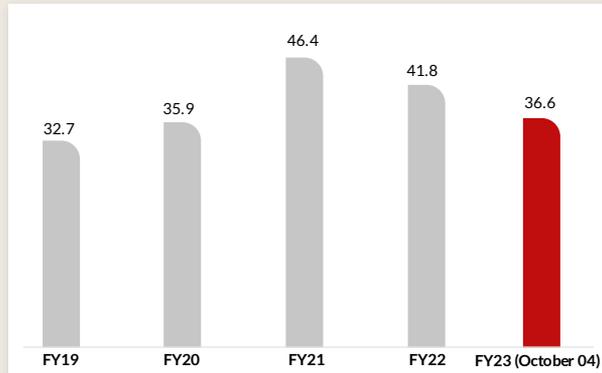
**Inflation:** Data of all countries apart from Bangladesh is sourced from tradingeconomics.com

**Interest Rates 10 Years TB and Currency Unit:** Data of all countries apart from Bangladesh is sourced from Investing.com

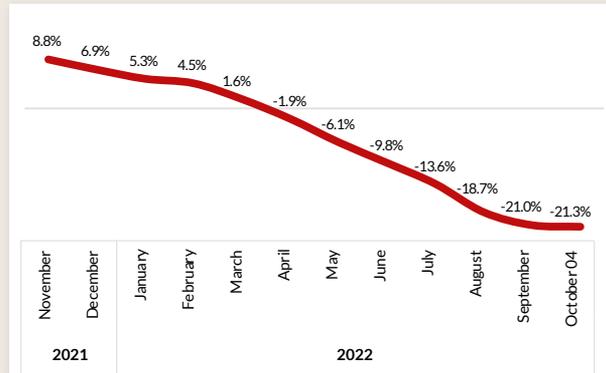
# BANKING DATA CORNER

Prepared by IDLCSL Research Team

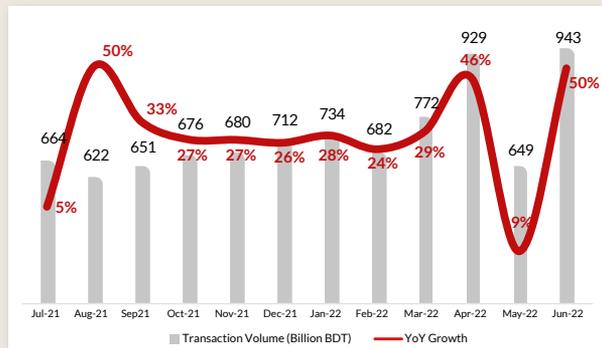
### Foreign Exchange reserve (In billion USD, Last 5 Years)



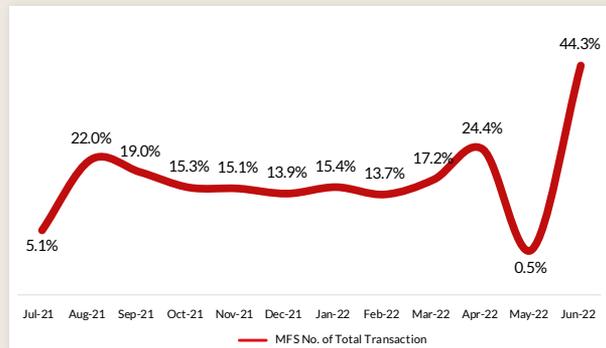
### Foreign Exchange Reserve Last 12 Months Trend



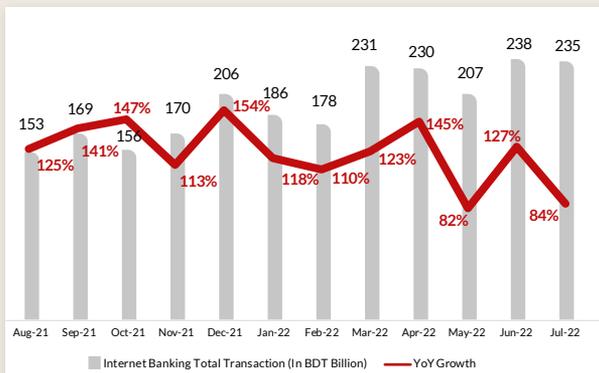
### MFS Total Transaction Volume (BDT Billion and YoY Growth)



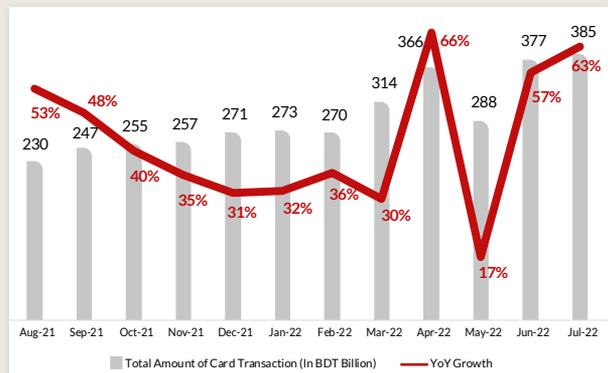
### MFS No. of Total Transaction YoY Growth



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



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



Source: Bangladesh Bank

# ANTT Robotics



## Thajid Uday

Co-Founder and CEO, ANTT Robotics

Interviewed by  
Raiyan Rabbani, Team MBR

*2019 marked the beginning of ANTT Robotics' mission to build and accelerate the fourth industrial revolution with robotics and IoT technologies. Through the platform and the products, ANTT offers, it has built an ecosystem of learning, educating, and addressing industrial IoT problems. Research and development of new technologies, as well as new products and solutions, will continue to support the company's growth goal in the areas of robotics consumer goods, industrial IoT products, STEAM, and creative ecosystems, all while having a positive social impact. Team MBR was in a conversation with Mr. Thajid Uday, Co-Founder and CEO, ANTT Robotics, to learn about their inspirations and vision behind ANTT Robotics.*

**Raiyan Rabbani: Starting in 2019, ANTT Robotics has been working in the EdTech sector, focusing on robotics, programming, IoT, and data science. It also provides IoT solutions for different industries. Would you kindly share the story behind the team and their idea?**

**Thajid Uday:** The team is always anticipated to create a sustainable impact, especially in the area of technology enhancement for society. ANTT Robotics stands for Advanced Neural Technology for Teaching Robotics. After years of experience in embedded systems and robotics by participating in different national and international robotics, coding, and IoT conferences and competitions, ANTT co-founders decided to develop an ecosystem for awareness, learning, and expertise

on fourth industrial revolution skills such as robotics, programming, IoT, data science, etc. for society. ANTT is a HardTech pioneer and has proven products for STEM education, robotics education, IoT, and industrial IoT. That is when we decided to set up ANTT Robotics.

**Raiyan Rabbani: Your products and services are innovative in nature. Could you please share the details of the products and services you offer?**

**Thajid Uday:** At ANTT, we help our clients learn how to automate things. Using the Internet of Things (IoT), Industrial IoT (IIoT), robotics, data science, blockchain, and the most up-to-date technologies, we assist in learning and accelerating the industrial revolution to make our lives simpler. We teach them how to do this

in an interactive and project-based way, all within our ecosystem. In short, we are an innovative ecosystem developer that includes complete IIOT toolkits and frameworks while simultaneously teaching about the usage of these tools. Furthermore, we strive to cater to the EdTech and HardTech industries by developing fun embedded system products that serve their purposes.

**Raiyan Rabbani: Bangladesh is still far behind the first-world countries in terms of the adoption of the technologies ANTT Robotics is working on. What are the factors, do you think, slowing down the progress in this aspect?**

**Thajid Uday:** I believe the primary factors are the lack of knowledge about acquiring fourth industrial skills and the lack of awareness about learning advanced skills. Most people are either unwilling to learn such new skills or are learning the wrong ones. Other factors, like the lack of resources for the use of up-to-date technologies and non-import-friendly policies for small equipment, contribute to this slow progress as well.

**Raiyan Rabbani: Robotics, programming, IoT, or data science—these disciplines have not been integrated into the education system; therefore, many graduates lack the required skills to work for startups such as yours. What are your suggestions regarding building a talented pool of candidates suitable for such a type of work?**

**Thajid Uday:** At ANTT Robotics, we have been organising various research and pilot programmes in different markets globally to cater to this specific problem. Usage of our products and solutions is one of the best methods to accelerate the learning process for any individual of any age. We suggest interested individuals and institutions self-educate about industrial-level STEM applications and see what companies like ourselves are doing to help solve the problems. Once that is done, a plan can be made for curated learning alongside formal education for entering into this field.

**Raiyan Rabbani: IoT will play a crucial role in the Industrial Revolution 4.0 in Bangladesh. What are your views regarding the eagerness of companies in different industries to adopt IoT solutions, AI or other technologies in trend?**

**Thajid Uday:** From our view, we have seen that many companies are trying to update and upgrade systems through IoT applications. However, fundamentally, the technologies are still in the early stages and leave end users highly vulnerable to cyber-attack. This issue is in addition to the fact that many companies do not know how IoT can be integrated within their framework and help create a modern workforce and business model that optimises their operations. Many companies, even though they are eager to enter this space, are still backwards and, in many cases, are unwilling to adopt such solutions in some cases.

**Raiyan Rabbani: It is often said that there is a skill gap in the workforce when it comes to advanced technologies like the ones ANTT Robotics is working on. How is ANTT Robotics helping mitigate the issue?**

**Thajid Uday:** All of our solutions are geared toward developing a market-ready workforce while also assisting our clients with automation. By accessing the education system and projects with industries needing automation, we are helping bridge the skills gap by designing products and tools to educate the masses. ANTT Robotics has created a one-of-a-kind teach-the-teachers solution that is assisting in reaching out to more people. Users of our products and businesses have reported that by doing this, the onboarding process for many starters has become easier and faster. In addition, our users have become more confident using their hands-on skills, allowing them to become not just logical thinkers but to gain experience that can be directly used in industrial applications.

**Raiyan Rabbani: R&D, beta testing, soft launching—these are very crucial for the businesses in the industry ANTT Robotics is operating in. How is ANTT Robotics making**



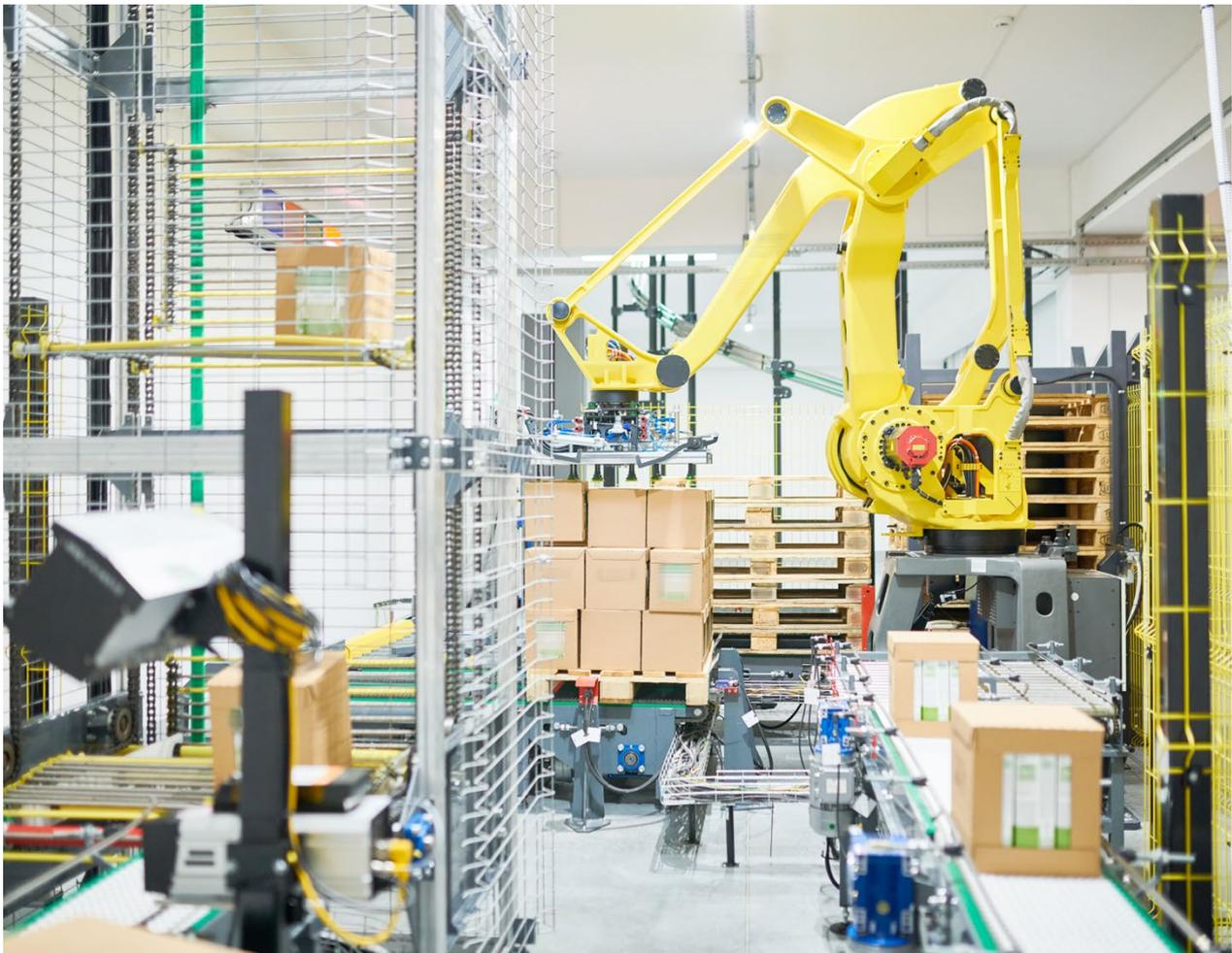
sure of these things while developing its products, since it's hard to find a good place to do these things?

**Thajid Uday:** From ideation/product planning and beta testing to customers, we gather, break down, and look at quantitative and subjective information to design items that meet clients' genuine and inactive necessities. In addition, we recognise the values we ought to offer our clients and integrate them into our business plan. Even though our development phase uses the same resources, it is impertinent to maintain and obtain the structural integrity of the developed devices for various industries. This requires various testing toolkits and industrial-grade manufacturing and testing facilities.

**Raiyan Rabbani:** What are the issues ANTT Robotics is trying to solve in Bangladesh, and what are the challenges the team is

currently facing? What are the measures it has undertaken to resolve those challenges it faces?

**Thajid Uday:** Creating an innovation-based product ecosystem is difficult, particularly in industries where semiconductors are designed rather than manufactured. There is a modest degree of electrical assembly and manufacturing units across Bangladesh, and this industrial ecosystem is progressively increasing. The government is launching an Internet of Things policy, a national robotics plan, and fourth-industry job preparedness skills. As a pioneer in STEAM, IoT, and robotics product development, ANTT is working with the community to raise awareness of the fourth industrial revolution among students via a variety of activities and events. ANTT Robotics is also doing research on alternative semiconductor equipment made just for ANTT products.





# PHARMACEUTICAL INDUSTRY IN BANGLADESH: THE NEXT EXPORT FRONTIER

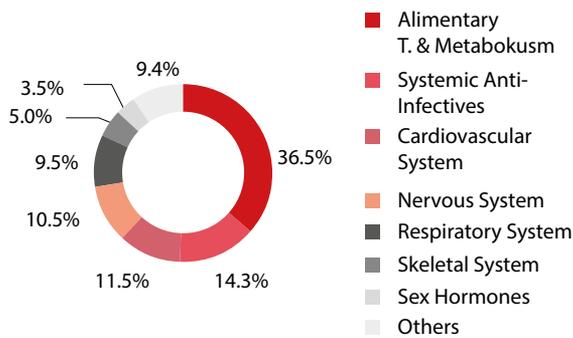
Written by  
**Muntasir Hasnain Chowdhury**  
**Mehrubul Haque**



Bangladesh's pharmaceutical industry is one of the country's most progressive industries. Manufacturers make practically every sort of medication, including sophisticated items such as insulin, hormones, and anti-cancer drugs. However, the industry is still dependent on imported raw materials (active pharmaceutical ingredients) from several nations, like China, India, Korea, Singapore, and Malaysia. This will change with the government taking up the project of establishing the API Industrial Park located in Munshiganj on 200 acres of land.

Since the early 1980s, Bangladesh's pharmaceutical business has been developing and evolving. As this is a technology and knowledge-based business, the road was not simple for an LDC facing severe economic problems. Bangladesh is now proudly the only LDC with a well-developed pharmaceutical sector. According to the Bangladesh Association of Pharmaceutical Industries (BAPI) and the Directorate General of Drug Administration (DGDA), the sector currently fulfils 98% of the entire medicinal requirements of the country. The following chart shows the pharmaceutical market segments by share.

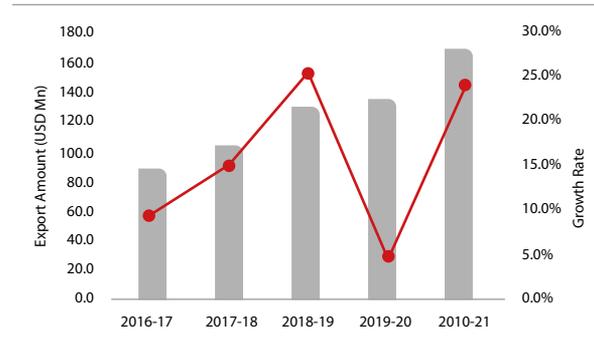
Figure: Pharmaceutical Market Segments by Share



Source: Bangladesh Association of Pharmaceutical Industries

The top five pharmaceutical manufacturers in the country include Square Pharmaceuticals Limited, Incepta Pharmaceutical Limited, Beximco Pharmaceuticals Limited, Opsonin Pharma Limited, and Renata Limited. According to a report published by EBL Securities, the current size of the pharmaceutical industry stands at more than BDT 275 billion, as it grew at an average of 15.6% per annum in the last 5 years.

Figure: Growth Trend of the Pharmaceutical Industry

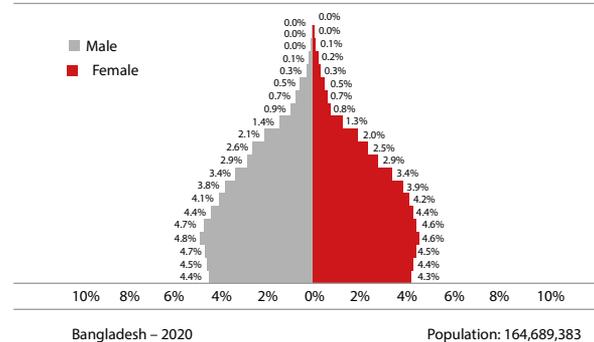


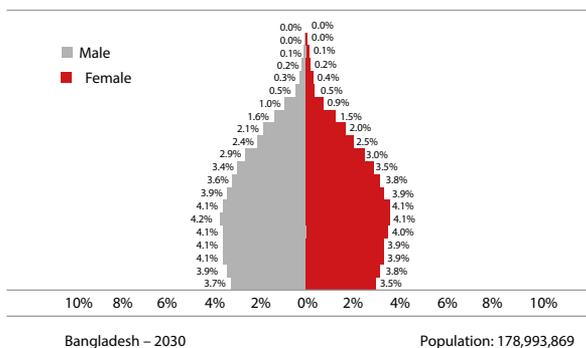
Source: DATABD.CO

So far, generic medications have contributed to the industry's growth, with 80% of all drugs being generic, thanks to the WTO's patent exemptions from the TRIPS Agreement. However, since the facility will expire in 2033, the industry may have to shift its makeup progressively. As pharmaceutical companies develop their separate composition strategies towards the end of this decade, the competitive environment will be intriguing.

It is projected that 22.4% of the population (more than 40 million people) will be aged 50 and above by 2030, compared to 17.1% at present. Therefore, chronic diseases and the demand for medications will rise. This demographic will be more dependent on medical drugs and have a better perception of modern medicine. Thus, it will be a key driver for the pharmaceutical industry's growth. This industry is expected to reach BDT 1.0 trillion in size by 2030, with the possibility of growing at 16% per annum.

Figure: Projected Demographic Shift in Bangladesh





Source: *Populationpyramid.net*

## Demand Drivers

It is quite evident that the main reason behind the growth of our pharmaceutical industry is the ever expanding demand. This increase in demand has been driven by some positive changes in our country's overall dynamics. For example, as our economy is growing and people's healthcare awareness is increasing, the demand for medicine items is also increasing.

On the other hand, with increased income, protein consumption in our country is rising. As a result, our poultry, fishery, and cattle industries are growing, and demand for medications relevant to animal health is increasing.



## Economic Growth

The growth of the pharmaceutical industry moves in tandem with the economic growth of Bangladesh. The country has one of the fastest-growing economies in the world. In the fiscal year 2020–2021, the country's GDP grew by 5.4%, and per capita income rose to USD 2,227. In line with the economy, the pharmaceutical industry grew by 18.6%. The World Bank (WB) predicts 6.2% GDP growth in FY 2022-2023, while the government predicts 6.6% growth. The MAC (Middle and Affluent Class) population is expected to account for 17% of the total population by FY 2025, compared to 7% in FY 2015. With rising purchasing power and rapid urbanisation, the demand for pharmaceuticals is bound to increase.



## Healthcare Awareness of the Mass

Both urban and rural residents are developing awareness concerning health, proper nutrition, and modern medicine. According to the Bangladesh Bureau of Statistics (BBS), the average life expectancy of people

increased from 66.4 years in 2002 to 72.6 years in 2020. People consult with doctors and experts more than before, as they are now more concerned about their health. This, in turn, increases the overall healthcare expenditure of the Bangladeshi population.



## Growing Animal Health Market

The current animal health segment is a BDT 30 billion market. Local pharmaceutical companies like Renata, Square, ACI, Acme, Opsonin, Eskayef, Navana, Popular, and Incepta hold 70% of the market share. Renata dominates this segment with more than 5% market share. Bangladesh's poultry market is worth BDT 350 billion and is the primary driver of Renata's market share. Antibiotics, minerals, vitamins, enzymes, and toxin binders are the major products of the company. The COVID-19 epidemic has taken a toll on the meat and dairy industries. According to reports, chicken meat and egg output have decreased by 40-45% from the previous year, and 40% of registered poultry farms have closed over the last year. As Bangladesh is shifting to the middle-income segment by 2026, protein consumption will increase significantly. It will boost the growth of the poultry and cattle industries, increasing the demand for animal health products.



## Expanding Outlook of the Supply Chain

The value chain of the pharmaceutical industry is divided into two parts: finished formulations and APIs. The entire sector is dependent on China and India for importing APIs, which are the raw materials required to manufacture drugs. Disruptions in the supply chain and global price hikes can hinder production. According to a report published in *The Daily Star*, as of 2019, only 15 local companies produced 41 API molecules, whereas Gonoshasthaya Pharmaceuticals Limited alone manufactured 60% of the raw materials. As a solution, the government has taken the initiative to build an API Park in Munshiganj. It is expected to start production by the end of 2022. The API policy has been created with the hope of reducing the reliance on raw material imports by 97% and raising API export income from USD 1.5 million in 2016 to USD 90 million in 2032. However, it will take a very long time to reduce the dependence on India and China for APIs. Currently, 27 companies have plots allocated in the API Park, with ACME Laboratories and Healthcare Pharmaceuticals set to become the first ones to start production.

## Going Borderless

For the time being, foreign revenues comprise only around 5% of the total sales volume of the industry. However, as we have achieved near-self-sufficiency in the local market in terms of finished products, the local companies have been increasing their focus on the foreign market. In addition to speeding up their export efforts, some of the companies are setting up separate business entities overseas to make their operations in other countries run more smoothly.

### Export Outlook

As an industry, pharmaceuticals make up the second-largest exchequer of Bangladesh. According to the Bangladesh Association of Pharmaceutical Industries (BAPI), total pharmaceutical exports now stand at USD 169 million. At present, local pharmaceutical companies are exporting to 151 countries, with Sri Lanka being the top destination, accounting for roughly 15% of our export earnings. According to the Bangladesh Investment Development Authority (BIDA), almost 1,200 products are exported to countries such as Australia, the UK, and the USA. Due to manufacturing efficiency and cheap labour, the cost of pharmaceutical production is low, and therefore the products can be sold at a lower price to export destinations. There are favourable export policies as well. There is a cash incentive if exporters apply with certification from the Directorate General of Drug Administration (DGDA).

A cash incentive is also received if companies attach invoices of raw material imports or L/C documents.

The export of pharmaceuticals is expected to grow at a CAGR of approximately 24% by the end of 2030, reaching USD 1.5 billion. The global generic market is valued at around USD 1.3 trillion and is projected to grow to USD 1.52 trillion by 2023. As an emerging generic hub in Asia, it is expected that Bangladesh would be able to utilise such an opportunity. Focusing more on prescription drugs than over-the-counter drugs and establishing a robust supply chain with reliable foreign partners will help in achieving such growth in the future.

### Contract Manufacturing

According to GlobeNewsWire, the current global contract manufacturing market is worth around USD 100 billion. Bangladeshi pharmaceutical companies are attempting to enter this market, as nearly all of the notable pharmaceutical companies have now delved into contract manufacturing.

### Overseas projects

Public companies like Square Pharmaceuticals and Renata are establishing their own subsidiaries in order to utilise emerging foreign market opportunities. On the other hand, private companies like Incepta are also undertaking strategies like entering into majority partnerships overseas or deploying a dedicated foreign sales force.





### Square Pharmaceuticals Limited

Square started construction of its Kenya facility in 2019 in order to fulfil the market demand in Kenya, Rwanda, Tanzania, Burundi, Uganda, and South Sudan. Although the East African market is a disease-prone market, 80% of demand is met through imports. According to Square's latest published annual report, the facility is completely ready for operations, and it supposedly started its trial operation back in December 2021. In May 2022, it received a commercial manufacturing licence from the Pharmacy & Poison Board of Kenya to start its commercial operations.

Square Pharmaceuticals' total investment required for the project is USD 20 million, whereas Square Pharmaceuticals itself invested USD 12 million of its equity. The rest of the amount is financed through a long-term debt agreement.

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### Renata Limited

Renata has established two subsidiaries in the European market. Renata (UK) was established in May 2018, while Renata Pharmaceuticals (Ireland) was established in March 2019. It has received permission from Bangladesh Bank to remit USD 7 million to these subsidiaries. With the establishment of these subsidiaries, Renata expects to gain a strong foothold in the European market.

To utilise the growing opportunities in the global market, it is expected that many other pharmaceutical companies might also undertake foreign ventures in the future.

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### Incepta Limited

Incepta possesses majority partnerships with two companies in Europe. Incepta holds 70% ownership of Amintas, a German company. In addition, Incepta holds a similar kind of ownership in Blackrock Pharmaceuticals Limited, which is a British pharmaceutical company. Incepta has taken partnerships with companies in order to accelerate the process of acquiring regulatory approval. Moreover, Incepta maintains its own sales force in countries like Myanmar and Sri Lanka.

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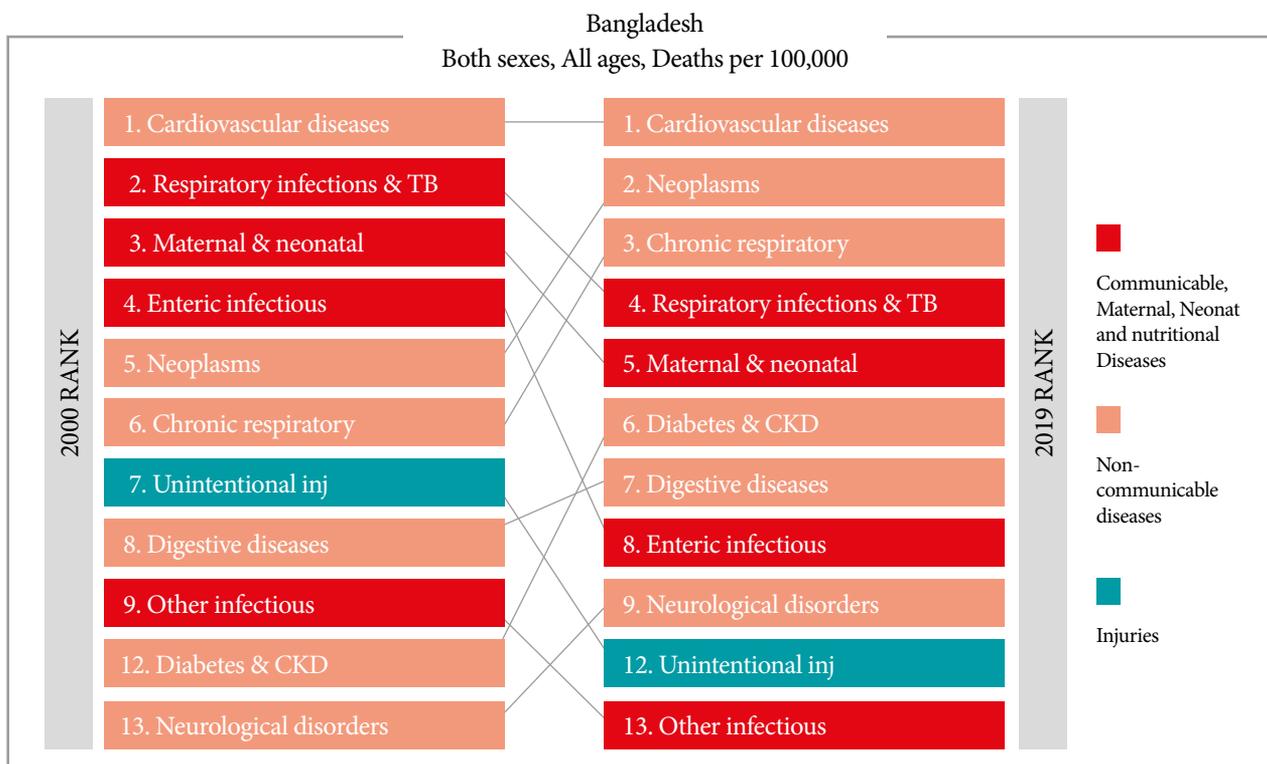
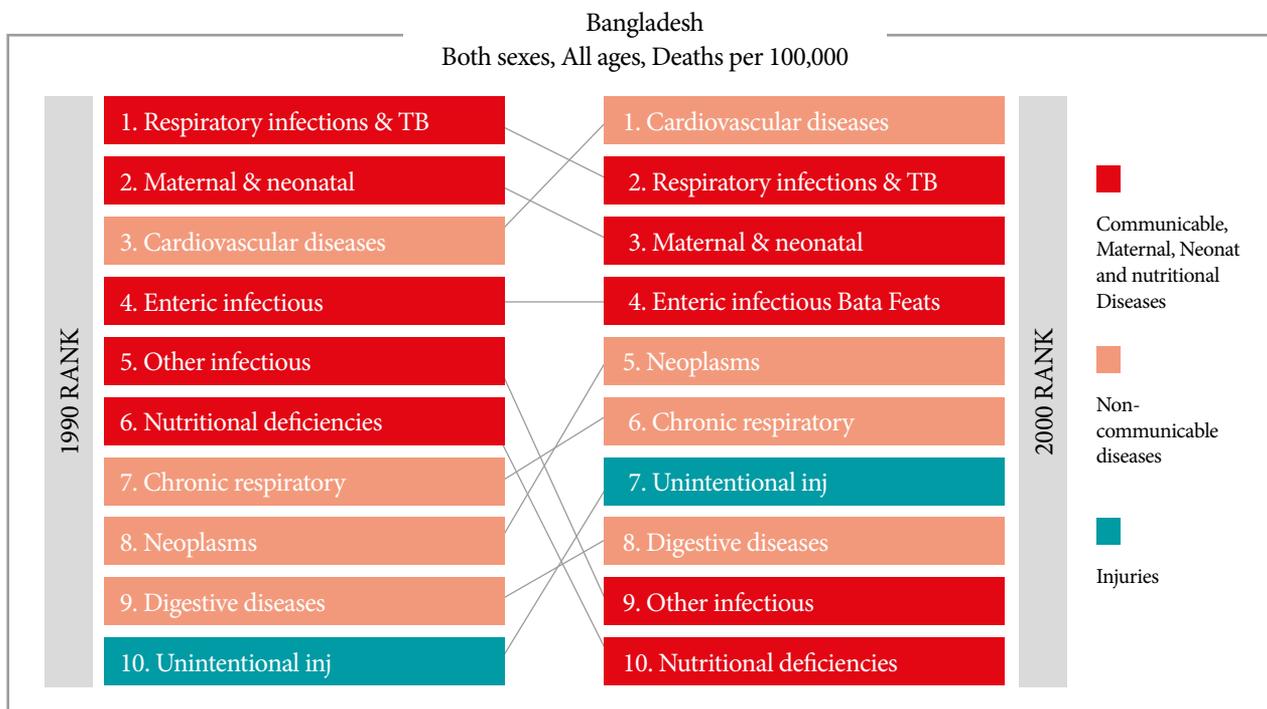
## Changes in the Dynamics

The overall environment in which the pharmaceutical industry operates is altering gradually. For example, demands for different kinds of medicine are shifting among themselves. On the other hand, the probable

expiration of the TRIPS waiver is expected to change the regulatory environment for our pharmaceutical companies drastically.

## Shift in Diseases Classes

Figure: Shift in Disease Classes



The disease classes that caused the most deaths have heavily shifted from the early 2000s to 2020 from non-communicable diseases to communicable diseases. For instance, it has changed from early neonatal, maternal, enteric infectious, and respiratory diseases to cardiovascular diseases, cancer diseases, and chronic diseases. To develop new drugs, pharmaceutical companies must invest heavily in R&D.

Furthermore, in Bangladesh, people prefer the brands of medicines rather than the generic names. For instance, both Sergel and Maxpro are made of the same molecule called Esomeprazole. But, Sergel has the most market share of any drug in Bangladesh, which is 3.5%, with a market value of BDT 6.2 billion, while Maxpro has a market share of 1.5%, with a market value of BDT 3.6 billion. This dynamic is expected to fuel fierce market competition among pharmaceutical companies for market share in emerging disease classes.

## The TRIPS Agreement

Though Bangladesh has received a TRIPS waiver extension till December 2032, the stipulations of the TRIPS agreement state that an LDC beneficiary will stop enjoying the benefits of TRIPS as soon as it graduates from being an LDC if the negotiation does not work out, Bangladesh will cease to enjoy the pharmaceutical waiver and will have to abide by the patent and licence requirements as per the TRIPS agreement. Such a requirement would mean that many pharmaceutical companies in Bangladesh would not be able to produce and export drug items that fall under the protection of Intellectual Property Rights (IPR) without paying royalties. As a result, the overall price of Bangladeshi medicines may increase. In such a situation, the production of many patented drugs may even cease. In order to prepare ourselves for the change, we must start implementing our TRIPS obligations in phases. In addition to that, we need to invest more in R&D and develop new products so that we can still keep earning foreign revenues through selling drugs.

However, as the Bangladeshi companies mainly focus on the production of generic drug items, the expiration of the TRIPS agreement may not hurt Bangladesh that badly. According to BAPI, only 15% of locally manufactured drugs are patent protected. The rest of

the manufactured drugs are generic in nature. Thus, with the necessary focus on R&D and innovation, it is quite feasible to tackle the difficulties caused by the TRIPS waiver expiration.

## Opportunity and Potential

In order to tackle the challenges of TRIPS waiver expiration and utilise the opportunities posed by the foreign market, we need to expand our product portfolio in order to include some state-of-the-art, novel items. In addition, achieving supply chain sufficiency is also very important in order to keep the growth of the industry sustainable for the long term.

Consequently, some pharmaceutical companies have started to focus on proprietary R&D facilities. On the other hand, the government is taking on an API park project in order to accelerate the process of achieving comprehensive supply chain independence.

## Innovation and R&D

According to an article published in the Bangladesh Journal of Medical Science, notable research and development activities are still not being conducted in Bangladesh. As Bangladesh is one of the recipients of the TRIPS waiver, all the pharmaceutical companies have been focusing on the manufacturing of existing generic formulations. However, some companies have realised that R&D is very important for long-term sustenance and have started to put some focus on it. For example, Renata has significantly invested in R&D facilities at their Rajendrapur and Mirpur sites. Moreover, their first factory, built by Pfizer, is being converted into an R&D centre. In addition to that, nearly all pharmaceutical companies now have an R&D wing. However, as most R&D projects are confidential in nature, it is difficult to assume whether these R&D efforts are focusing on new innovations or re-engineering existing formulations. The introduction of facilities such as bioequivalence tests can boost the market competitiveness of Bangladeshi pharmaceutical companies.

## API Park

Active Pharmaceutical Ingredients are the main components of any medicine. Currently, there is a

domestic demand for BDT 7,000 crore worth of APIs, and only BDT 500 crore worth of APIs are produced. The country meets more than 90% of the demand through imports.

The government has undertaken the API project to lessen the burden of imports and create a self-sufficient pharmaceutical industry. To relinquish this, the API Park is being built in Munshiganj on 200 acres of land where 27 companies like Beximco, Square, Incepta, and Acme have acquired plots. It is expected to be operational by the end of 2022. Moreover, private companies have also started to build two parks located at Bagerhat and Khulna. The government has also made policies to encourage the production of APIs in the homeland, which includes

- A producer who produces at least five different molecules yearly will receive a 100% tax cut. For at least three molecules, the producer will receive a 75% tax reduction.
- A 20% cash bonus will be offered if producers increase value by at least 20%.
- 40% of the export revenues can be kept by raw material producers.

The API Park must be launched immediately in full swing in order to combat some of the problems caused by rising costs from increasing oil prices, which led to higher shipping costs and the rising value of dollars. Due to the rising demand for medicines and pharmaceutical agents in the face of the COVID-19

pandemic, the Active Pharmaceutical Ingredients (API) market in Asia-Pacific is expected to grow at a CAGR of 9.0% between 2021 and 2027. The expanding market offers Bangladesh prospective partnering opportunities as well as a roadmap to enter the global market. The Pharmaceuticals Export Promotion Council of India is already getting ready to sign an agreement with API-making companies in Bangladesh.

While the future can be difficult to predict, the overall prospect of the pharmaceutical industry seems promising. The local pharmaceutical market has been growing even faster than our GDP due to stable economic growth, increasing health awareness, a growing veterinary market, and an expanding supply chain. The pharmaceutical industry of Bangladesh has achieved self-sufficiency in terms of finished goods. As a result, the government intends to achieve complete supply chain self-sufficiency. It is establishing an API Park to reduce its raw material dependency on India and China.

In the meantime, Bangladesh has established a strong presence in the global medicine market as the only LDC. Though the potential expiration of the TRIPS waiver poses a threat to the continuous growth of the pharmaceutical industry, local firms are supposedly focusing on R&D in order to tackle probable unfavourable changes in the overall industry dynamics. With the inherent strength and growth mindset of our local pharmaceutical companies, it can be expected that the pharmaceutical industry will remain one of the key contributors to our economic growth.





## Dr. Arefin Ahmed

Executive Director, Marketing, Incepta Pharmaceuticals Limited

Interviewed by  
Muntasir Hasnain Chowdhury and Mehrubul Haque

*Dr. Arefin Ahmed, an MBBS doctor, joined Incepta Pharmaceuticals Limited in the year 2000 as an officer. He has been working in marketing since he joined. Currently, he oversees both the local and international marketing of Incepta as an Executive Director. As an MBBS doctor, his expertise in diseases and medicines helps to strategise and market proper pharmaceutical products for the organisation. He has more than 20 years of experience in the pharmaceutical industry of Bangladesh. Team MBR was in a conversation with Dr. Arefin Ahmed and was fortunate enough to receive his take on the pharmaceutical industry in Bangladesh.*

**Muntasir Hasnain Chowdhury and Mehrubul Haque:** The pharmaceutical sector has experienced robust growth at a CAGR of 15.2% in the last 5 years. It has been sustaining local self-sufficiency and eyeing the global market. What factors do you think would be the key contributors to the industry's further growth in the future?

**Dr. Arefin Ahmed:** As the economy has been growing rapidly, I do not see the growth of the pharmaceutical industry degrading in the future. The way local pharmaceutical companies are focusing on exports, foreign revenue is bound to increase substantially in the future. On the other hand, unless some serious macroeconomic catastrophe arises, it is very unlikely that local consumption of medicine will decrease. So, I would say that our burgeoning economy and rising exports would be the biggest factors.

**Muntasir Hasnain Chowdhury and Mehrubul Haque:** Incepta is currently one of the key

entities in the animal health segment. What are the prospects of this segment in terms of market size at home and abroad?

**Dr. Arefin Ahmed:** If you have observed, some trends in the local protein market have changed. The import of cattle from India has functionally stopped. An increase in the local production of red meat and poultry has already filled this void in supply. As the income of our people increases, it can also be expected that protein consumption of our people will also increase. In such a scenario, the animal health sector is bound to increase in volume.



**Muntasir Hasnain Chowdhury and Mehrubul Haque:** Sales of medicines for infectious diseases have been decreasing, while those for non-communicable diseases have been increasing. What are your recommendations for staying ahead of this disease class shift?

**Dr. Arefin Ahmed:** The local pharmaceutical companies have already been adapting to the mentioned disease class shift. As we observe changes in the increase in the demand for any disease class, we expand our production facilities accordingly. If further technological and process improvements are necessary to adapt to the shift, we will invest in such development. Though it is true that the dynamics of the pharmaceutical industry will keep evolving, given the adaptability Incepta and other pharmaceutical companies have shown in recent years, I do not think the industry will face any problem adapting to the shift.

**Muntasir Hasnain Chowdhury and Mehrubul Haque:** Most pharmaceutical companies have been operating at overfull capacity for a while. What is the reason behind this phenomenon?

**Dr. Arefin Ahmed:** You would know that contract manufacturing is very prevalent among Bangladeshi pharmaceutical companies. Not only do the local pharmaceutical companies do it for foreign companies, but they also help each other during the period of necessity. Thus, whenever a company sees that some of its products have more demand than the company's own internal capacity can meet, it seeks out help from other local manufacturers. On the other hand, the company can also extend its own production shift. As a result, production for both the original manufacturers and the contractors goes beyond regular capacity. I would say that it is a creative approach that our local companies have developed in order to adapt to the increasing demand for pharmaceutical products.

**Muntasir Hasnain Chowdhury and Mehrubul Haque:** The TRIPS agreement will expire for Bangladesh in 2032. After the expiry of the agreement, Bangladeshi drug companies would not be able to manufacture patented drugs. How can pharmaceutical companies come up with a long-term plan against the backdrop of such a setback?

**Dr. Arefin Ahmed:** The most effective step in the current situation can be taken from the government's side. For example, the government should negotiate that the patent-protected drugs Bangladesh is already manufacturing and marketing would still be manufactured and marketed in a similar way after the

TRIPS waiver expiration. The expiration should only be applicable to patented items that Bangladesh will not have started manufacturing by the waiver expiration. Assuming such a regulatory environment would be managed, we would try to include as many patent-protected drug items in our portfolio as possible. Thus, we would be able to manufacture and market these items even after the waiver expires. On the other hand, we will also plead with the government to implement patent protection regulations inside Bangladesh in a liberal manner. As such, medicines that are affordable now would not become excessively expensive overnight.

**Muntasir Hasnain Chowdhury and Mehrubul Haque:** For the time being, APIs (Active Pharmaceutical Ingredients) are mostly imported from foreign countries. How can local API manufacturing help this industry, and what is your projected timeline for the industry to become self-sufficient?

**Dr. Arefin Ahmed:** In the current market, API is being imported from not only China and India but also the entire of Europe due to regulatory requirements for producing some of the more critical drugs. Due to the increase in dollar prices, the cost of materials for drugs is increasing and is putting immense pressure on manufacturing costs. Furthermore, as TRIPS is also expiring and Bangladesh is graduating from LDC, many patented drugs will not be available as easily unless the raw materials are produced locally. So, most of the prominent drug companies have already started their production and acquired plots in the government API project. However, with the API Park being fully functional by 2026, it will take at least 2032–2033 to be self-sufficient with backward linkage.

In this regard, Incepta has partnered with a Swiss organisation to manufacture machinery for API and drug production. They are also creating biotech drugs like insulin and vaccines to prepare for the expiration of TRIPS. The organisation is using this scenario for manufacturing hard-to-make APIs and drugs to capture the market share of niche products.

**Muntasir Hasnain Chowdhury and Mehrubul Haque:** Some of the most renowned pharmaceutical companies are planning to establish subsidiaries abroad. What are your thoughts regarding foreign operations and the establishment of such subsidiaries?

## How much do you think foreign revenue will contribute to this industry in the future?

**Dr. Arefin Ahmed:** Pharmaceutical companies are establishing subsidiaries for various reasons in overseas markets like Europe. It entirely depends on the particular pharma's overall strategy for export. Some have established subsidiaries to fulfil regulatory requirements. In Europe, as a fully regulated pharmaceutical market, it takes at least 4 to 5 years to get a drug license. Having a subsidiary in that region makes the process much faster.

In many African and South Asian countries, it is easier to get a registration compared to a more regulated and developed market. Once a pharmaceutical company has enough hold over any of these two places, this helps the company to better market its products, as countries in these regions prefer brands over the generic names of the drugs due to better credibility. Furthermore, with an established factory for production, they can easily capture better market share in those countries.

Another strategy to establish a foreign subsidiary is to partner with a company in that region. This mostly occurs in Europe and America, as it gives them various regulatory benefits when the pharmaceutical company is a recognised company in those regions. It also makes it easier for inspection, and the process becomes much easier to getting a drug license. Furthermore, once a subsidiary is established, it allows them to do business in huge volumes in Europe with a thin profit margin.

Another reason for foreign operations in markets like the US is an approved drug from their regulatory body, The United States Food and Drug Administration (FDA), which gives access to many markets in the world, even to developed markets like Australia. So, the initial investment of getting a drug registered helps them get free access and earn revenues from the drug sold to various regions of the world.

**Muntasir Hasnain Chowdhury and Mehrubul Haque:** What factors do you think will cause a major paradigm shift in the pharmaceutical industry in the upcoming days? What are your suggestions for remaining resilient in the face of change?

**Dr. Arefin Ahmed:** In a country of 165 million people with a changing lifestyle and an increasing fast-food culture, there is very little that can go wrong with the pharmaceutical industry. However, one of the major factors that could cause a paradigm shift or halt the growth of this sector is the expiration of the TRIPS agreement. To prevent this from happening, the government needs to draw up patent-related regulatory frameworks that protect pharmaceutical companies' ability to keep producing these drugs once TRIPS expires. For instance, a patented drug for hepatitis C produced in the US costs around USD 1,000. As Bangladesh is enjoying a waiver from TRIPS, organisations like Incepta can produce the vaccine and sell it for USD 10. So, ultimately, TRIPS expiration can increase some of the costs in the Bangladeshi market, which can be prevented with proper regulatory frameworks and support from the government before it expires.

**Muntasir Hasnain Chowdhury and Mehrubul Haque:** Do you think that generic name prescribing in the context of Bangladesh would help the industry?

**Dr. Arefin Ahmed:** Generic names will not help in the context of Bangladesh since the quality management of drugs is not fully regulated. One of the many reasons a doctor prescribes brand names in Bangladesh is the quality of the said drugs. This is evident, as there are more than 250 drug manufacturing companies in the country, but people only know about around 20 of them. If we look at the comparable countries in Asia and Africa, they follow the same trend of selling drugs. In the developed world, they all sell drugs with their generic names as they all have to go through stringent regulations to get a drug licensed. Also, in a country like Bangladesh, there could be a possibility of a price war if doctors were to prescribe the generic names of the drugs. In a developed world, the government buys drugs from pharmaceutical companies and provides for their citizens, unlike in our country, where, in most cases, each individual has to provide for their healthcare. Furthermore, if generic names were to be prescribed with no need to market the products, many people would lose their jobs, which would hamper the economy adversely. Ultimately, for a developing country like Bangladesh, prescribing the brand names of drugs is more realistic than generic names.



# FOOD PROCESSING INDUSTRY IN BANGLADESH: AN INDUSTRY SET TO RISE

Written by  
**Raiyan Rabbani**

The rise of foods and beverages that are ready to eat is unquestionably one of the factors contributing to the considerable changes in the food consumption patterns of consumers. Consumers believe that processed fruits and vegetables are healthier since they contain more nutrients than preserved foods. The top processed food producers are utilising the growing demand for processed foods as a chance to increase their market

shares. Given that the processed foods sector today contributes significantly to the national economy, this is one of Bangladesh's most lucrative industries. A sub-category of this market is the market for frozen foods, which is predicted to grow at a CAGR of 9.88% in the forecast period of 2022–2027. Listed below are a few of the top frozen food companies that are succeeding in the market.

Figure: Major Processed Food Producers of the Country



Source: Business Inspection

### Facts, Figures, and Consumer Trends in the International Market

The global fruit and vegetable processing market reached USD 304.50 billion in 2020 and is expected to register a CAGR of 7.30% in the upcoming years. Increasing consumer dependency on processed foods due to changing lifestyles is a key factor expected to continue to drive the revenue growth of the global fruit and vegetable processing market to a significant extent. Busy work schedules and changing trends in this regard are driving a steady shift towards more consumption of processed foods, and this is expected to fuel demand for processed fruits and vegetable products and accelerate revenue growth. Changes in the dietary habits of consumers are another factor expected to propel further the revenue growth of the fruit and vegetable processing market worldwide. The COVID-19 pandemic has changed the eating habits of a significant consumer base globally. Plummeted and limited access to regular grocery shopping outlets has resulted in many individuals consuming fewer fresh foods, mainly fruits, vegetables, and seafood. These have been replaced by more processed foods, such as convenience store food items, which are expected to

augment industry growth to a certain extent going ahead. Also, more automation and robotics are being used to process fruits and vegetables, which lowers operational costs and ensures growth.

The global food processing market is segmented into the fruit market and the vegetable market based on the types of products sold. The vegetable segment is expected to bring in the most revenue because the demand for processed vegetables, especially frozen vegetables, is rising around the world. This means that the CAGR forecast is also expected to grow in the future.

### Major Companies and the Global Competitive Landscape

The market is reasonably fragmented, with a large number of medium-sized market players. North America stands for the largest revenue share among other regional markets. In the coming days, Asia-Pacific is expected to experience the fastest revenue growth, while Europe is expected to experience significantly more stable revenue growth.

Major global players in this sector include,

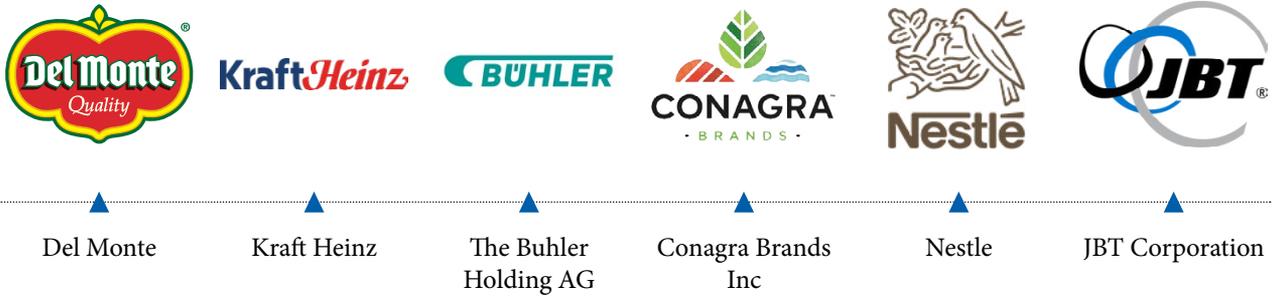
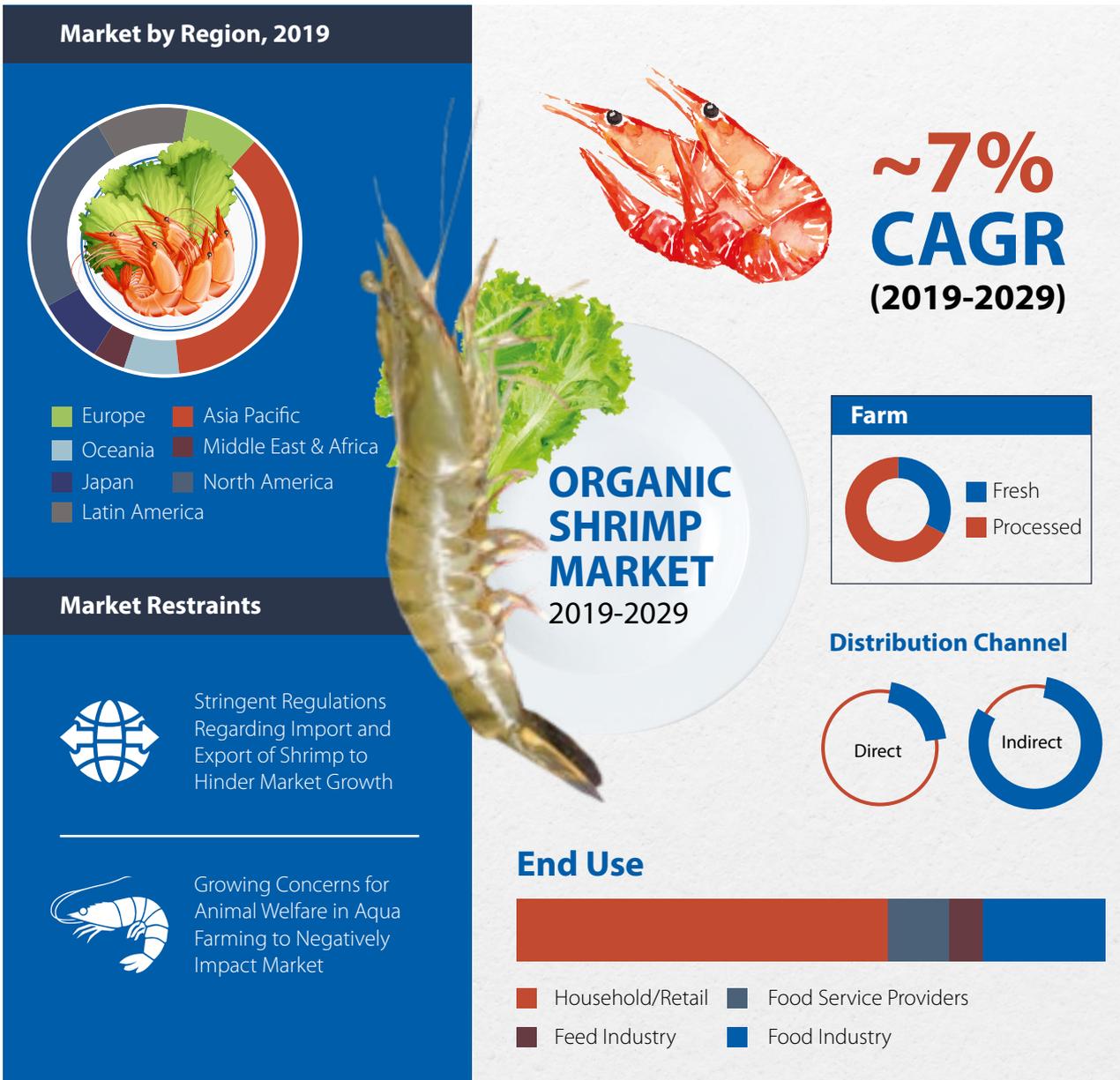


Figure: Global Organic Shrimp Market



Source: Transparency Market Research

The sub-categories in this market include the shrimp industry, where shrimp are packaged and processed for sale. In recent years, the desire for information about the sources and manufacturing procedures among consumers has increased the appeal of organic products. The worldwide organic shrimp market, which is anticipated to expand gradually at a CAGR of over 7%, has benefited from this trend as well. Manufacturers in the shrimp industry concentrating on improving packaging quality to extend shelf life are likely to see financial benefits and solidify their positions in the market. Due to growing consumer knowledge about the advantages of organic shrimp, Asia-Pacific is expected to continue to be the most attractive area for market participants.

### Facts, Figures, and Consumer Trends in the Domestic Market

The food processing sector accounts for over 22% of all production, and over 20% of the labour force is employed in this industry. A total of 2% of the country's GDP comes from the food processing industry.

Cereals, pulses, oilseeds, bakeries and confectioneries, fruits and vegetables, dairy products, carbonated beverages, non-carbonated fruit juices, drinks, other beverages, and various other food items are all processed in the food processing industry of Bangladesh. As per Bangladesh Agro Processors Association (BAPA), there are now 370 members who work in this expanding industry. These products are being exported to 70 countries throughout the world. The major export markets for processed products are Asia and Africa. Most of the processed goods that are exported are pickles, drinks, juices, spices, rice, teas, party snacks (chanachur), almonds, mustard oils, chips, biscuits, rose waters, candies, puffed rice, and potato flakes.

A report published by Bangladesh Investment Development Authority (BIDA) states that there are 1,000 food processors operating all over the country, of which 10% are classified as major and medium-sized businesses and the remainder as small businesses. The same report states that up to 2023, markets for edible oils, dairy products, and snacks are anticipated to rise gradually by about 6% per year. Processed fruits and vegetables, fish, and meats are among the products that are predicted to overgrow, with annual growth rates of 8%, 13%, and 13%, respectively. The demand for packaged or ready-to-cook foods is anticipated to keep proliferating, driven by factors such as rising per-capita income, increasing urban dwellers, increasing female labour force participation, and the resulting lifestyle changes. The need for healthy and secure food items is also being pushed by changing dietary habits and rising food quality and safety awareness.

### Export Trends in Bangladesh

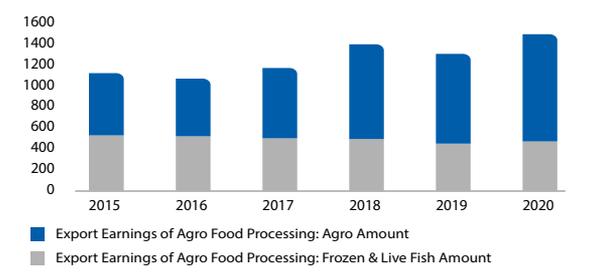
In terms of export potential, Bangladesh has achieved and will continue to achieve dramatic improvements due to a wide range of factors. Two major factors have been discussed below.



#### Lower Cost of Production:

Bangladesh has one of the lowest costs of production in the world because of a young, hardworking, and competitive labour force, as well as a robust incentive programme from the government that includes income tax exemptions and export subsidies. Increasing the export potential of food products made in Bangladesh will require taking advantage of the country's low costs.

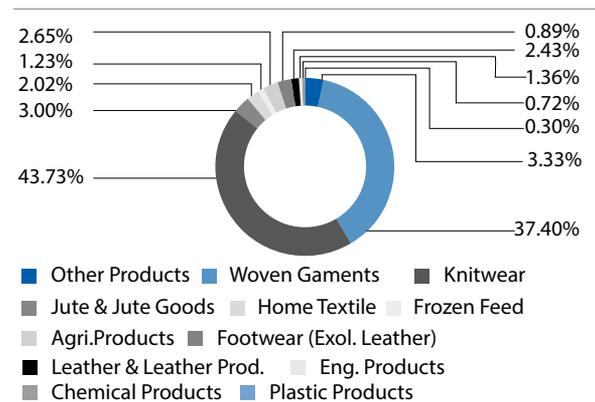
Figure: Export Earnings Trend in (In Thousand USD)



Source: Export Promotion Bureau

Access to Abundant Agro-Resources: Thanks to its farmers and fertile soil, Bangladesh is able to produce a variety of crops, including rice, sugarcane, jackfruits, mangoes, guavas, potatoes, eggplants, and tomatoes, as well as fisheries and livestock.

Figure: Bangladesh Export by Major Products during 2020-2021



The national economy is benefiting from the drastic improvements in the performance of the industry in terms of production and export performance. There are, however, some sub-categories of the industry that are better performing than the other sub-categories.

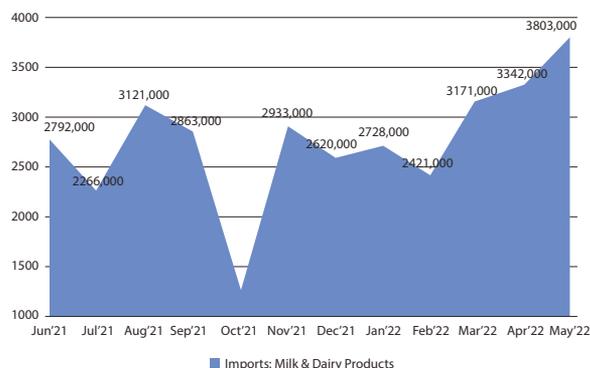


### Dairy Products:

The dairy industry in Bangladesh has suffered difficulties over the years. The Department of Livestock Services states that there are 1.40 million dairy farms with an average herd size of 1-3 cows. Many of these farms lack access to official markets to meet increasing demand. A programme was introduced in 1990 to support smallholder dairy producers and advance local agricultural production. It is obvious that setting up infrastructure for milk collection and building capacity has resulted in significant improvement over time. With a 91% self-sufficiency rate, Bangladesh is currently ranked 25th in the world for milk production. Milk consumption has climbed by 13% over the past ten years, while milk production has increased by 18%.

With the inclining trend in consumption of dairy products, increasing import is also prevalent with a spike in the current fiscal year.

Figure: Import Trend of Dairy Products in USD



Source: statista



### Edible Oil:

The projected market volume for packaged oil brands, which is 900,000 MT, accounts for about 35% of the

estimated 2,600,000 MT of total market volume for oil. More than two-thirds (69%) of the packaged oil market volume is fortified above the minimum fortification standard, and only around 5% of the packaged oil market volume is not fortified.



### Frozen and Ready-to-Cook Foods:

Bangladesh's consumer market has been expanding quickly in recent years. This growth is thought to be caused by Bangladesh's massive population base, which has raised the demand for processed food products. Over the past ten years, the processed food industry has seen a considerable expansion in both the market and the product lines. The market for frozen meals and ready-to-cook items is growing quickly in Bangladesh.

### Challenges in the Sector

Bangladesh's food processing sector is plagued by serious issues like lower capacity utilisation, outdated technology, and poor marketing. Due to the considerable variability in raw material quality, lack of adequate technology, and lack of skilled labour, the quality of the finished product is typically very low. The industry is struggling as a result of rising energy costs and serious power supply issues, uncertainty about the availability of sufficient quantities of raw materials, insufficient and costly cold chain facilities, and varying processing conditions from one raw material to the next. In order to maintain food safety standards and hygiene throughout the entire process, both the industry itself and government regulatory authorities should make a systematic effort.

However, lately, the defining characteristics of the industry have been the processing of increasingly diversified products to meet the changing demands of consumers. It will be the start of a new beginning for the processed food market. Observing the changing trends, the industry participants hope to carve a niche for themselves with strong market shares facilitated by growing a consumer base that is already there for processed food products. In the coming years, the food processing industry is likely to grow even more. This is because the middle class in Bangladesh is growing rapidly, and a significant portion of them want processed foods.



**S.A.M. Zakaria Hossain**

General Manager, Sales, Marketing and Brand Communication,  
Kazi Food Industries Limited

Interviewed by  
Raiyan Rabbani, Team MBR

*Mr. S.A.M. Zakaria Hossain is currently working at Kazi Food Industries Limited as General Manager, Sales, Marketing and Brand Communication. He has played an important role in establishing the brands, Bellissimo, Za 'n Zee, and Kazi Farms Kitchen, in the market with a distinctive image and brand affinity with positive brand equity. He has more than sixteen years of professional experience in the field of marketing, sales, brand management, media planning and buying, events and activation, public relations, and digital marketing. Team MBR was in a conversation with Mr. S.A.M. Zakaria Hossain and was fortunate enough to receive his take on the food processing industry in Bangladesh.*

**Raiyan Rabbani:** The food habits of consumers have changed a lot in recent years due to changes in their lifestyle. What other factors, besides this one, do you think have led to an increased preference for ready-made food?

**S.A.M. Zakaria Hossain:** There are several factors contributing to this behavioural shift towards ready-made food. One of the key factors is the increasing number of working women leaving for work while having less time to cook meals for the family. This also extends to providing tiffin for both parents and children at work and school. Ready-made foods are also becoming more available in the sub-urban markets, and the consumers in this segment have started moving towards ready-made foods. It is a quick solution for afternoon snacks or entertaining guests. The rise of online food delivery channels has also increased the demand for such ready-made foods.

**Kazi Food Industries Limited**

**Raiyan Rabbani:** In recent times, consumers are highly concerned about the ingredients of the feeds used to raise chickens on farms. How can industry participants gain the trust of consumers in this regard?

**S.A.M. Zakaria Hossain:** It is true that consumers are concerned about the ingredients of the feeds used to raise chickens. Conveying the messages of good quality ingredients or safe feeds used to raise chickens on farms using different marketing channels and regularly communicating them are important.

For example, Kazi Farms Kitchen strictly maintains four health promises: all Kazi Farms Kitchen products are prepared with chickens that are vegetable-fed, completely free of harmful preservatives, antibiotic residues, and tasting salts.

**Raiyan Rabbani:** The recent hike in fuel prices has skyrocketed production costs around the world. Will you kindly share how it has affected the food processing industry?

**S.A.M. Zakaria Hossain:** The recent hike in fuel costs has also heavily affected our food processing industry. Prices of most of the necessary raw materials have gone up significantly. The logistical costs have also gone up due to the increased fuel costs. As a result, we were forced to increase the prices of our products, and so did the most of the industry players. We also have to keep in mind that the increasing price also has an impact on the purchasing ability of the customers, and the increasing costs also affect the manufacturers as well as the suppliers related to the industry.

**Raiyan Rabbani: Processed foods like dried fish are expensive compared to the ones sold without processing. What are the main reasons why consumers prefer processed foods despite the higher prices?**

**S.A.M. Zakaria Hossain:** The main reason for consumers to prefer processed foods is convenience. The promise of quality is another contributing factor to this increased preference. Due to the busy lifestyle, especially in urban areas, processed foods allow consumers to quickly prepare food, and it provides a solution for afternoon snacks, guest entertainment, tiffin, and so on. Also, brand values have played a role in increasing customer preferences.

**Raiyan Rabbani: The food processing industry in Bangladesh is facing acute problems due to low capacity utilisation, technological obsolescence, and marketing shortfalls. How can the industry respond to these challenges?**

**S.A.M. Zakaria Hossain:** By practising GMP (Good Manufacturing Practice), increasing productivity, enhancing manpower utilisation, increasing machine efficiency, and effective co-ordination with different stakeholders, we may overcome these challenges. Including automation in the process lines, on-the-job training and development of the employees, and recruiting people with technical know-how and subject matter expertise are also important. Effective co-ordination among marketing, sales, R&D, supply chain management, production, and operations departments can prevent dysfunctional decision-making and reduce marketing shortfalls.

**Raiyan Rabbani: The products that the food processing industry produces are**

**quite homogeneous. What are the scopes for product differentiation and R&D in this sector?**

**S.A.M. Zakaria Hossain:** As the market is growing rapidly and not in an infant stage, new customers are joining regularly. So, there is scope for product differentiation and R&D. To get the competitive edge as well as to create a new customer base, product innovation and differentiation are needed. The market has the appetite to accept new innovations, and the scope ranges from product variety to food taste.

**Raiyan Rabbani: Our government is prioritising the food processing industry in order to boost the exports from this sector and meet the growing domestic demand. What is the policy support the industry requires to flourish?**

**S.A.M. Zakaria Hossain:** With government support already prioritising this industry, further policy support can be provided in some aspects. Farmers need to get a timely supply of seeds, fertilizers, and other necessary tools. Ensuring the right prices and eliminating middlemen will make them interested in producing more crops. We need to take the necessary initiatives to ensure proper utilisation of uncultivated lands. We also need to take the steps needed to make sure that other countries will accept our different compliance certifications.

**Raiyan Rabbani: Bangladesh faces increased competition while exporting its products to foreign markets. What would your suggestions be to maintain competitiveness in the export market?**

**S.A.M. Zakaria Hossain:** The government may intervene to bring more stability to the currency conversion rate. Subsidized utility support on exports can help gain a competitive edge in international markets. Also, it is needed to reduce the time it takes on the customs processing side. Reduction of transit time is required for efficient port operations. The government needs to take the necessary steps for easier regulations to enter into the international markets.



Organized by Grameenphone, Upskill, LightCastle Partners, and BetterStories, Demo Day for Grameenphone Accelerator 3.0 was held on September 21, 2022 at GP House, where six participating startups pitched their ventures to potential investors.

Among the startups, iPage is an AgroTech startup that uses data, machine learning, and AI to help smallholder farmers connect to the value chain of the agro sector. Another startup, Airwrk, is working to connect Bangladeshi tech talents to the global market. On the other hand, Lilac is a digital wellness platform focused on women's reproductive health, which started its journey in 2021 by introducing a subscription-based period care service to better address women's menstrual issues.

One of the participants, Onnow, is an internet restaurant platform whose journey began with the aim of helping small restaurants in Bangladesh with technology, digital marketing, food safety, and cost-effective food preparation methods, whereas Onethread is a Bangladeshi project

management SaaS software developed for agencies, startups, and online merchants to manage internal tasks and communication. Lastly, GameOf11 is a fantasy sports platform that is working to bring over 20 million Bangladeshi fantasy sports fans to a local platform.

Attendees from IDLC on the Demo Day

- Mr. Mustafizur Khan, Partner, IDLC VC Fund I, IDLC Asset Management Limited
- Mr. Reza Uddin Ahmad, Chief Investment Officer, IDLC Finance Limited
- Mr. Waheed Rashed Chaudhuri, Assistant Manager, IDLC Asset Management Limited
- Mr. Ahnaf Sadat Zakaria, Management Trainee, IDLC Asset Management Limited
- Mr. Raiyan Rabbani, Officer Grade-III, IDLC Finance Limited



## ৩৭ বছর ধরে সমৃদ্ধির পথে আপনার পাশে আইডিএলসি

দীর্ঘ ৩৭ বছর ধরে সহজ অর্থায়নের মাধ্যমে অগণিত গ্রাহকের স্বপ্নপূরণের সঙ্গী হয়ে পাশে ছিলাম আমরা।  
আগামীতেও থাকবো সাথে- এই আমাদের অঙ্গীকার।

ডিসপোজিট | এসএমই লোন | হোম লোন | কর্পোরেট লোন

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# Chowdhury's



## Rubayyat Chowdhury

Founder and CEO, Chowdhury's

### Interviewed by

Raiyan Rabbani, Team MBR

*Chowdhury's was started in December 2019 by Ms. Rubayyat Chowdhury and it works with handmade products. The owner's love for Bangladeshi handcrafted products and crafts led her to this venture. Since then, they have been making traditional outfits that include jamdani, cotton, half silk, organza silk, etc. for both men and women. They also sell hand-loomed rugs, wall hangings, and tapestries that are made by the local artisans. Team MBR was in a conversation with Ms. Rubayyat Chowdhury, Founder and CEO, Chowdhury's, to learn about her inspirations and vision behind Chowdhury's.*

**Raiyan Rabbani: Chowdhury's is in the business of making traditional outfits and handmade home decor. What were the motivations for you to enter into this business in the first place?**

**Rubayyat Chowdhury:** I have always loved desi sarees while choosing my own outfits, be that jamdani, monipuri, silk or cotton, from a deep love for desi outfits. I believe fashion reflects the traditions of a culture, and it is something that defines the culture. Our outfits are purely handmade, which represents the hard-work behind these outfits, and I want to represent these people of our country through the means of making these traditional outfits and handmade decor available to our target group.

**Raiyan Rabbani: Chowdhury's puts a strong emphasis on promoting the local textile and handicrafts industry. How successful is your venture in creating a positive impact on the local textiles and handicrafts industry?**

**Rubayyat Chowdhury:** I always believe, "You are the main promoter of your own brand." People have always admired me for those traditional outfits and the dedication of the people behind the brand. So, they purchase these products knowing that they are helping uphold the people behind the products. This has also motivated neighbouring women entrepreneurs to set up their own brands selling similar products.

**Raiyan Rabbani: Apparels of Chowdhury's are distinctive in terms of designs and choice of fabrics. Would you please kindly share**

**where Chowdhury's takes inspiration from while designing its products?**

**Rubayyat Chowdhury:** We have always put greater emphasis on local markets and traditional designs. We also take inspiration from the designs that have always been very close to us and the ones that we encounter every day, be they leaf or flower motifs, or abstract art. We also learned about different kinds of art, especially recent works by well-known artists like Mr. Ranjit Das.

**Raiyan Rabbani:** In the context of Bangladesh, doing something different as a woman is undoubtedly very challenging. Did you encounter any obstacles when you first attempted to start your own business? How did you tackle those problems?

**Rubayyat Chowdhury:** It is true that doing something different as a woman is undoubtedly very challenging in the context of Bangladesh, and it has been a roller coaster ride for me, like many others out there. Though I had full support from my whole family from the very beginning, especially from my husband, from managing the rural people to sourcing the raw materials, it has always been a tough journey. But, I have learned to manage them along the journey. I have always believed in hard work, patience, and politeness. They can overcome any obstacle in their way of success.

**Raiyan Rabbani:** The COVID-19 pandemic caused a severe economic downturn, and the downturn badly impacted the fashion industry. How did it affect your business? What measures did you undertake to remain resilient amid the pandemic?

**Rubayyat Chowdhury:** Like any other venture, Chowdhury's had to face the adversity of the pandemic. It had to keep its entire operations closed for three long months. As a result, the main victims of COVID-19

were our local weavers and craftsmen. During the initial period of COVID-19, we had no cash inflow. Luckily, at a later point, we managed to raise funds to look after our people. It was managed from our personal sources at that time, and we somehow managed to complete our pending deliveries by maintaining proper health guidelines the government imposed during the pandemic.

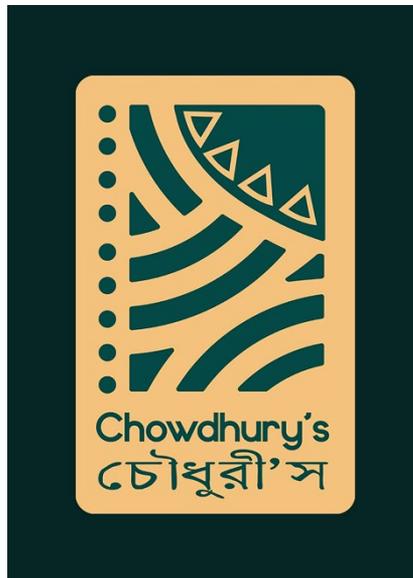
**Raiyan Rabbani:** As a relatively small venture, the reach of Chowdhury's to its target group is not yet at the optimum level with no web presence. How are you planning to expand your reach in the near future?

**Rubayyat Chowdhury:** Even though our online presence is relatively low in comparison to other similar ventures, we are working on developing a website of our own at present, and we are also planning to open our very own physical outlet in Dhaka very soon. This will allow our valuable customers to buy from the retail outlet directly, and thus the value and trustworthiness of the product will increase in comparison to only having a social media presence. We are also planning to export our products in the upcoming years.

**Raiyan Rabbani:** Sustainability is a trendy topic nowadays in the world of business, let alone in the fashion industry. What sustainable practices does Chowdhury's follow to ensure a better tomorrow?

**Rubayyat Chowdhury:** As our products are completely handmade, we have zero emissions and are able to minimise wastage compared to other polyester-made clothing. We try to keep a portion of our profits separate for our workers behind our venture so that they can get some financial support in case of any financial hardship they face.

**Raiyan Rabbani:** What are the challenges Chowdhury's facing in its way of smooth



operations? How are you planning to overcome them?

**Rubayat Chowdhury:** The increased cost of production is the main issue that we are currently facing. Prices of all the raw materials have increased due to rising inflation and higher import costs. As a result,

it has become a big challenge for us to keep the prices low. Either we have to pass the increased costs to our customers or we have to incur a loss. We are working on keeping the production costs low by going for mass production and putting emphasis on exporting to other countries.



## Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of September in positive territory. During the month, the broad index DSEX went up by 0.9%. Blue chip index DS30 and Shariah index DSES escalated by 2.1% and 1.5%, respectively in the month of September.

Among the regional peers, Sri Lanka reported the highest positive return of 9.5% followed by Pakistan (-2.9%) and Vietnam (-11.6%). MSCI Frontier Markets Index performance was negative by 7.5% in September. Over 5-year horizon, Sri Lanka (+54.3%) booked the most encouraging return.

Table 1: Equity market performance of Bangladesh and peer countries

Indices	Index Points, Sept 2022	Return*					
		1M	3M	YTD	12M	3Y	5Y
<b>Bangladesh</b>							
DSEX	6,512.9	0.9%	2.1%	-3.6%	-11.1%	31.6%	6.9%
DS30	2,330.4	2.1%	1.5%	-8.0%	-14.0%	32.4%	7.0%
DSES	1,419.7	1.5%	2.4%	-0.8%	-10.8%	24.7%	N/A
<b>Peer Countries</b>							
Pakistan (KSE 100)	41,128.7	-2.9%	-1.0%	-7.8%	-8.4%	28.2%	-3.0%
Sri Lanka (CSE - All Share)	9,931.1	9.5%	35.3%	-18.8%	5.0%	73.1%	54.3%
Vietnam (VNI)	1,132.1	-11.6%	-5.5%	-24.4%	-15.6%	13.6%	40.7%
<b>MSCI Frontier Markets Index</b>	<b>696.5</b>	<b>-7.5%</b>	<b>-3.6%</b>	<b>-21.7%</b>	<b>-20.8%</b>	<b>-4.0%</b>	<b>-10.7%</b>

\*All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

## Liquidity Condition in Equity Market of Bangladesh

During September, the total market capitalization increased by 0.2%. The daily average turnover of September was BDT 16.9 bn (USD 162.1 mn), increasing by 32.7% from that of the last month. Turnover velocity which represents overall liquidity of the market stood at 81.9% in September compared to 58.9% of last month. In 2021, turnover velocity of Bangladesh equity market was 65.3%, in comparison to 30.1% in 2020.

Table 2: Market capitalization and turnover statistics

Particulars	30-Sep-22	31-Aug-22	% change
Total market capitalization (USD* mn)	49,872	49,767	0.2%
Total equity market capitalization (USD mn)	43,400	43,287	0.3%
Total free float market capitalization (USD mn)	16,958	16,811	0.9%
Daily Avg. Turnover (USD mn)	162.1	122.2	32.7%
Turnover Velocity~	81.9%	58.9%	N/A

\*All USD figures are converted using an exchange rate of 104.25 as of October 03, 2022 as per Bangladesh Bank website.

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

### Historical Index Points and Market Participation Data

Since its inception on January 27, 2013, DSEX yielded a holding period return of 60.6% till September, 2022. During the same period, daily average turnover of the market amounted to BDT 6.9 bn (USD 65.7 mn) (Figure 1).

Figure 1: DSEX since inception along with market turnover



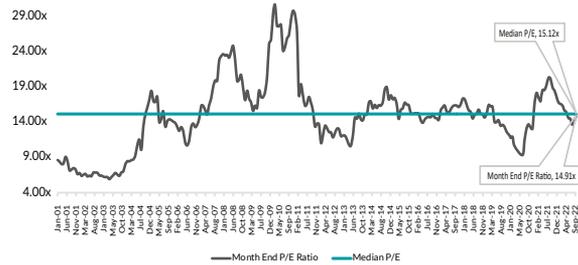
Source: DSE

### Market Valuation Level - P/E Ratio

The market P/E increased to 14.91x in September compared to last month's 14.13x. It is slightly lower than the 22 years' median market P/E of 15.12x (Figure 2). In terms of trailing 12 month P/E ratio, the equity market of Bangladesh is the cheapest among its regional peers after Vietnam. (Figure 3).

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

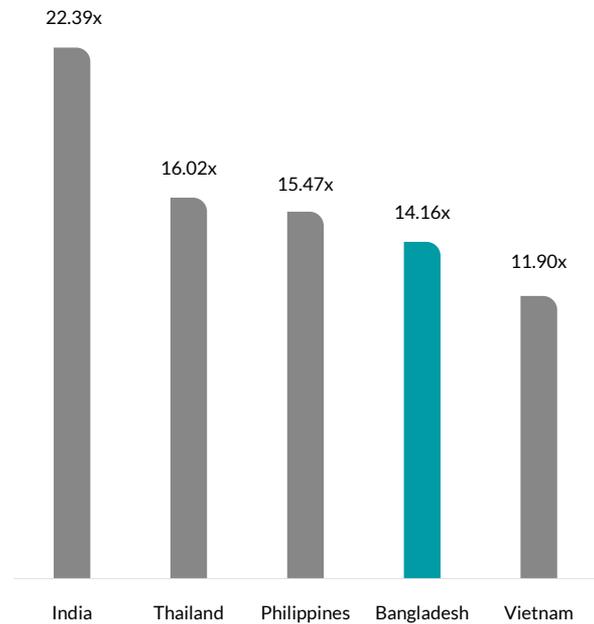
Current Market P/E\* in Context of History



\*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

Figure 3: Current market P/E\* of Bangladesh and peer countries



\*Trailing 12 month P/E as of September 03, 2022.

Source: IDLC, Bloomberg

### Sector Performance

Majority of the large cap sectors posted positive returns in September 2022. Miscellaneous posted the highest positive return of 4.3% followed by Pharmaceuticals & Chemicals (+3.7%). On the other hand, Textile faced correction of 6.3% followed by Bank (-1.70%), Fuel & Power (-1.00%), Food & Allied (-0.60%), Engineering (-0.40%), and Telecommunication (-0.30%)

Telecommunication sector has the highest dividend yield of 6.1% 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	7,215	3,925	3.7%	5.4%	5.2%	0.1%	59.5%	59.4%	17.3	3.3	1.9%
Bank	6,386	3,444	-1.7%	-3.1%	-5.5%	-5.7%	28.4%	3.4%	6.1	0.7	3.9%
Telecommunication	5,577	616	-0.3%	-2.0%	-14.0%	-22.0%	4.2%	-0.3%	15.5	6.1	6.1%
Engineering	5,158	1,143	-0.4%	-1.8%	-3.9%	-15.0%	68.5%	34.4%	18.0	2.6	2.0%
Fuel & Power	4,379	1,268	-1.0%	-3.5%	-1.0%	-12.3%	12.5%	29.5%	10.4	1.5	5.4%
Food & Allied	3,723	1,179	-0.6%	-3.4%	-12.5%	-14.9%	46.6%	72.9%	17.9	8.7	4.3%
Miscellaneous	2,531	1,120	4.3%	1.8%	-6.1%	-4.1%	112.1%	149.4%	11.4	2.8	2.1%
NBFI	1,895	614	-6.3%	0.0%	-12.8%	-29.7%	28.5%	-14.9%	25.9	2.1	1.8%
Textile	1,686	964	-6.3%	3.0%	8.5%	-3.5%	44.1%	18.8%	15.9	1.2	2.4%
Cement	1,192	461	-4.3%	3.1%	-2.0%	-25.1%	59.5%	0.4%	20.5	3.3	3.0%
Non-life Insurance	881	499	-5.3%	-8.7%	-32.7%	-35.4%	75.8%	122.6%	13.7	1.8	3.3%
Life Insurance	660	402	3.0%	13.5%	-3.8%	-10.8%	21.5%	52.1%	1.1	7.3	1.8%
Tannery	325	172	1.6%	-2.1%	-0.2%	8.6%	35.0%	20.0%	25.1	3.0	0.9%
IT	358	221	12.4%	14.2%	19.0%	6.5%	70.2%	25.5%	25.9	3.0	1.2%
Ceramics	331	132	1.5%	-5.5%	12.6%	-1.9%	46.9%	33.5%	29.7	2.2	1.8%
Travel & Leisure	411	216	34.4%	47.6%	66.4%	44.1%	121.1%	104.1%	28.9	1.5	1.0%
Paper & Printing	352	122	7.6%	30.2%	2.0%	49.5%	126.1%	-10.2%	39.6	2.6	0.7%
Services & Real Estate	320	166	6.4%	34.3%	39.9%	18.1%	128.3%	42.9%	23.2	1.9	2.4%
Jute	25	13	25.7%	30.2%	24.6%	9.3%	-26.1%	44.3%	152.0	7.6	0.1%
<b>Market</b>	<b>44,123</b>	<b>16,958</b>	<b>0.9%</b>	<b>2.1%</b>	<b>-3.6%</b>	<b>-11.1%</b>	<b>31.6%</b>	<b>6.9%</b>	<b>12.3</b>	<b>1.9</b>	<b>3.4%</b>

\*All returns are Holding Period Return.

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

^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, all cap classes remained negative in September except Mid Cap. Large Cap was the highest dividend yielding (4.0%) class.

Table 4: Performance of different market cap classes

Cap Class	Definition based on market capitalization (USD mn)	% of total equity Meap	Return*						P/E (x)	P/BV (x)	Dividend Yield
			1M	3M	YTD	12M	3Y	5Y			
Large	≥97	76.9%	-0.3%	-1.6%	-7.3%	-13.3%	58.6%	59.0%	11.6	1.8	4.0%
Mid	29-96	12.6%	2.9%	9.1%	10.9%	0.0%	-21.8%	-36.5%	8.9	1.8	2.1%
Small	10-28	7.8%	-1.8%	4.7%	-0.8%	-13.5%	92.9%	57.8%	22.8	1.2	3.0%
Micro	<10	2.7%	-3.7%	6.0%	-0.6%	-3.4%	-80.7%	-85.1%	31.4	0.8	2.7%
<b>Market</b>	-	<b>100.0%</b>	<b>0.9%</b>	<b>2.1%</b>	<b>-3.6%</b>	<b>-11.1%</b>	<b>31.6%</b>	<b>6.9%</b>	<b>12.3</b>	<b>1.9</b>	<b>3.4%</b>

\*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, BEACONPHAR (+22.20%) advanced the most, followed by BEXIMCO (+12.60%). On the other hand, LHBL (-4.70%) faced the highest correction.

Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BEACONPHARMA (+1520.40%), BEXIMCO (+486.20%), MARICO (+178.00%), UPGDCL (+144.40%), BSCCL (+108.60%) and RENATA (+105.10%).

Among the scripts, GP, UPGDCL, TITASGAS, BATBC and POWERGRID 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	3,712	371	0.37	-0.4%	-2.6%	-15.0%	-21.9%	-7.1%	-11.3%	11.2	13.3	8.7%
WALTONHIL^	Engineering	3,044	30	0.02	1.4%	-2.9%	-7.5%	-16.7%	N/A	N/A	26.1	4.0	1.4%
BATBC	Food & Allied	2,687	711	1.05	-0.1%	-4.6%	-14.6%	-16.6%	52.5%	79.5%	15.3	8.5	5.3%
SQURPHARMA	Pharmaceuticals & Chemicals	1,784	1,165	0.91	-0.6%	-3.2%	-2.1%	-11.1%	6.4%	-3.2%	9.8	2.6	2.9%
ROBI^	Telecommuni-cation	1,507	151	0.03	0.0%	-0.3%	-13.0%	-27.2%	N/A	N/A	300.0	2.6	0.7%
RENATA	Pharmaceuticals & Chemicals	1,340	653	0.50	-0.5%	-3.2%	-0.7%	1.0%	41.1%	105.1%	25.5	7.1	1.0%
UPGDCL	Fuel & Power	1,308	131	0.14	-0.9%	-5.3%	-3.6%	-17.0%	-4.2%	144.4%	10.2	5.1	7.2%
BEXIMCO	Miscellaneous	1,120	740	15.96	12.6%	2.6%	-10.2%	-1.0%	679.4%	486.2%	7.6	1.9	2.6%
LHBL	Cement	839	296	4.40	-4.7%	10.1%	9.5%	-15.8%	127.7%	37.1%	20.1	5.6	3.3%
BERGERPBL	Miscellaneous	774	39	0.07	-2.8%	0.3%	0.2%	-2.2%	20.6%	80.0%	21.9	11.1	2.3%
MARICO	Pharmaceuticals & Chemicals	734	73	0.21	-1.7%	0.4%	9.2%	7.7%	60.6%	178.0%	17.7	41.6	3.3%
ICB	NBFI	734	26	0.07	-2.0%	-6.5%	-23.3%	-38.5%	15.3%	-28.5%		8.0	1.2%
BXPBARMA	Pharmaceuticals & Chemicals	728	509	1.85	2.9%	10.0%	-11.7%	-28.1%	132.5%	87.0%	13.5	2.5	2.1%
BEACONPHAR	Pharmaceuticals & Chemicals	700	490	0.95	22.2%	22.2%	29.7%	48.1%	1082.7%	1520.4%	60.9	24.7	0.5%
BRACBANK	Bank	553	297	0.22	-0.3%	-7.2%	-24.0%	-11.7%	-19.5%	-17.2%	13.1	1.5	1.8%
ISLAMIBANK	Bank	508	228	0.25	-0.6%	0.0%	2.8%	9.3%	65.1%	12.1%	3.9	0.9	3.0%
DUTCHBANGL	Bank	422	55	0.24	-2.6%	-3.2%	-8.8%	-11.9%	36.0%	56.5%	8.8	1.7	2.5%
TITASGAS	Fuel & Power	388	97	0.53	-3.5%	-4.4%	12.7%	-2.1%	36.1%	16.7%	14.2	0.6	5.4%
POWERGRID	Fuel & Power	362	91	0.79	-3.1%	-6.9%	-11.1%	-13.3%	2.0%	21.8%	6.7	0.7	3.8%
BSCCL	Telecommuni-cation	358	94	1.11	1.1%	3.2%	7.7%	5.5%	94.3%	108.6%	15.6	5.7	1.6%
<b>Market</b>		<b>44,123</b>	<b>16,958</b>	<b>162.07</b>	<b>0.9%</b>	<b>2.1%</b>	<b>-3.6%</b>	<b>-11.1%</b>	<b>31.6%</b>	<b>6.9%</b>	<b>12.3</b>	<b>1.9</b>	<b>3.4%</b>

\*All returns are Holding Period Return.

^WALTONHIL got listed on September 23, 2020.ROBI got listed on February 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, CAPM unit Fund (+14.8%) yielded the highest return. On YTD basis, all these funds outperformed compared to market except Fourth ICB Unit Fund, Peninsula AMCL BDBL Unit Fund One, CAPM Unit Fund and Seventh ICB Unit Fund.

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

Name	Asset Management Company	Fund Size (USD mn)	NAV Return		
			2022 YTD*	2021	2017-2021
CAPM Unit Fund	CAPM	1.6	5.4%	29.6%	14.8%
Seventh ICB Unit Fund	ICB	3.9	-5.0%	34.2%	14.3%
Second ICB Unit Fund	ICB	2.0	-0.3%	41.5%	14.2%
UFS-Pragati Life Unit Fund	UFS	1.2	-8.0%	27.3%	13.3%
Peninsula AMCL BDBL Unit Fund One	IDLC	2.4	-5.7%	25.7%	11.8%
Sixth ICB Unit Fund	ICB	2.7	-1.9%	29.6%	11.6%
Third ICB Unit Fund	VIPB	3.3	-1.6%	26.0%	11.6%
Fourth ICB Unit Fund	ICB	2.0	-6.8%	36.1%	11.4%
LankaBangla 1st Balanced Unit Fund	ATC	4.3	-3.1%	21.9%	11.2%
ICB AMCL Pension Holders' Unit Fund	ICB	3.9	-0.6%	27.5%	10.7%
<b>Market (Broad Index) Return (%)</b>			<b>-3.6%</b>	<b>25.1%</b>	<b>6.1%</b>

\*Based on published NAV and DSEX point of September 29, 2022

All the top ten closed end mutual funds on the basis of 5 years (2017-2021) outperformed the market during the same horizon. Among them PRIME1ICBA (+12.4%) posted the highest return. On the YTD basis, CAPMBDBLMF (+8.4%) and ICBEPMF1S1 (+3.4%) were the top performers.

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

DSE Code	Fund Manager	Fund Size (USD mn)	Price <sup>1</sup> (BDT)	NAV <sup>1</sup> (BDT)	Price/NAV	Dividend Yield <sup>2</sup> (%)	NAV Return <sup>3</sup>				Redemption Year <sup>4</sup>
							2022 YTD	2021	2019-2021	2017-21	
PRIME1ICBA	990.0	9.5	7.7	9.9	77.8%	6.5%	0.0%	35.8%	17.3%	12.4%	2030
1STPRIMFMF	289.6	2.8	17.0	14.5	117.4%	5.9%	2.6%	38.5%	17.3%	12.0%	2029
ICBSONALI1	1,008.0	9.7	7.8	10.1	77.4%	6.4%	1.0%	26.6%	13.7%	10.9%	2023
PF1STMF	573.6	5.5	10.6	9.6	110.9%	4.7%	-0.6%	39.6%	16.9%	10.9%	2030
ICBEPMF1S1	713.3	6.8	7.1	9.5	74.7%	7.0%	3.4%	38.2%	17.7%	10.6%	2030
ICBAMCL2ND	517.0	5.0	8.7	10.3	84.1%	6.9%	1.9%	36.2%	16.1%	10.5%	2029
ICB3RDNRB	928.0	8.9	6.5	9.3	70.0%	7.7%	2.2%	36.2%	16.8%	10.4%	2030
GRAMEENS2	3,471.0	33.3	15.2	19.0	79.9%	9.9%	-1.3%	18.2%	9.2%	9.8%	2028
CAPMBDBLMF	628.1	6.0	10.1	12.5	80.6%	7.9%	8.4%	29.9%	12.4%	9.3%	2027
RELIANCE1	828.2	7.9	10.8	13.7	78.9%	9.3%	1.7%	19.2%	8.7%	9.0%	2031
<b>Market</b>							<b>-3.6%</b>	<b>25.1%</b>	<b>7.9%</b>	<b>6.1%</b>	

1 Price as on October 02, 2022 and index value as on September 29, 2022.

2 On last cash dividend declared.

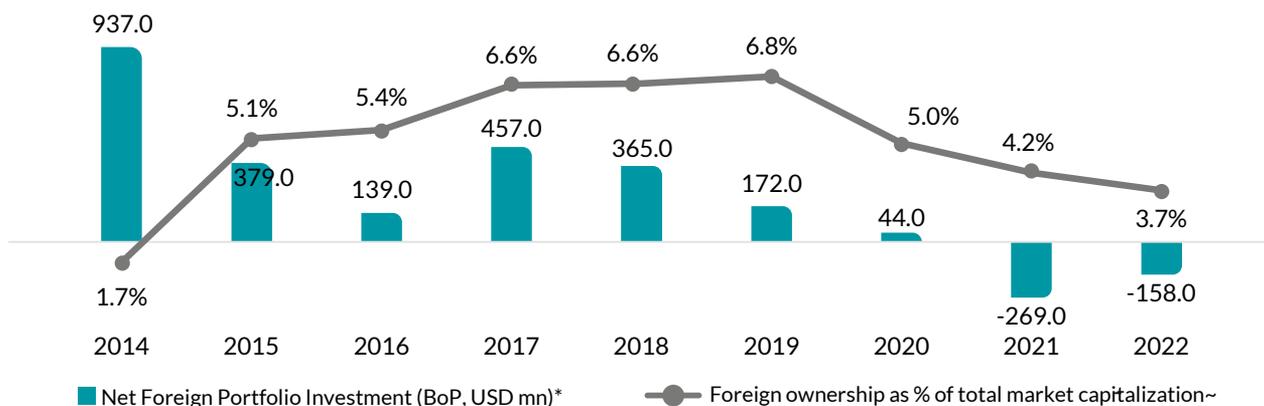
3 CAGR computed for respected periods, except for 2021 and 2022 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

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

## Foreign Participation in Equity Market of Bangladesh

Over last 5 years, Bangladesh equity market has seen a surge of foreign investment. As of August 2022, total foreign ownership stood at 3.7% of the total equity market capitalization, which was only 1.7% in December 2014.

Figure 4: Net foreign portfolio investment and foreign ownership as % of total equity market capitalization



Source: DSE and Bangladesh Bank

~% of foreign ownership of equity market capitalization data are as of December of the respective years

Among all the companies with foreign ownership, BRACBANK had the highest foreign shareholding of 35.2% as of August 2022, followed by BXPHERMA with 28.3%.

Table 8: Top ten companies with highest foreign shareholding as of July 2022

Ticker	Sector	Foreign Shareholding*
BRACBANK	Bank	35.2%
BXPHERMA	Pharmaceuticals & Chemicals	28.3%
RENATA	Pharmaceuticals & Chemicals	22.9%
ISLAMIBANK	Bank	20.6%
OLYMPIC	Food & Allied	20.1%
DBH	NBFI	18.9%
BSRMLTD	Engineering	17.5%
SQURPHARMA	Pharmaceuticals & Chemicals	13.6%
SHEPHERD	Textile	9.5%
UTTARAFIN	NBFI	7.8%

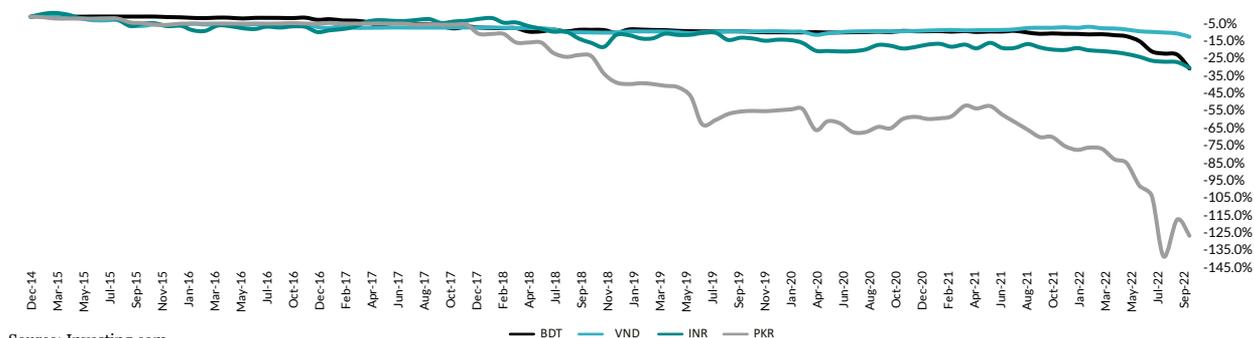
Source: DSE

\*Latest data for foreign shareholding available on DSE are as of August, 2022.

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

Since 2015, BDT retained its value better than majority of the currencies of peer countries. While BDT depreciated by 29.7% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 11.5%, 29.3% and 125.8%, respectively.

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



Source: Investing.com

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