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IDLC MONTHLY

BUSINESS

REVIEW

**The Local Textile Industry
of Bangladesh:**
A Signature of Our Culture

 **IDLC**
Finance Limited

financing happiness



আইডিএলসি ফিক্সড ডিপোজিট

আস্থা থাক বিশ্বস্ত হাতে

আইডিএলসি'র কাছে আপনার প্রতিটি টাকা বিশ্বাসের আমানত। তাই, গত ৩৪ বছর ধরে স্বচ্ছতা, সর্বোচ্চ সুশাসন ও ফাইন্যান্সিয়াল সেক্টরের অভিজ্ঞতাকে দক্ষতার সাথে কাজে লাগিয়ে ব্যবসা পরিচালনা করছি আমরা। যেনো আপনার টাকা নিশ্চিতভাবে বাড়তে থাকে নিরাপদে।

- দেশজুড়ে ২০টি জেলা শহরে ৪০টি শাখা
- আপনার সেবায় ১৪০০ জন নিয়োজিত কর্মী
- শ্রেণিকৃত ঋণের পরিমাণ মাত্র ২.৯৪%
- সর্বোচ্চ সুশাসনের জন্য একাধিক আন্তর্জাতিক স্বীকৃতি ও পুরস্কার প্রাপ্তি
- ৩ মাস থেকে শুরু করে বিভিন্ন সুবিধাজনক মেয়াদে ডিপোজিট করার সুবিধা
- AAA ক্রেডিট রেটিং প্রাপ্ত

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THE LOCAL TEXTILE INDUSTRY OF BANGLADESH: A SIGNATURE OF OUR CULTURE

Clothing is one of the basic needs that represents one's culture, moral and economic standard. Once our local textile represented us in the world with glory through Jamdani and Moslin.

With passage of time, our attention was driven more towards RMG and we have secured third position in the global market but it is high time to nurture the local textile industry again as this sector has a mammoth domestic market, worth of USD 7 billion Dollar.

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FROM THE

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The Local Textile Industry of Bangladesh: A Signature of Our Culture

Clothing is one of the basic needs of human life for survival that comes after food but it is more than an essential requirement as it represents the uniqueness and identity of a nation. We have represented our heritage in the global stage through Jamdani and Moslin. With passage of time, our concentration moved towards the RMG and we, through leveraging our competitive advantage of low cost production, have secured the third position in the world.

Although it is very common to associate the RMG sector with local textile industry, RMG is different from local textile. RMG sector is engaged in manufacturing export oriented products while the local textile holds the aim to serve the native demand.

The local textile has to go through five distinctive steps to produce the finished goods. The process starts from import of cotton, and then we move to spinning which means the production of yarn. After producing yarn we move to the next step and it is weaving where grey fabrics are produced. Then we move to the fourth step where grey fabrics move into dyeing and printing

factories and finally, we step into the final stair and it is the finished goods.

The size of local textile industry is immense and its market size is of USD 7 billion dollar. Although there is a trend of duplicating the design of neighboring countries but our local brands, for example: Yellow, Sailor, Aarong, etc. are promising and we hope that in the near future we will cater our domestic market with own distinctiveness.

Nothing is beyond challenges and limitations, and our local textile industry also has certain challenges which range from scarcity of investment to reform of existing policies. Yet, we can see a prospective future of this sector, and proper nurture of this segment will let us set our footprint in abroad as well, after fulfilling the domestic demand.

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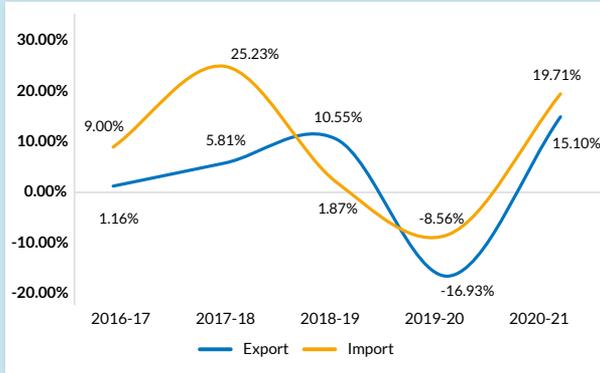
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ECONOMY AT A GLANCE

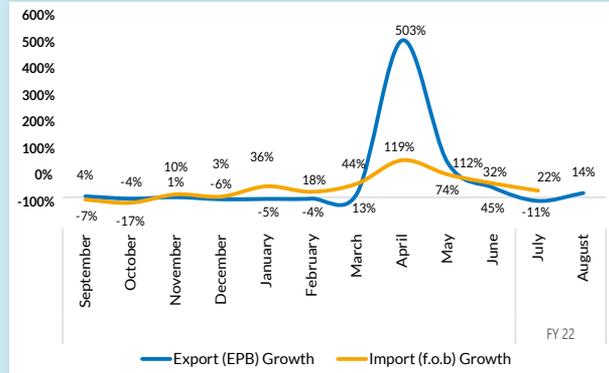
Prepared by IDLCSL Research Team

EXPORT-IMPORT

Growth in Export-Import trade (Last 5 Years)



Export & Import Growth (Last 12 months)

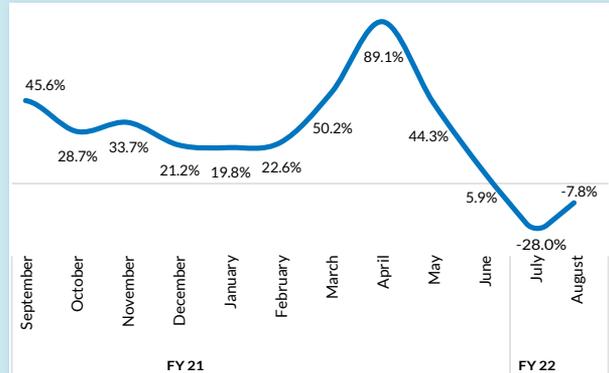


REMITTANCE

Remittance Growth (Last 7 years)

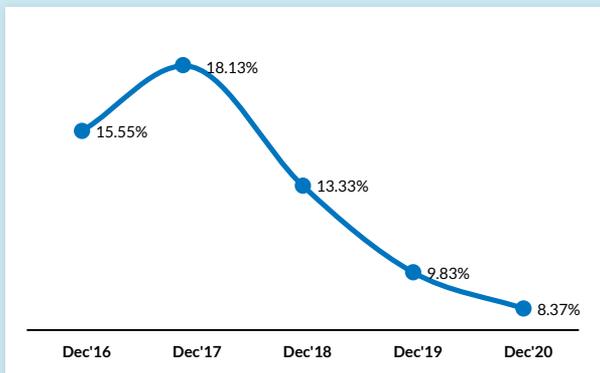


Remittance Growth (Last 12 Months)



PRIVATE SECTOR CREDIT GROWTH

Private credit growth (Last 5 years)



Private sector credit growth (Last 12 months)



■ MONTH IN BRIEF

● The Bangladesh Bank has decided to mop up excess liquidity from banks by issuing bills, **aiming to control price pressure and keep the money market stable.**

● The government is going to set up the country's biggest solar power plant in Madarganj upazila of Jamalpur, in a move to raise **the share of renewable energy in total power generation to 10 per cent by 2025.**

● The securities regulator has approved the IPO (initial public offering) proposal of Sena Kalyan Insurance Company which will **raise a capital worth Tk 160 million under the fixed price method.**

● **French Development Agency (AFD) would provide euro 50 million worth of loan to Bangladesh AFD aimed at expanding renewable energy in rural areas.** The funds would be spent on the expansion of renewable energy uses in villages through the private sector's small and medium enterprises (SMEs) and cooperatives.

● **The central bank asked all the scheduled banks not to fix interest rate on term deposits** below the annual average inflation rate to protect depositors' interests, as they count small returns.

● The government has reduced import duty on rice to **25.75 per cent from 62.5 per cent in a bid to rein in the prices of the staple in the local market.**

● The National Board of Revenue will launch an electronic tax deducted at source (e-TDS) system in September to automatically settle claims of tax and **refund advance income tax for taxpayers. The system offer taxpayers an automated chalan.**

● Per capita income in Bangladesh rose by **10 per cent year-on-year to \$2,227 in the just-concluded fiscal year**

● **The government's revenue earnings from the Dhaka Stock Exchange (DSE) rose 54 per cent** year-on-year in the first month of the current fiscal year as trading volume was on the rise.

● Two refinancing schemes worth Tk 35 billion are being launched to help out **Covid-hit agriculture and tourism sectors under government stimulus packages.**

A PORTION OF SAVINGS DEPOSIT MAY MOVE INTO FIXED OR TERM DEPOSIT. AS A RESULT, COST OF DEPOSIT WILL GO UP.

Syed Mahbubur Rahman, managing director (MD) and chief executive officer (CEO), Mutual Trust Bank Limited on Bangladesh Bank order on no deposit rates below inflation.

It's a positive initiative of the central bank for mopping up the surplus liquidity from the country's banking system.

Khondaker Golam Moazzem, Research Director, Centre for Policy Dialogue (CPD) on Bangladesh Bank to mop up excess liquidity from the market.

Our collection fell in the third and fourth week of July due to Eid and virus curbs. Even after these limitations, we are pleased with the positive growth.

M Fakhru Alam, Commissioner, Customs House regarding Ctg customs' July revenue logs 3.5% year-on-year growth.

The main objective of the project is to increase power generation from renewable (solar) energy sources, diversify energy in power generation and reduce carbon emissions.

Md. Ferdous Rahman, Executive Engineer, Rural Power Comoany regarding building the country's biggest solar power plant in Madarganj upazila of Jamalpur.

Credit card transactions accelerated in June this year due to advanced purchases for Eid-ul-Azha and increased payments on e-commerce platforms.

Syed Mohammad Kamal, Country Manager, MasterCard Bangladesh on credit card use hitting a record high.

We will allocate 450 MHz new spectrum to operators, and hope that by the end of 2022 their service quality will improve further.

Brigadier General Shahidul Alam, Director General (spectrum), BTRC on BTRC to allot 450 MHz spectrum to telcos.

Country	Nominal GDP: October, 2020 (USD in billion)	Real GDP Growth: October 2020 (yearly % Change)	Inflation Point to point (%)		Current Account Balance: (% of GDP)	Interest Rates (%), Ten years treasury bond	Currency Units (per USD)
Frontier Market							
Sri Lanka	81.1	-4.55	6.00	August-21	-3.63	9.89	200.00
Vietnam	340.6	1.60	2.82	August-21	1.61	2.02	22,760.00
Kenya	101.0	1.05	6.57	August-21	-4.90	12.67	109.90
Nigeria	443.0	-4.28	17.38	July-21	-3.65	11.55	411.50
Bangladesh	354.2	5.47	5.36	July-21	-1.08	5.96	85.20
Emerging Markets							
Brazil	1,363.8	-5.80	8.99	July-21	0.27	10.71	5.19
Saudi Arabia	680.9	-5.44	0.40	July-21	-2.51	N/A	3.75
India	2,935.6	-10.29	5.59	July-21	0.33	6.16	72.98
Indonesia	1,088.8	-1.50	1.59	August-21	-1.30	6.18	14,260.00
Malaysia	336.3	-6.00	2.20	July-21	0.94	3.22	4.14
Philippines	367.4	-8.26	4.00	July-21	1.61	4.18	49.87
Turkey	649.4	-4.99	19.25	August-21	-3.66	17.03	8.30
Thailand	509.2	-7.15	0.45	July-21	4.17	1.61	32.48
China	14,860.8	1.85	1.00	July-21	1.30	2.85	6.45
Russia	1,464.1	-4.12	6.46	July-21	1.17	7.02	72.75
Developed Markets							
France	2,551.5	-9.76	1.90	August-21	-1.92	-0.02	0.84
Germany	3,780.6	-5.98	3.90	August-21	5.75	-0.37	0.84
Italy	1,848.2	-10.65	2.10	August-21	3.23	0.70	0.84
Spain	1,247.5	-12.83	3.30	August-21	0.54	0.33	0.84
Hong Kong	341.3	-7.47	3.70	August-21	4.35	1.03	7.77
Singapore	337.5	-6.00	2.50	July-21	14.98	1.39	1.34
United States	20,807.3	-4.27	5.40	July-21	-2.12	1.33	1.00
Denmark	339.6	-4.50	1.60	July-21	6.37	-0.06	6.26
Netherlands	886.3	-5.40	1.40	July-21	7.56	-0.25	0.84
Australia	1,334.7	-4.16	3.80	June-21	1.85	1.25	1.34
Switzerland	707.9	-5.30	3.90	July-21	8.48	-0.34	0.91
United Kingdom	2,638.3	-9.76	2.00	July-21	-2.05	0.71	0.72

Bangladesh data: GDP size and real GDP are sourced from Bangladesh Bureau of Statistics as per 2020-21 data. Calculation Method of CA Balance (% of GDP): CA balance of FY21 / GDP of FY21.

Interest rate (%) 10 years TB as per August, 2021, Inflation as per July, 2021 and Currency Unit (per USD) as per 5th September, 2021 are sourced from Bangladesh Bank

Nominal GDP: Data of all countries apart from Bangladesh is sourced from IMF estimates of 2020 data (October, 2020 Outlook)

Real GDP Growth and Current Account Balance: Data of all countries apart from Bangladesh is sourced from IMF estimates of October, 2020 data (World Economic Outlook, October 2020)

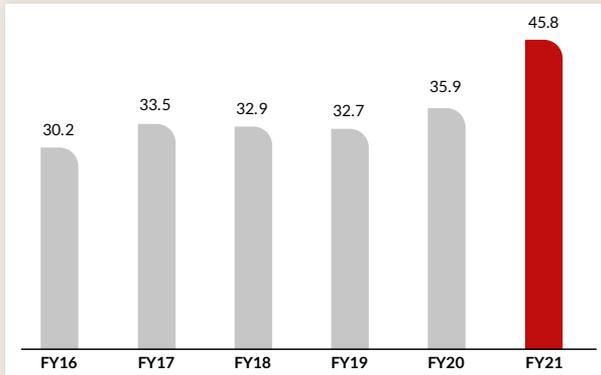
Inflation: Data of all countries apart from Bangladesh is sourced from tradingeconomics.com as per 5th September 2021

Interest rates 10 years TB and Currency Unit: Data of all countries apart from Bangladesh is sourced from Investing.com as per 5th September 2021

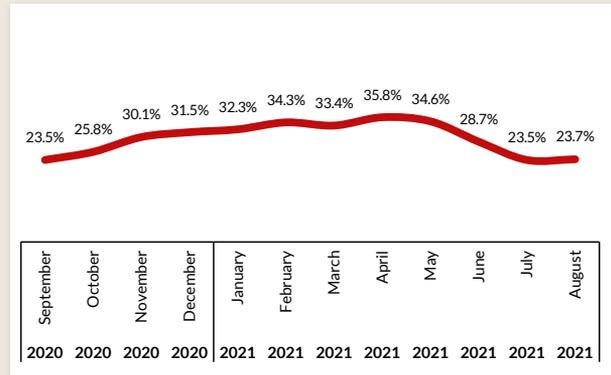
BANKING DATA CORNER

Prepared by IDLCSL Research Team

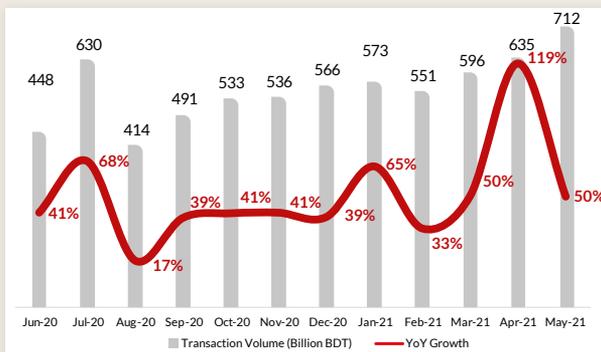
Foreign Exchange reserve (In billion USD, Last 5 Years)



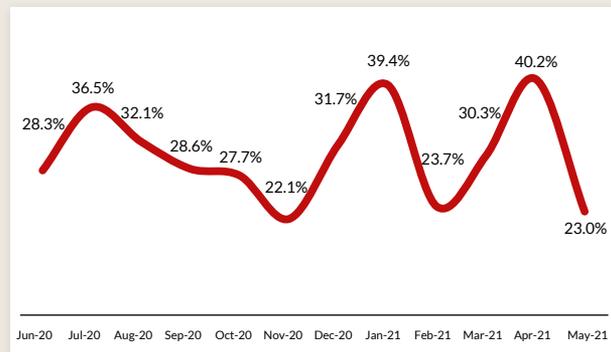
Foreign Exchange Reserve YoY Growth (Last 12 Months)



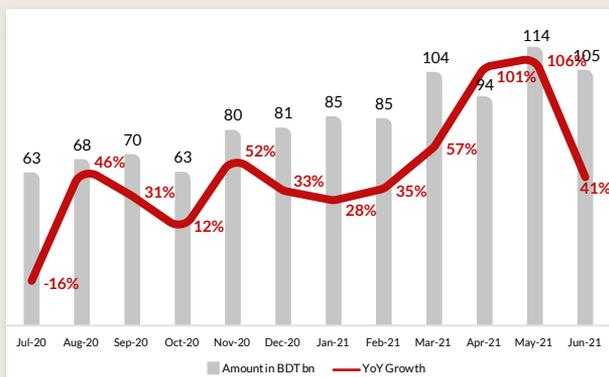
MFS Total Transaction Volume YoY Growth 2020 - 2021



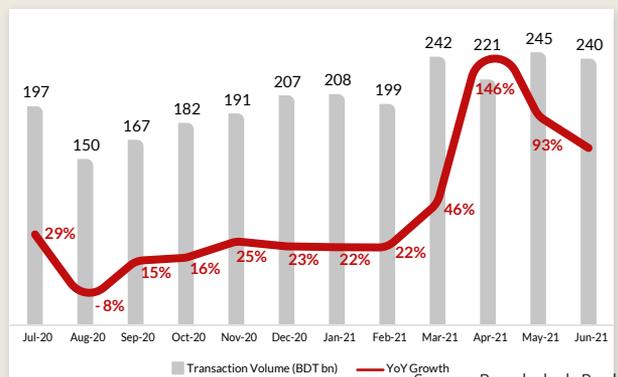
MFS No. of Total Transaction YoY Growth 2020-2021



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



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



Source: Bangladesh Bank

THE GHOST KITCHEN BANGLADESH



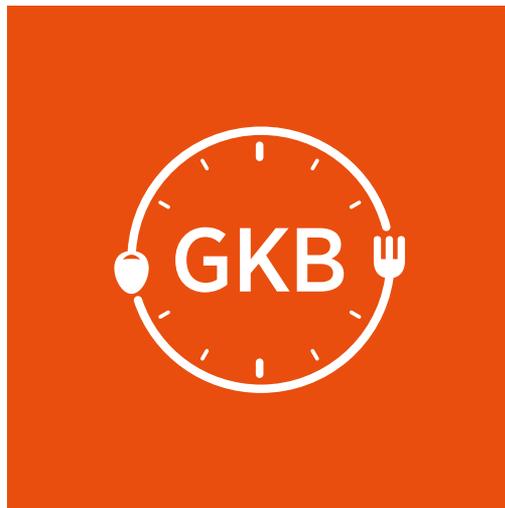
Syed Tahmid Zaman
Co-Founder, Ghost Kitchen Bangladesh

Md. Ashraful Hoque
Director of Operation, Ghost Kitchen Bangladesh

Interviewed By
Sumaiya Siddique, MBR Team

MBR: What prompted you to come up with the initiative of Ghost Kitchen Bangladesh (GKB)?

GKB: GKB has an interesting story behind its formation. So, back in 2019, one evening, I was casually chatting with two of my friends at a local burger joint. While having burgers, we were just discussing the prospect of setting up a delivery-only burger joint where we will save significant operational costs related to dine-in space including waiting staff wages. It was an insignificant arbitrary discussion. But after coming home, I was still musing about the concept. On impulse, I designed the logo for a hypothetical brand called Friggy's, and being an enthusiastic graphics designer, I couldn't resist myself to design the packaging too. Lastly, after picking up a few menu items for the brand, I called it a night. Truly, I had no plan to go further with the idea of Friggy's.



A few months later, I traveled to Canada and found out about an early-stage cloud kitchen company named 'Ghost Kitchen Brands' based in Toronto. Curiously, I got in touch with the company's founder on LinkedIn and asked if I might come over and take a peek. The

founder was very welcoming, and he invited me to his kitchen. That's how I learned about the complexities of a cloud kitchen - it should house multiple brands; should be tech-driven, and it must be effective in terms of stock and supply chain management.

After seeing and understanding how this sector is booming in the West, I decided to build a cloud kitchen venture in Bangladesh - little did I know, we will take a 360 degree turn in a few months. In March 2020, I pitched the thought of setting up a multi-brand cloud kitchens to a group of investors, secured the pre-seed funding, and incorporated our startup as Ghost Kitchen Bangladesh Limited. Apart from investor funding, I had bootstrapped as well.

I am fortunate to have Md. Ashraful Hoque Chayon as my co-founder and Operations Director at GKB. Back in 2019, I had shared the thought with Chayon Bhai as well. But back at

that point, I was considering it as a single brand. After securing the investment, I reached out to Chayon Bhai again and passed on the thought of making a multi-brand cloud kitchen, with each kitchen utilizing the same basic elements and being completely automated.

He instantly agreed to come on board. This is how GKB officially started its journey with its first brand Friggy's in June 2020.

Having said so, it's very interesting how over the course of just a few months since our inception, we as a startup have evolved so much. Starting just as a multiple cloud kitchen company, to a KaaS (Kitchen-as-a Service) operator, we have gone through it all. After months of trial and error, now we have a hyper-focus, and call ourselves a tech-enabled internet restaurant (or cloud kitchen) platform that utilizes technology, virtual menu concepts, digital branding and training to help existing restaurants unleash their 'cloud' potential and drive additional revenues while improving their bottom-line. You see, how we started, and what we have become today, is completely different.

MBR: Could you kindly give us a tour of the services you offer and how you offer them?

GKB: GKB is no longer just a cloud kitchen company. Rather it is a food-tech company, where we empower small and medium-sized restaurants with virtual menu concepts or virtual brands, technology, and food safety training.

We build unique cuisine-focused delivery-only brands targeting the market and customer base, and these brands do not have physical dedicated restaurants as well – they operate in the cloud. GKB is responsible for researching, creating, and advertising these brands utilizing digital mediums.

To be concise, in this B2B (business to business) model, we provide our restaurant partners who subscribe

to the brand with the brand's menu, recipe, and food ingredients. After that, the restaurant themselves produce as per our guideline and sell the final products. This way restaurants can generate extra income on the side of their current revenue.

Our brands are popular enough. So, the restaurants are encouraged to proceed with this business model to increase their revenue.

Just to clarify, every restaurant partner will continue having its existing menu and continue their regular operations, but GKB will add something extra on the top. This business model aids small and medium restaurants that are struggling to stay afloat owing to strong competition, particularly from large chains, who benefit from having a well-known brand, lower operating costs, holding bigger marketing budgets, and easy access to better technology.

Any SME restaurant, fast food shop, or cafe can subscribe to our food franchises, benefit from our branding and technology, and increase revenue while also improving kitchen operations with our advanced tech platform, Onnow - a revolutionary all-in-one restaurant management platform that our partners can use 'for free' and take control of their restaurant's supply-chain, online order management, and more.

MBR: There must be certain challenges you faced while bringing GKB into existence. Could you please share major challenges and also the story of how GKB is overcoming those challenges?

GKB: Since our inception last year, we have explored multiple verticals, experimented significantly and obviously made mistakes. After all these months, we have finally developed a model which is both capex and opex friendly and one that can be scaled nationwide and beyond borders.

Incorporating the business and building a cloud kitchen was relatively easy for us owing to my previous experience of co-founding Best Electronics where we had opened 120+ outlets nationwide in just 5 years. Having said so, GKB, being a startup, was a totally different story. Startups are required to scale exponentially where a tech-enabled system has to be in place to grow at an accelerated pace with incremental capital. In the first 8 months of operations, we struggled



to build a business which had a compelling nationwide scale strategy. Hence, after numerous meetings with foreign VCs, and evaluating their feedback and suggestions, we decided to stop what we were doing, went back to the drawing board and found a massive problem which can be solved using technology. The 8 months of direct exposure to this sector helped us identify some core issues in this sector which mainly resulted in the failure of small and medium-sized restaurants. Hence, we decided to use our existing resources to pivot into a new business model with a vision of empowering 60,000+ SME restaurants by solving those core problems using technology.

MBR: The lockdown due to the ongoing pandemic has put the restaurant industry in a unfavorable situation. How has the pandemic affected GKB's services and how is GKB navigating through this?

GKB: There are currently about 60,000 restaurants across the country, with more than 8,000 in the capital alone. Close to 2.8 million people are dependent on the restaurant industry for their livelihoods, while the number is several times higher if it includes the supportive sectors. Trouble began after the outbreak

of Covid-19 last year. A number of restaurants began letting go of staff while many sold off their business. Some were unable to survive and closed shop entirely.

This is exactly why GKB exists. We are here to help these restaurants survive by giving them access to our resources. We already have 15 restaurant partners in the pipeline who will go through intensive training and start producing our brands.

MBR: Could you please share the broader vision of GKB with us?

GKB: We do believe that we have cracked a scalable business model through which we can become the largest internet restaurant platform, not only in Bangladesh but in the whole world. SME restaurants, especially in developing countries are facing similar challenges like the ones in Bangladesh, and we have already seen the impact that we are driving in this sector. For example, one of our partners in Banasree already has an ARR of \$15,000+ from just one of our brands, Wrappo. We have already started to build resources in India through which we plan to enter Kolkata market near the end of 2022.





THE LOCAL TEXTILE INDUSTRY OF BANGLADESH:

A SIGNATURE OF OUR
CULTURE

BY

Md. Mozammel Haque

Assistant Manager, CRM-SME

Overview

Clothing is one of the basic needs that represents one's culture, moral standard and economic status. The industry which produces this clothing is called textile. However, if you ask someone what textile is in the context of Bangladesh, what immediately comes to one's mind is readymade garments (RMG). In reality, the RMG is just a part of the textile, and the area of textile spans from spinning, weaving, dyeing & printing & then making finished goods (RMG & fabrics). For the better understanding of the readers, here we will use the term "RMG" to refer to the industry engaged in producing export-oriented ready-made garments and the term "local textile" to address the industry engaged in serving the demand of the local market.

Our RMG sector has grown substantially and has created its own identity in the global arena. We hold the third position in the world in terms of RMG export. But what about the local textile industry? The sector is largely lagged far behind due to a lack of proper support from policymakers. Our textile mills are using aged-old machineries to produce fabrics, collecting catalogs from India & Pakistan to emulate the design of the fabric for the local market and labor force's skills and knowledge are still limited to the use of their designated single machinery.

We are forgetting that once this sector represented our country to the whole world through its unique products such as: Moslin, Jamdani saree. Our weavers were so expert then they perfectly crafted those products without any scratch. If we look at our

neighboring countries, they have unique fabrics i.e. Arvind, Raymond, which are quite popular among the women of our county. They represent their textile industry through their domestic unit.

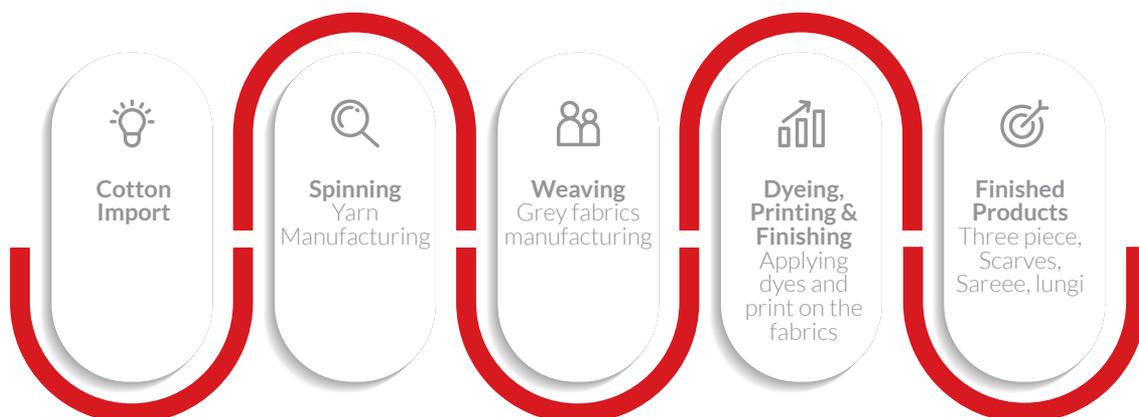
On the other hand, our domestic sector is overwhelmed by imported fabrics. Whether it is traditional fabrics or formal casual wear, people in our country prefer foreign brands over local brands. Some of the local giants like Sailor, Yellow, etc. already entered the local segment and trying to capture a share of this USD 7 billion market.

Value Chain

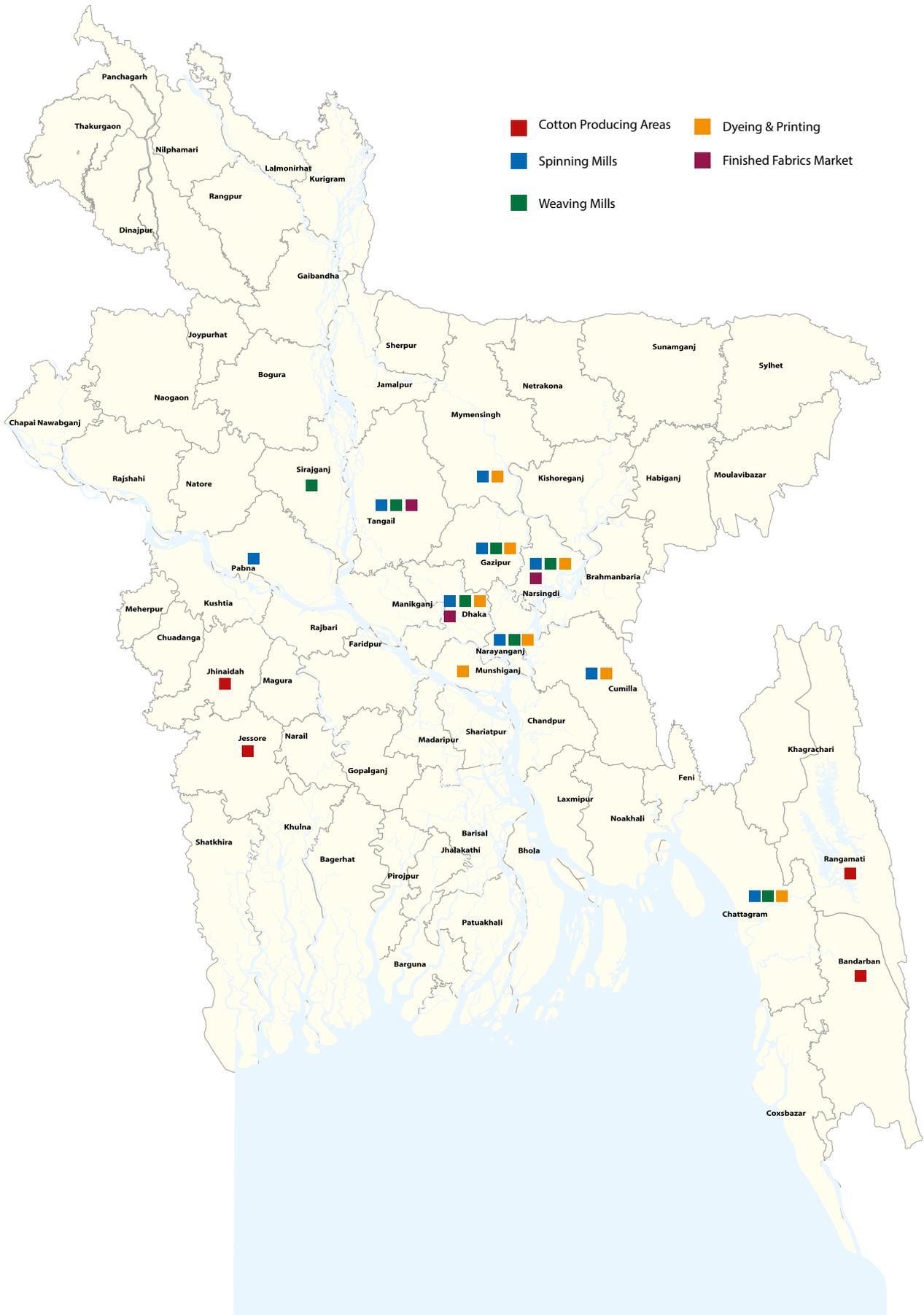
The local textile business has a presence in almost all wings of textile starting from yarn manufacturing to an established wholesale market for selling the finished products. Its product basket mainly includes sarees, lungis, three-piece clothing, scarves, napkins, mosquitos net, Punjabi, and bed sheet items. Some are also engaged in shirting and panting fabrics.

With the growth in GDP and purchasing power, the sector is also growing. The current market size of this industry is around USD 7 billion. The sector generates sales of around BDT 20,000 crore during the two main national festivals, Eid and Pahela Baishakh out of which sale of lower grade fabrics used for Zakat is around BDT 6,000 crores.

The following charts explain the value chain of our local textile industry from yarn manufacturing to making finished products-



Hubs of Local Textile Mills



Cotton Import

People in our country always prefer cotton-made fabrics due to their comfort and adaptability to our weather conditions. So, cotton is the lifeblood of our textile industry. The local textile business has a presence in almost all wings except cotton production. Though cotton is cultivated on a limited scale in some parts of Bangladesh which roughly meets 2% to 4% of total demand.

As Bangladesh is not a cotton-growing region, it has to import almost all of its requirements from various countries to fulfill the demand of its spinning industry. The annual demand of cotton in Bangladesh is around 10 million bales; 98% of which is currently met from the following destination-

East & West Africa	India	CIS	US	Australia	Rest of the world
37.06%	26.12%	11.35%	11.14%	4.65%	9.65%

In Bangladesh, cotton mainly grows in Bandarban, Jhenaidah, Jashore, and Rangamati. Cotton Development Board is also looking for new farming lands in hilly and swamp areas in various districts along with the existing farming areas in Jashore, Rangpur, Dinajpur, Rajshahi, Gazipur, and Mymensingh to reduce import dependency. The board hopes to produce 2.5 lakh bales of cotton by 2021, which will meet nearly 5-7 percent of the local consumption.

Spinning

The spinning industry manufactures yarn for the weaving sector of textile. It is a capital-intensive sector that requires huge capital in setting up factories, procuring machinery and raw materials (cotton). The combined investment in the primary textile sector has reached more than \$10 billion, 60 percent of which are made in the spinning sector.

Our local textile mostly focuses on woven items e.g. saree, three-piece, scarves, bed sheet fabrics, etc. for which they require 20 to 80 counts variants of yarns. Our spinning millers mainly focus on these segments mainly to cater to the demand of the local market. Apart from cotton yarn, our millers also use polyester and synthetic yarns.

As per the BTMA website, 433 spinning mills are operating in Bangladesh; Out of them, some 270 spinning mills are producing yarn for the local markets. Currently, the local spinners can supply 35 to 40 percent

to the woven sector. The rest are made from India and China. There are yarn trading markets in Narayanganj and Narsingdi from where weavers procure their required yarn. About 100+ yarn trading businesses are operating in Sadar, Madhabdi, Danga, Hasnabad Bazar of Narsingdi district, and Gopaldi and Araihaazar of Narayanganj district. Among them, the major yarn market is located at Madhabdi Area of Narsingdi Sadar. From an investment point of view, we can classify the yarn trading business into two categories-

- Large scale yarn trading business
- And small scale yarn trading business.

Generally, large-scale yarn traders procure yarn directly from spinning mills located at Narsingdi, Narayanganj, Gazipur, and Savar and also import from India whereas small-scale yarn traders procure yarns from different wholesalers of Madhabdi of Narsingdi or Taat Bazar of Narayanganj. To procure from the spinning mills, a yarn trader needs to pay advance to the spinning millers for their production. Most of the large-scale yarn trading businesses can be found in Madhabdi areas.

Weaving

The process of converting yarn into grey fabrics is called weaving. Grey fabric is the basic raw material for processing any type of fabric. Different power looms are suitable for manufacturing different types of grey fabrics. In our country, weavers mainly manufacture

Voile, Poplin, Gabardine, shirting, Bedsheet, denim, Twill, Stretch Twill, Jeans, and Pocketing. Various combinations of yarns are used to manufacture each pattern of grey fabrics.

Before the yarns go into a weaving mill, it needs to be processed first. The cotton yarn needs to be sizing first by mixing barley, wax, steam, hot water, and other chemicals to make it ready for weaving. The sector is fully dependent on gas. Some sizing mills are also using furnace oil as an alternative source of gas. Yarn sizing mills are set up around the weaving factories. We also dye the yarns to produce curtain fabrics or shirting and panting fabrics to create interesting checks, stripes, and plaids with different-colored yarns in the weaving process. We can see the presence of the sizing industry in Narsingdi, Narayanganj, Dhaka, and some parts of North Bengal.

After yarn sizing, the sized yarn goes to the production of weaving factories to produce grey fabrics. The sector is mostly run by using age-old machinery imported from China, Korea & Japan. Weaving mills in Narsingdi districts mostly produce three-piece fabrics, while mills in Arai hazar of Narayanganj, Tangail, Serajganj produce saree fabrics. Weaving mills in Rupganj of Narayanganj produce scarves, Punjabi fabrics, also design three-piece fabrics. Raipura and Sadar Upazila of Narsingdi district are famous for producing different sarees of artistic and aesthetic designs including Jamdani, Katan, and Bruket.

Chowala and Madhabdi of Narsingdi districts and Arai hazar, Gopaldi, Tarabo of Narayanganj districts are the major hubs for the weaving sector where one can find lots of weaving factories in one place.

The machinery is so backdated that our weavers cannot bring any variance in product design. Some millers are also interested in investing in modern machinery but cannot find skilled workers.

The number of weaving units across the country is more than 11,000, including cottage, small and medium ones. Some 500 weaving mills are members of the BTMA.

Dyeing & Printing

After the production of grey fabrics, the fabrics go into dyeing and printing factories. When 'color' is

applied to a fabric it is termed dyeing. In the dyeing process; only one color is produced but in the printing process; various types of colored designs are produced on the fabric surface. During the dyeing process, the appearance of fabrics is improved. For that, a fabric has to go through various stages of the dyeing and printing process. Like spinning mills, this sector is also capital intensive i.e. requires huge capital investment in procuring machinery and setting up ETP. Machinery is mostly imported from India, Germany, Italy, Korea, etc. Some machinery is also locally made e.g. Jigger machine.

Various types of chemicals are used in the dyeing & printing process which are currently locally produced and also imported from abroad. Dyeing & printing mills also produce wastewater during the process for which they must need ETP installed in their factories to ensure the discharged water is not harmful to nature.

As per the BTMA website, there are currently 251 dyeing & printing mills. However, the number is more. Apart from machinery-based dyeing factories, the traditional method which is known as hand dyeing is also popular in dyeing. In this process, yarn and fabrics are dyed manually and dried in open places. It usually takes up to six hours to dry them in the sun. It is visible in the Narayanganj and Narsingdi areas of Dhaka-Sylhet Highways.

Finished Fabrics

After dyeing and printing, the fabrics need to be processed again to make the desired fabrics. To make three-piece fabrics, the fabrics go into the cutting and sewing unit. Also, some fabrics go into embroidery factories to make a unique design on them.

After making finished products, the fabrics processors sell them around the countries. There are two main markets for wholesale fabrics trading i.e. Islampur in Dhaka and Shekherchar in Narsingdi. In north Bengal, there is another wholesale market in Korotoa, Tangail for trading saree and lungi fabrics.

Challenges

The local textile industry of Bangladesh has certain challenges and barriers which it needs to overcome. The challenges range from inadequate investment to necessary reform of existing policies.

The local textile industry is a capital-intensive sector and large investment in heavy types of machinery is a prerequisite for the sector in order to evolve and adapt to the changes going around the globe. In such a situation, we can see a very different scenario in our country. We are still using old types of machinery and there is yet to be any initiative or program to patronize the sector. The neighboring country has a special program, such as Technology Upgradation Program to nurture their local textile industry and our country direly need such programs.

The skilled worker is a precondition for the sustainability of an industry and experienced workers better ride the experience curve and as a result, they can generate a better outcome. The workers in this sector require skill development training and few pieces of training are run by the ministry of finance and other organizations but due to improper circulation of the news, and the sector remains unorganized and the news fails to circulate the way it should.

The introduction of a central effluent treatment plant can be greatly beneficial to the sector. The local textile industry of our country is mostly situated in Narayangonj, Narsingdi, and Tangail. If CETP is introduced in these areas, the environment will be saved and the expenditure of textile owners will be lower.

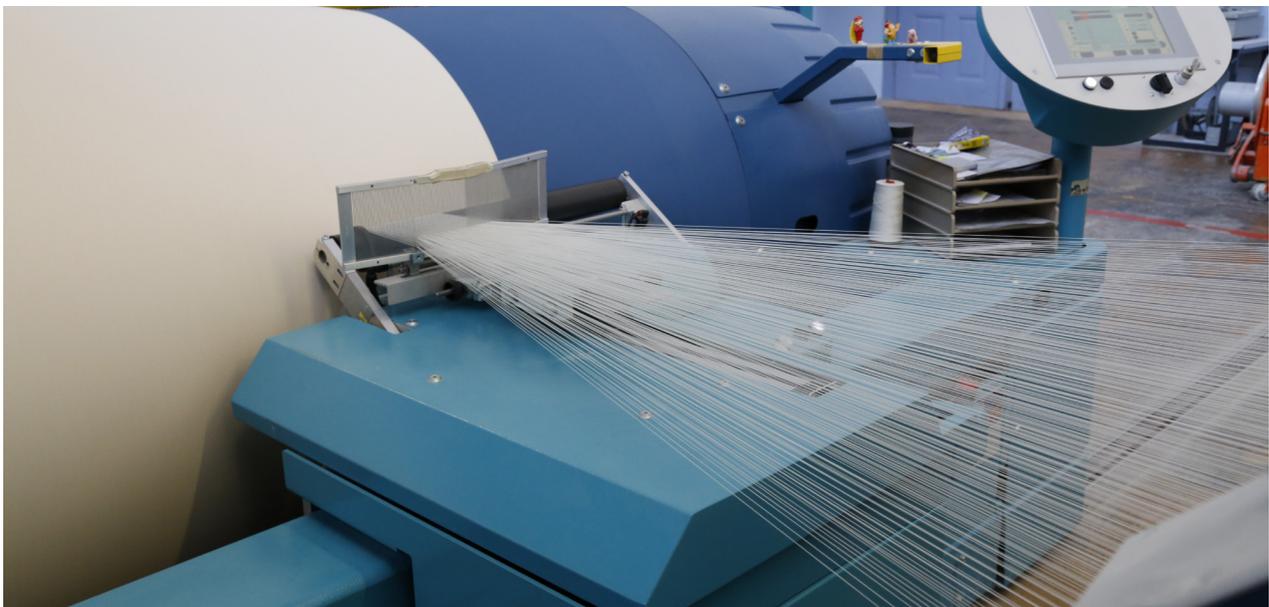
Our local brands are rising and they are showing promising growth. Some global brands are using the

advantage of the low-cost production of our country to tailor their product. After producing the finished goods, they give us a commission for example 2% but the cream-98% goes to the mother country. Now if our local brands are further nurtured, we will be able to keep the cream for our own.

There are other issues: there is a lack of association and linked facilities for the local textile industry. For example, for the RMG sector, BGMEA University which is a part of BGMEA. For the textile sector, we need to promote such facilities. The other issues like adequate gas supply and gas pressure is a prerequisite of the industry but in many areas, we can find an inadequate supply of gas and so the industry suffers further.

Way-Out

The local textile industry of our country has a brilliant prospect in the future and so it requires patronizing from related entities. At first, it requires schemes from both government and non-government levels which will enable it to secure the required investment. Secondly, the sector needs to be organized so that the textile millers are aware of the programs. Moreover, the brands need the proper nurture and so, they can cater to the local market and also put their footstep abroad. Further, the opportunity to serve the local market with our brand, requires adequate R&D and such initiative to be taken by the appropriate concerns.





Mr. Abdullah Al Mamun

Vice President, BTMA

Interviewed By
Sumaiya Siddique, MBR Team

MBR: Our local textile industry has shown reluctance to get adapt to the modern machinery. Instead, The millers are more comfortable with age-old machines imported from China, Korea, Japan, etc. Will you help us to understand why?

Mr. Abdullah Al Mamun: Inadequate investment is one of the hindrances that act behind being unable to use modern technology. Local Textile industry needs heavy investment in machineries as it is a capital intensive industry but we have lacking of such investments. As a consequence, the factories are unable to upgrade them and fails to embrace the modern technology. One of our neighboring country, India has a special program, called Technology Upgradation Fund Scheme, under this program, funds are allocated to the development of the textile industry in such a way, so that they can get adapt to modern technology easily. We also need such programs to be able to get adapted to modern machineries.

MBR: Although skilled workers are the precondition for the sustainability of an industry, our local textile industry lacks it and there is no major initiative to improve it in the RMG sector. Why don't we see such initiative for the industry?

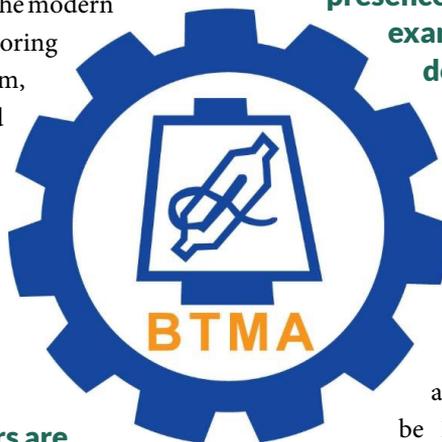
Mr. Abdullah Al Mamun: There are some skill development programs on going but we need more.

There is a program run by an international development finance institution under the ministry of finance called Skill for Employment Investment (SEIP) which aims to develop the skill of the workers but the main problem is that our local textile industry is still unorganized and so, the concerned entities are yet to be aware of such development programs run by the government. In this situation, a proper circulation of such initiatives will help us to overcome the obstacle.

MBR: The local textile industry of our neighboring countries not only fulfill most of their local demand but also has their presence in the international market; for example: Arvind and Raymond. Why don't we have such brands with both local and international presence?

Mr. Abdullah Al Mamun: In order to make the presence of our local textile both in domestic and international market, we need to reform some of our policies. For an example, for a textile company to be 100% export oriented company, they need to export 80% of their production which is a difficult threshold to be met. If such policies are relaxed, our local textiles will be in a better position to make its presence both in domestic and international market.

MBR: Once we had world recognized fabric: Jamdani and Muslin but with time, but at



present, fabric processors try to emulate the design of neighboring countries and there is no significant R&D as well in this sector. What are the reasons that have created such a situation?

Mr. Abdullah Al Mamun: Our Jamdani still has a very bold presence across the world. Certainly, as time passes by and with the up-gradation of the technology, the lifestyle of the people has changed and we can see a diverse array of products in the market now.

Our traditional jamdani is prepared by remote weavers and they also need proper technological up-gradation. If we can create a specialized program for jamdani, it will create a bolder presence in the globe.

MBR: Our local textile mostly focuses on women wear and traditional men wear, but it lacks initiative from our millers to produce formal/semi-formal male wear: denim, gabardine, shirting and panting fabric. Will you please share with us why our investors are reluctant to invest this sector?

Mr. Abdullah Al Mamun: Although in the past, our local textile industry focused on womenswear and a few traditional male-wear, at present, local brands are making their presence in the male formal/semi-formal wear. We are also very optimistic that in the next few years, we will cater our local market which is around USD 7 billion dollar and it will be a matter of great pride for us.



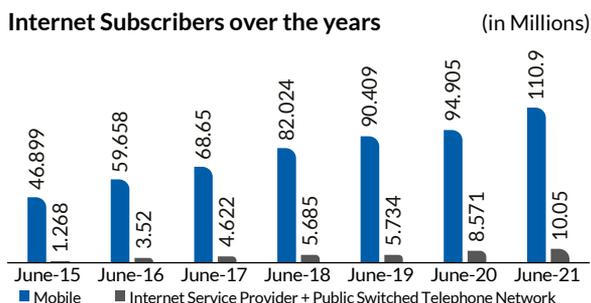
ONLINE STREAMING PLATFORMS: A WHOLE NEW DIMENSION FOR ENTERTAINMENT



Source: Dhaka Tribune

In the contemporary world, the OTT (over-the-top) platforms have taken the media industry by a storm. Followed by radios, when the trend of television emerged in Bangladesh it provided the customer base with an eclectic range of entertainment. At present, the media industry has ameliorated to online streaming platforms which has overshadowed traditional television because it arguably contains better content, a diverse range of shows, faster premiers, and most importantly no advertisement break. Such platforms can be accessed by the audience via the internet, avoiding the hassle of dish cable or broadcasting media, all the audience needs to do is subscribe and enjoy!

The availability of smart televisions in majority of the households has allowed to bolster the success of this platform. According to the business standard, the global OTT market is growing 30% annually, from \$121 billion in 2019 it is estimated to increase to \$1039 billion by 2027. Netflix has taken a lion's share in the Bangladeshi market without any investment, unfortunately, they do not host shows produced in Bangladesh. This has pushed many new platforms, originated in Bangladesh, to emerge.



What sets the local platforms apart from the global ones?

Bangladeshi platforms unlike the global ones have taken a handful of initiatives in order to dig deeper to the customer satisfaction level. Platforms like Bongo BD and bioscope have collaborated with local cable channels, thus, streaming the cable channel programs through their platforms. This initiative has helped local cable channels to extant in the fast-changing market.

Unlike NETFLIX or Amazon, Bangladeshi platforms allow a portion of their programs to be accessed without a subscription. The dramas presented draw their foundation on the local context, attempting to cater to the needs of all the customer groups.

With the intention of making them accessible to all, the subscription rate has been kept at an affordable rate. Numerous payment methods have been established, in order to ease the method. Starting from credit or debit cards, to mobile banking platforms like Bkash and Nagad all of these modes of payments have been made accessible. Apart from these, subscribers can also pay via mobile balance. In a country where many are yet not educated enough about the digital payment options, such initiatives have proven to be of great success.

Platforms Reshaping the Media Industry of Bangladesh

Bongo BD: with the aim of providing Bengali television content to its expatriates, Bongo BD was established to provide those content on a website. Initially, the website would provide the entertainment in exchange for a specific subscription fee. Over time they have established different business models amongst which monetizing content on youtube is one. Instead of only targeting the elite class, they set their target audience to low-income earners, as well, who comprise a majority of the country's population, hence, implementing the "Sachet Model". A good number of videos are free of cost, however, to view the premium content, customers will have to pay. They have managed to build the largest library of Bangladeshi content globally and won the

prestigious “Gold Play Button Award” for reaching 1,000,000 subscribers from youtube. According to “rest of the world”, combining all their platforms the number of viewers has crossed a billion. United News Bangladesh reported, at present, they have 83 million+ subscribers, with 210 million+ unique subscribers each month. Additionally, they have 500+ YouTube channels including influencers from 5 countries. The content they provide consists of movies, web series, music, kids’ videos, and many more, which can be viewed from laptops, smartphones, etc.

Bioscope: launched its beta version in 2016, it is a concern of Grameephone. According to the Business Standard, around 70% of the content can be accessed without a subscription, for the prime content Grameephone users can easily have access by buying the data pack, hence, users do not require to pay an additional subscription fee. They aim to reach the households of the Bengalis worldwide, where anyone residing outside of Bangladesh needs to pay for the subscription. Besides the wide array of content available, starting from TV shows, movies, live TV, and live sports, the platform also collaborates with local producers to generate original content. Additionally, they allow the audience to access old programs from cable channels, allowing them to watch programs outside their allotted time. Apart from local channels, foreign channels are also accessible via this platform. Apart from these, for better customer experience offline downloads and personalized content recommendations are also available.

Banglafx: blessing the Banglalink users with quality content, Banglafx is an initiative by Banglalink providing a wide array of entertainment. It offers multiple packs, which users can buy at an affordable rate and enjoy exclusive content. It can be accessed through any smart platform and the bookmark option available helps them to make a list of shows they are interested to watch. This helps to enhance the recommendation of shows and movies on the platform.

Chorki: the brand new OTT platform took its first step last month. The fresh platform targets an audience worldwide, with a basket of 200+ films, series, and documentaries. The promise of releasing one original film every month took them to the headlines. They commenced their journey with their first web film “Youtumer”, and second “Networker Baire”. The platform is accessible through all sorts of smart devices, and a helpline service is also available for users facing difficulties.

	
BongoBd	Bioscope
Monthly BDT 66.62	Annually BDT 400
Monthly \$ 2.99	Annually \$ 29.99
	
Banglafx	Chorki
Monthly BDT 39.98	Annually BDT 499
Monthly BDT 50 (Starter)	Annually BDT 499

Source: United News Bangladesh

Challenges

Despite the numerous attempts to provide a feasible customer experience, the platforms struggle to attract customers to buy subscriptions no matter how affordable the rate is, whereas, Netflix earns around \$21.6 million from Bangladeshi subscribers, according to the Bangladesh Telecommunication Regulatory Commission’s (BTRC) data. Part of Netflix’s success is due to the availability of a wide range and quality content. Viewers look for platforms that cover all their desirables, hence, the absence of diversity demotivates them to pay.

Another rising concern is associated with piracy. Rich content, which gathers attention is illegally leaked on YouTube, stripping these platforms of their profits.

Way Forward

International platforms have already set the bar too high. Hence, the implementation of proper strategy is essential. A study of the audience is vital because their survival depends on the audiences’ will to spend. A boost from the government could help this new dimension of the industry immensely, as it did in the past. Platforms should be inured to learning from the past, as that happens to be one of the primary steps to prosper.



Navidul Huq

Co-Founder, Bongo BD.

Interviewed By
Sumaiya Siddique, MBR Team

MBR: With several new platform entering the local content streaming scene, how do you see this segment evolve going forward, especially competing with the foreign platforms, such as Netflix, Amazon Prime, Hoichoi, etc.?

Navidul Huq: Nowadays there are a lot of attraction for online streaming platforms and now people seek entertainment through their personal devices: mobile, laptop, etc. Hence, we carry our source of entertainment in our pocket. The foreign platforms have a pool of global audience and our Bangladeshi streaming platforms have a strong base of native subscribers who seek Bangladeshi content. Actually, people prefer multiple subscriptions where they can enjoy different genre and all their preferences are fulfilled.

MBR: BongoBD uses the “Sachet Model”, how successfully has this model worked?

Navidul Huq: Actually, this sachet model is very popular both in our country and in South Asia. This model can also be found in different sectors as well. The reason this model is popular in our country is that the current low-middle income level of our nation make it more convenient for the people to subscribe with small subscription fees. Our philosophy is let people try with minimum subscription and enjoy the content.

MBR: How successful, do you think, think Bangladeshi online streaming platform has been abroad, especially amongst the expatriates, considering a higher competition over there?

Navidul Huq: To measure the success, we will need more time. At present, we have a strong subscriber base at Middle-East as we have many expatriates living there to earn livelihood, and they like our native content very much. Our content is also very popular in West Bengal and the reason is that we have the same native language: Bengali. In Europe and America, our content is yet to get exposure as they maintain a certain lifestyle where they still prefer Netflix, Amazon etc. But we also believe that, as we grow, we will also have a strong viewer base in Europe and America.

MBR: What do you think will encourage people to start subscribing to this platform, as a majority of them still search up for free content?

Navidul Huq: Actually nothing is free. Even if we want to see a content on YouTube, we need internet connection, mobile data etc. Now some people do not want to pay any further and so, they prefer free content. We have ad supported free content where nothing needs to be paid but there will be few advertisements during the show.



IDLC Online Deposit

IDLC has established a simple, hassle free online platform for its client base to have a seamless experience while opening a deposit account with IDLC. The online deposit platform is open to anyone above 18, who has access to a valid national ID. Clients are allowed to deposit from BDT 10,000 to 500,000, through online transfer (BEFTN/RTGS/NPS) or depositing an account payee cheque in favor of IDLC Finance Limited. All they need is to submit a scanned copy of the National ID, photos of the account holder and his or her nominees, and their ETIN certificate. Upon successfully opening an account, the client will receive a text and an email consisting of the deposit certificate.

Bangladesh Cricket Team Captain Mushifqur Rahim is the ambassador for IDLC Online Deposit Product Campaign.

The product range of the online deposit account consists of:

Flexible term deposit: which allows a tenure option for 3-72 months. The minimum amount to be deposited is BDT 10,000, with the availability of auto-renewal facility, which is available with or without an interest amount.

Double money deposit: this deposit allows the doubling of principal within a fixed time span, with the minimum deposit amount being BDT 50,000.

Triple money deposit: triples the principal amount within a fixed time span, where the minimum deposit amount is BDT 50,000.

Monthly earner deposit: provides a tenor option which starts from one year and can be stretched

to the number of years the client desires. Interest can be earned on a quarterly or monthly basis, with the minimum deposit amount being BDT 100,000. Auto-renewal of principal amount is available, with the facility of higher interest rate of 0.1%, for senior citizen(s) and female clients (if applied as single) only.

Quarterly earner deposit: this is similar to our monthly earner deposit, where the range of time span starts from one year to any. The minimum deposit is BDT 100,000, where interest is earned on a quarterly and monthly basis, with the availability of the auto-renewal facility on the principal amount. Senior citizen(s) and female clients (if apply as single) are given the advantage of a higher interest rate of (0.1%).

Interest first deposit: the tenure ranges from 3-12 months, with the minimum deposit amount being BDT 100,000. Interest can be

earned for full tenor on the account opening day. Renewal facility is available upon request right before maturity, and senior citizen(s) and women (if applied as single) are provided higher interest rate (0.10%).

The application for an online deposit account can be applied through any smart device, where clients have the advantage of completing their own application, based on their own pace just by saving it. However, the deposit account does not generally allow encashment before 3 months of deposit.



STICKER DRIVER



Mr. Binoy Barman

Founder & CEO
Sticker Driver

Interviewed By
Sumaiya Siddique, MBR Team

MBR: How did the idea of Sticker Driver emerge? How much has the sticker driver grown since its inception?

Mr. Binoy Barman: Idea:

The first time the idea came to my mind was when I saw a company hosting a roadshow for a product launch. During that roadshow, they took one of my friend's cars for branding. My friend earned around Tk. 15,000 during that campaign. Seeing the opportunities on a bigger scale, that was the time I saw its prospects as a business.

Growth:

First, we have started the venture with just 3 cars wrapped with our ads in December 2019. Then, we had only 10 registered cars to wrap only in Dhaka City.

Now, we have 700 wrapped cars with more than 12+ clients like Square, ACI, Beximco, Alesha Mart, and many more. And we have 3500+ registered cars ready to wrap in Dhaka, Chittagong, and Sylhet.

And we already have orders of more than 1000+ cars to wrap within 4 months.

Back then, we had only one option to wrap sticker ads, but right now we have options to wrap stickers outside of the cars and we have also introduced inside car branding and DOOH packages.

MBR: How does Sticker driver generate revenue?

Mr. Binoy Barman: We take payment from clients in two steps.

Installation Charge and Monthly recurring charge.

Installation Charge Breakdown:

1. Permission from BRTA, DNCC, and DMP with proper VAT TAX according to Sticker Size.
2. Printing
3. Pasting on Car
4. Driver App Training

We take a small cut from the installation charge.

Monthly Charge Breakdown:

1. Car owner/Driver's Monthly Payment
2. Cloud Cost

We take a small cut from the monthly charge.



MBR: How do brands track their campaign through your app? Could you please elaborate on

how the impression algorithm helps to derive the effectiveness of the campaign?

Mr. Binoy Barman: As a brand, you will get access to our brand dashboard and brand app. You will be able to track your wrapped car's:

1. Position
2. Driven Distance
3. Route
4. Impression
5. Real Pictures

You will also be able to generate reports from the

advertiser dashboard.

Advertiser Dashboard Demo Access:

Advertiser Dashboard Link:

<https://dashboard.stickerdriver.com>

Username: 01717114944

Password: 1234567890

The Impression count algorithm:

We take google location data and google traffic congestion data along with some other data like the fixed population density of an area, what portion are moving out in the daytime, nighttime, office time, weekend, and holidays, etc. By analysis these data we can generate the number of eyeballs a wrapped car can catch. This is the best part of our tech solutions. By these numbers, brands can calculate the CPM and effectiveness of the campaign.

MBR: How the drivers are boarded on the platform? Could you share some obstacles you encountered while ensuring proper performance on drivers.

Mr. Binoy Barman: Vehicle Registrations:

Driver and Car owners need to follow some terms and conditions to join our platform:

1. Built year more than the year 2000
2. Rides more than 100+ KM daily.
3. Rides more than 2500+ KM monthly.

4. Nice paint condition.

5. Willing to use our apps after wrapping.

Obstacles:

When we launched the platform, this was new for both drivers and brands. Convincing the car owners to wrap was the greatest obstacle at that time. But right now, after two years everything is clear.

Some current issues with drivers:

1. Forget to use apps.
2. Forget to take weekly wrapped cars photos.
3. No smartphone uses of outside Dhaka drivers.
4. Changing of drivers of a single car.

MBR: Has the nationwide lockdown hampered your operations? What initiatives were taken to safeguard the company from such contingencies?

Mr. Binoy Barman: Lockdown hampered every business.

1. Our field operation was shut down.
2. Work orders postponed from bands.
3. No new car acquisitions.

Initiatives taken:

1. Remote tech team
2. Full salary for the team with proper bonus.
3. New product R&D during the lockdown time.



Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market continued the positive momentum in the month of August. During the month, the broad index DSEX gained 6.9%, while blue chip index DS30 increased by 5.4%. Shariah index DSES also advanced by 6.6%.

Among the regional peers, Sri Lanka (+10.8%) posted the highest return during the month. On the other hand, Vietnam and Pakistan yielded 1.6% and 0.8%, respectively. MSCI Frontier Markets Index (+2.5%) also posted positive return this month. Over the long term, Vietnam showed the most encouraging track record with a 5 years' return of 97.4%.

Table 1: Equity market performance of Bangladesh and peer countries

Indices	Index Points, August 2021	Return*					
		1M	3M	YTD	12M	3Y	5Y
Bangladesh							
DSEX	6,869.2	6.9%	14.7%	27.2%	40.8%	22.7%	51.8%
DS30	2,454.0	5.4%	11.2%	24.9%	44.4%	25.2%	41.4%
DSES	1,490.3	6.4%	15.9%	20.0%	31.6%	17.4%	N/A
Peer Countries							
Pakistan (KSE 100)	47,419.7	0.8%	-1.0%	8.4%	15.3%	13.6%	19.1%
Sri Lanka (CSE - All Share)	8,997.6	10.8%	21.5%	32.8%	68.8%	48.0%	37.8%
Vietnam (VNI)	1,331.5	1.6%	0.3%	20.6%	51.0%	34.6%	97.4%
MSCI Frontier Markets Index	865.3	2.5%	5.2%	16.3%	28.9%	23.0%	38.7%

*All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

Liquidity Condition in Equity Market of Bangladesh

During August, the total market capitalization increased by 4.4%. The daily average turnover of August was BDT 25.0 bn (USD 294.2 mn), increasing by 61.3% from that of the last month. Turnover velocity which represents overall liquidity of the market stood at 97.0% in August compared to 52.3% of last month. In 2020, turnover velocity of Bangladesh equity market was 30.1%, in comparison to 33.5% in 2019.

Table 2: Market capitalization and turnover statistics

Particulars	31-Aug-21	31-Jul-21	% change
Total market capitalization (USD* mn)	65,490	62,724	4.4%
Total equity market capitalization (USD mn)	58,421	55,619	5.0%
Total free float market capitalization (USD mn)	21,463	20,100	6.8%
Daily Avg. Turnover (USD mn)	294.2	182.3	61.3%
Turnover Velocity~	97.0%	52.3%	N/A

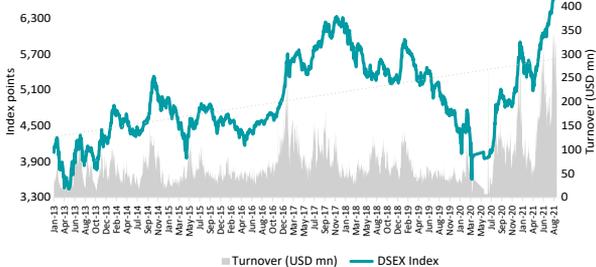
*All USD figures are converted using an exchange rate of 85.2 as of September 05, 2021 as per Bangladesh Bank website.

~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 69.4% till August, 2021. During the same period, daily average turnover of the market amounted to BDT 6.2 bn (USD 72.4 mn) (Figure 1).

Figure 1: DSEX since inception along with market turnover

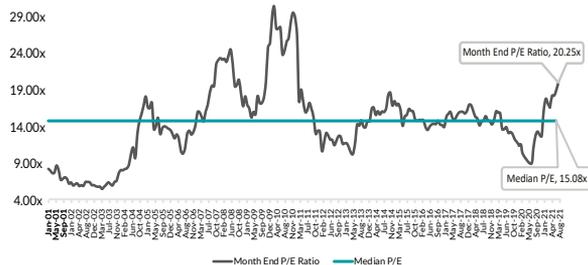


Source: DSE

Market Valuation Level - P/E Ratio

The market P/E increased to 20.25x in August compared to last month's 19.20x. It is much higher than the 20 years' median market P/E of 15.08x (Figure 2). In terms of trailing 12 month P/E ratio, the equity market of Bangladesh is cheaper than most of its regional peers. (Figure 3).

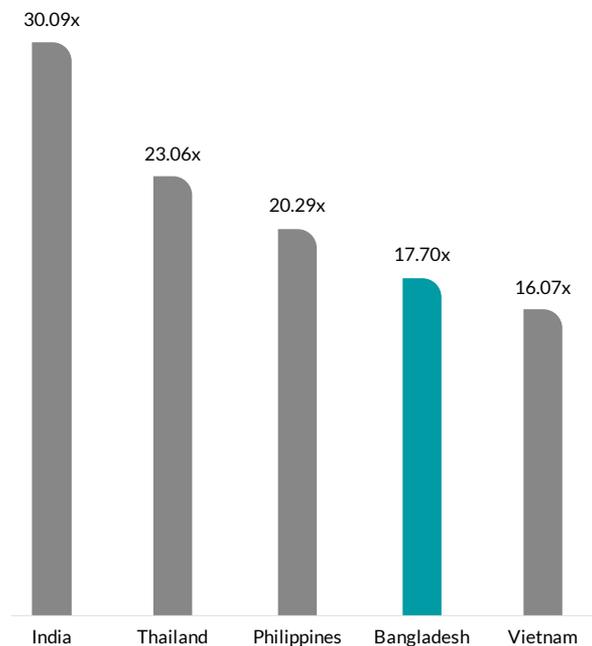
Figure 2: Historical market P/E* and its median Current Market P/E* in Context of History



*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 August 31, 2021.

Source: IDLC, Bloomberg

Sector Performance

Among the major sectors, Cement (+18.9%) yielded the highest return followed by NBFI (+16.1%) and Textile (+12.6%). Miscellaneous (+8.9%) and Fuel & Power (+8.8%) also yielded impressive return. On the other hand, Telecommunication (-1.0%) closed the month in negative.

Telecommunication sector has the highest dividend yield of 5.0% 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			
Telecommunication	8,717	926	-1.01%	4.0%	13.2%	37.2%	30.0%	103.6%	19.5	7.7	5.0%
Pharmaceuticals & Chemicals	8,322	4,534	3.52%	15.6%	16.9%	30.7%	50.7%	76.8%	19.5	3.2	1.6%
Bank	8,397	4,539	3.53%	1.7%	22.4%	28.8%	21.3%	88.9%	7.9	0.7	3.3%
Engineering	7,653	1,472	3.13%	15.0%	27.9%	133.0%	67.0%	85.4%	19.7	3.1	1.6%
Fuel & Power	6,083	1,701	8.77%	10.8%	16.3%	17.1%	18.5%	50.6%	13.3	1.7	4.2%
Food & Allied	4,896	1,521	2.46%	7.7%	40.4%	57.6%	75.0%	122.8%	20.2	9.6	3.0%
NBFI	2,860	914	16.12%	23.9%	30.4%	47.9%	21.7%	87.6%	29.8	2.6	1.6%
Miscellaneous	2,539	1,046	8.89%	13.1%	49.9%	85.0%	105.4%	146.6%	42.2	2.4	1.2%
Textile	2,055	1,185	12.55%	48.5%	49.9%	52.1%	11.4%	54.9%	24.4	1.2	1.1%
Cement	1,764	702	18.92%	22.7%	73.5%	80.6%	35.7%	9.7%	17.8	4.0	1.0%
Non Life Insurance	1,666	945	2.28%	14.1%	42.5%	125.4%	279.6%	416.6%	22.8	2.9	1.5%
Life Insurance	900	524	4.04%	13.4%	28.7%	30.5%	53.9%	83.5%	47.5	8.1	1.7%
Travel & Leisure	251	132	1.37%	3.2%	-9.1%	-5.9%	-6.9%	33.3%	52.9	0.8	0.6%
Ceramics	411	165	11.61%	34.1%	51.9%	62.4%	32.8%	56.1%	33.3	2.3	1.4%
IT	447	277	8.33%	27.5%	26.6%	32.2%	23.7%	60.3%	31.9	3.0	1.0%
Services & Real Estate	288	150	1.64%	18.9%	22.8%	57.1%	25.8%	25.1%	26.0	1.4	2.0%
Tannery	306	164	11.28%	33.2%	30.9%	32.1%	-9.1%	-7.3%	48.8	2.3	0.3%
Paper & Printing	230	78	10.96%	22.4%	9.4%	7.5%	-45.7%	-36.0%	54.0	1.4	0.0%
Jute	28	17	12.34%	8.9%	-17.5%	3.7%	42.6%	122.8%	492.3	7.0	0.2%
Market	58,421	21,463	6.9%	14.7%	27.2%	40.8%	22.7%	51.8%	16.2	2.0	2.7%

*All returns are Holding Period Return.

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

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

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

Cap Class Performance

During the month of August, all the Cap classes closed in positive. Micro Cap Class (+21.2%) advanced the most. Large Cap was the highest dividend yielding (3.3%) class.

Table 4: Performance of different market cap classes

Cap Class	Market Capitalization of Constituent Companies (USD mn)	% of Total Equity Market Capitalization	Return*						P/E (x)	P/BV (x)	Dividend Yield
			1M	3M	YTD	12M	3Y	5Y			
Large	≥119	77.4%	3.9%	9.1%	20.6%	30.9%	67.8%	133.1%	14.5	2.0	3.3%
Mid	36-118	11.2%	8.7%	20.4%	39.5%	51.9%	-31.8%	-18.8%	17.9	1.4	1.6%
Small	12-35	8.8%	11.1%	34.7%	43.3%	67.5%	88.6%	149.2%	26.9	1.4	1.5%
Micro	<12	2.6%	21.2%	65.7%	70.3%	62.1%	-84.6%	-78.2%	41.2	0.9	0.5%
Market	-	-	6.9%	14.7%	27.2%	40.8%	22.7%	51.8%	16.2	2.0	2.7%

*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 LHBL (+28.9%) posted astounding return in August. TITASGAS (+19.3%), BEXIMCO (+17.4%), ICB (+12.7%), BXPBARMA (+8.3%) outperformed the market during the month. Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BEACONPHARMA (+1267.0%), BEXIMCO (+501.0%), UPGDCL (+245.0%), DUTCHBANGL (+167.6%) and BXPBARMA (+179.4%). In August, BRACBANK (-4.5%), DUTCHBANGL (-3.2%), MARICO (-2.4%), GP (-1.1%), ROBI (-0.7%) closed in negative.

Among the scrips, GP, TITASGAS, UPGDCL, SUMITPOWER, MARICO and BATBC recorded higher dividend yield compared to that of market.

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

DSE Code	Sector	Market Capitalization (USD mn)		Daily Avg. Turnover (USD mn)	Return*						P/E (x)	P/ BV (X)	Dividend Yield
		Total	Free Float		1M	3M	YTD	12M	3Y	5Y			
GP	Telecommuni- ca-tion	5,747	575	0.97	-1.1%	8.3%	8.1%	17.8%	10.7%	75.8%	14.1	16.8	7.6%
WALTONHIL^	Engineering	4,958	48	0.66	-0.2%	9.5%	25.2%	N/A	N/A	N/A	25.7	5.3	1.8%
BATBC	Food & Allied	3,692	977	3.11	2.7%	7.2%	50.7%	70.1%	74.2%	146.6%	18.2	9.5	3.4%
ROBI^	Telecommuni- ca-tion	2,625	261	2.10	-0.7%	N/A	43.3%	N/A	N/A	N/A	142.3	3.7	0.0%
SQURPHAR- MA	Pharmaceuticals & Chemicals	2,358	1,543	2.06	2.1%	6.4%	3.2%	11.2%	3.7%	33.1%	13.0	2.8	2.0%
UPGDCL	Fuel & Power	1,974	197	0.80	4.1%	3.1%	10.1%	24.4%	16.5%	245.0%	14.7	6.3	4.5%
RENATA	Pharmaceuticals & Chemicals	1,619	790	0.34	3.2%	11.2%	27.9%	32.8%	66.0%	113.6%	28.4	7.0	0.8%
ICB	NBFI	1,257	40	0.59	12.7%	26.1%	34.5%	36.9%	18.7%	74.6%	79.7	11.2	0.4%
BEXIMCO	Miscellaneous	1,103	766	16.13	17.4%	21.3%	88.1%	310.3%	361.4%	501.0%	191.4	1.5	0.5%
LHBL	Cement	1,100	389	5.69	28.9%	29.7%	72.2%	86.6%	62.7%	17.1%	21.8	6.0	1.2%
BXPHERMA	Pharmaceuticals & Chemicals	1,040	726	4.23	8.3%	15.7%	4.3%	91.1%	155.5%	179.4%	18.0	2.9	0.7%
BERGERPBL	Miscellaneous	969	48	0.36	2.2%	3.0%	27.1%	25.1%	49.1%	80.1%	27.7	11.3	2.1%
MARICO	Pharmaceuticals & Chemicals	859	86	0.29	-2.4%	11.1%	10.7%	20.5%	135.7%	138.3%	16.9	39.7	3.9%
BRACBANK	Bank	770	414	1.03	-4.5%	-8.9%	14.0%	27.3%	-17.1%	58.9%	12.7	1.7	2.0%
SUMITPOWER	Fuel & Power	582	214	1.85	5.2%	4.0%	19.3%	10.2%	41.9%	89.8%	8.3	1.5	4.3%
BEACONPHAR	Pharmaceuticals & Chemicals	557	390	1.00	1.3%	78.8%	162.2%	176.6%	1120.9%	1267.0%	47.2	16.1	0.3%
ISLAMIBANK	Bank	552	269	0.17	1.4%	0.3%	12.7%	21.3%	26.1%	20.0%	7.0	0.8	3.4%
DUTCHBANGL	Bank	545	71	0.62	-3.2%	6.0%	46.2%	47.3%	105.5%	167.6%	11.3	1.8	1.6%
TITASGAS	Fuel & Power	517	129	1.23	19.3%	27.5%	44.5%	36.3%	38.3%	29.4%	15.6	0.6	5.8%
EBL	Bank	414	296	0.26	3.9%	-1.3%	26.1%	23.0%	53.4%	133.1%	7.2	1.5	4.0%
Market		58,421	21,463	294.20	6.9%	14.7%	27.2%	40.8%	22.7%	51.8%	16.2	2.0	2.7%

*All returns are Holding Period Return.

^WALTONHIL got listed on September 23, 2020. ROBI got listed on December 24, 2020.

Top Performing Mutual Funds:

The top ten open end mutual funds based on 4 year CAGR outperformed the market, during the same period. Among them, CAPM unit Fund (+11.4%) yielded the highest return. On YTD basis, CAPM Unit Fund (+27.1%) outperformed the market.

Table 6: Top ten open end funds based on 4Y return (CAGR) performance

Name	Asset Management Company	Fund Size (USD mn)	NAV Return		
			2021 YTD*	2020	2017-2020
CAPM Unit Fund	CAPM	1.9	27.1%	30.6%	11.4%
UFS-Pragati Life Unit Fund	UFS	1.1	26.7%	35.5%	9.1%
LankaBangla 1st Balanced Unit Fund	LankaBangla	5.0	21.1%	29.2%	8.7%
Peninsula AMCL BDBL Unit Fund One	Peninsula	2.8	21.7%	35.3%	8.5%
IDLC Balanced Fund	IDLC	8.5	13.8%	29.4%	8.3%
Seventh ICB Unit Fund	ICB	5.5	16.7%	20.4%	7.7%
VIPB Accelerated Income Unit Fund	VIPB	8.0	15.2%	13.0%	7.2%
ICB AMCL Pension Holders' Unit Fund	ICB	4.2	21.1%	36.5%	6.9%
ATC Shariah Unit Fund	ATCP	2.0	12.3%	17.6%	6.6%
Third ICB Unit Fund	ICB	4.6	17.8%	23.9%	6.4%
Market (Broad Index) Return (%)			26.8%	22.3%	1.8%

*Based on published NAV and DSEX point of August 26, 2021

All the top ten closed end mutual funds on the basis of 5 years (2016-2020) performance yielded positive returns on YTD basis. Among them, 1STPRIMFMF (+49.3%) yielded the highest return.

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

DSE Code	Fund Manager	Fund Size (USD mn)	Price ¹ (BDT)	NAV ¹ (BDT)	Price/NAV	Dividend Yield ² (%)	NAV Return ³				Redemption Year ⁴
							2021 YTD	2020	2018-2020	2016-20	
NLI1STMF	VIPB	9.4	17.6	16.0	110.1%	9.9%	29.1%	13.4%	-0.1%	9.5%	2022
GRAMEENS2	AIMS	47.2	21.0	22.1	95.2%	3.3%	18.0%	18.5%	2.7%	9.2%	2023
RELIANCE1	AIMS	11.1	13.0	15.7	83.1%	8.1%	20.4%	15.5%	2.2%	8.7%	2021
1STPRIMFMF	ICB AMCL	3.8	20.5	16.3	125.6%	3.9%	49.3%	35.7%	3.1%	8.5%	2029
PRIME1ICBA	ICB AMCL	13.5	8.1	11.5	70.5%	9.3%	40.0%	33.0%	2.8%	8.1%	2030
ICBSONALI1	ICB	13.8	9.0	11.8	76.5%	7.8%	33.2%	28.3%	2.4%	7.8%	2023
ICBEPMF1S1	ICB	9.5	8.3	10.7	77.3%	7.2%	44.4%	40.0%	1.4%	6.9%	2030
ICBAMCL2ND	ICB	7.0	11.2	11.9	93.8%	7.1%	41.0%	35.1%	0.3%	6.9%	2029
LRGLOBMF1	LR GLOBAL	47.2	8.5	12.9	65.7%	4.7%	11.5%	24.9%	2.0%	6.7%	2031
ICB3RDNRB	ICB AMCL	12.4	7.7	10.6	72.8%	9.1%	40.2%	37.2%	1.4%	6.6%	2030
Market							26.8%	22.3%	-4.7%	3.1%	

1 Price as of August 29, 2021, and NAV published on August 26, 2021.

2 On last cash dividend declared.

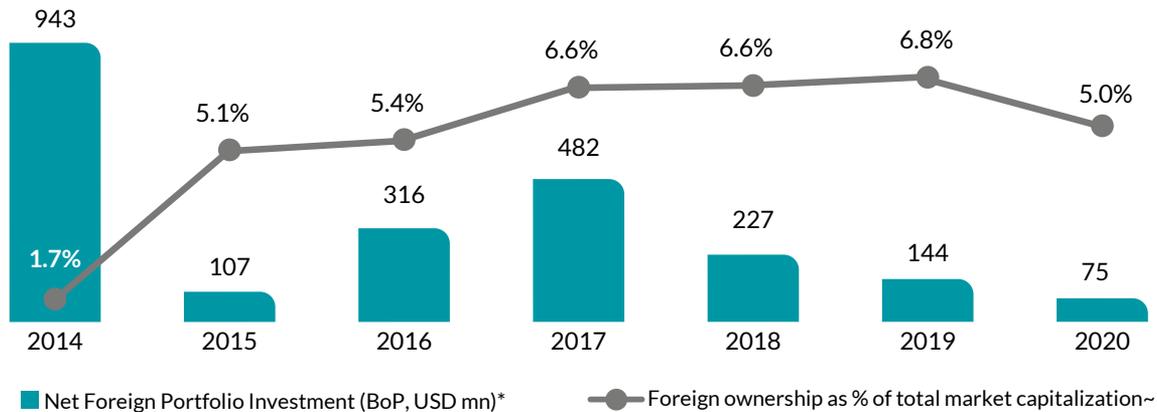
3 CAGR computed for respected periods, except for 2020 and 2021 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

4 In reference to BSEC Press Release বিএসইবিস/মুখপত্র (৩য় খণ্ড)/২০১১/২০ published on August 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 July 2021, total foreign ownership stood at 4.2% of the total equity market capitalization, which was only 1.7% in 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 37.7% as of July 2021, followed by BXPHERMA with 30.6%.

Table 8: Top ten companies with highest foreign shareholding as of July 2021

Ticker	Sector	Foreign Shareholding*
BRACBANK	Bank	37.7%
BXPHERMA	Pharmaceuticals & Chemicals	30.6%
OLYMPIC	Food & Allied	27.9%
RENATA	Pharmaceuticals & Chemicals	22.7%
DBH	NBFI	22.1%
ISLAMIBANK	Bank	20.4%
SHEPHERD	Textile	19.5%
VFSTD	Textile	18.4%
BSRMLTD	Engineering	18.3%
AAMRANET	IT	17.5%

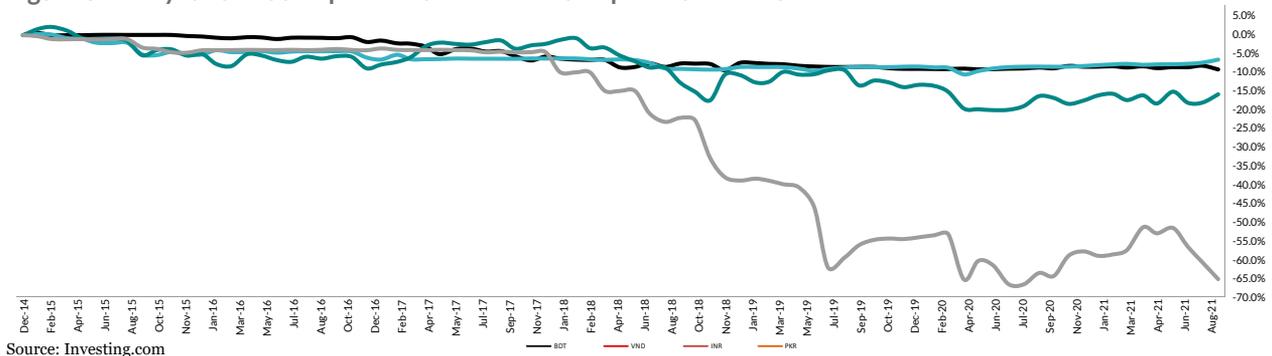
Source: DSE

*Latest Data for Foreign shareholding available on DSE are as of July 2021.

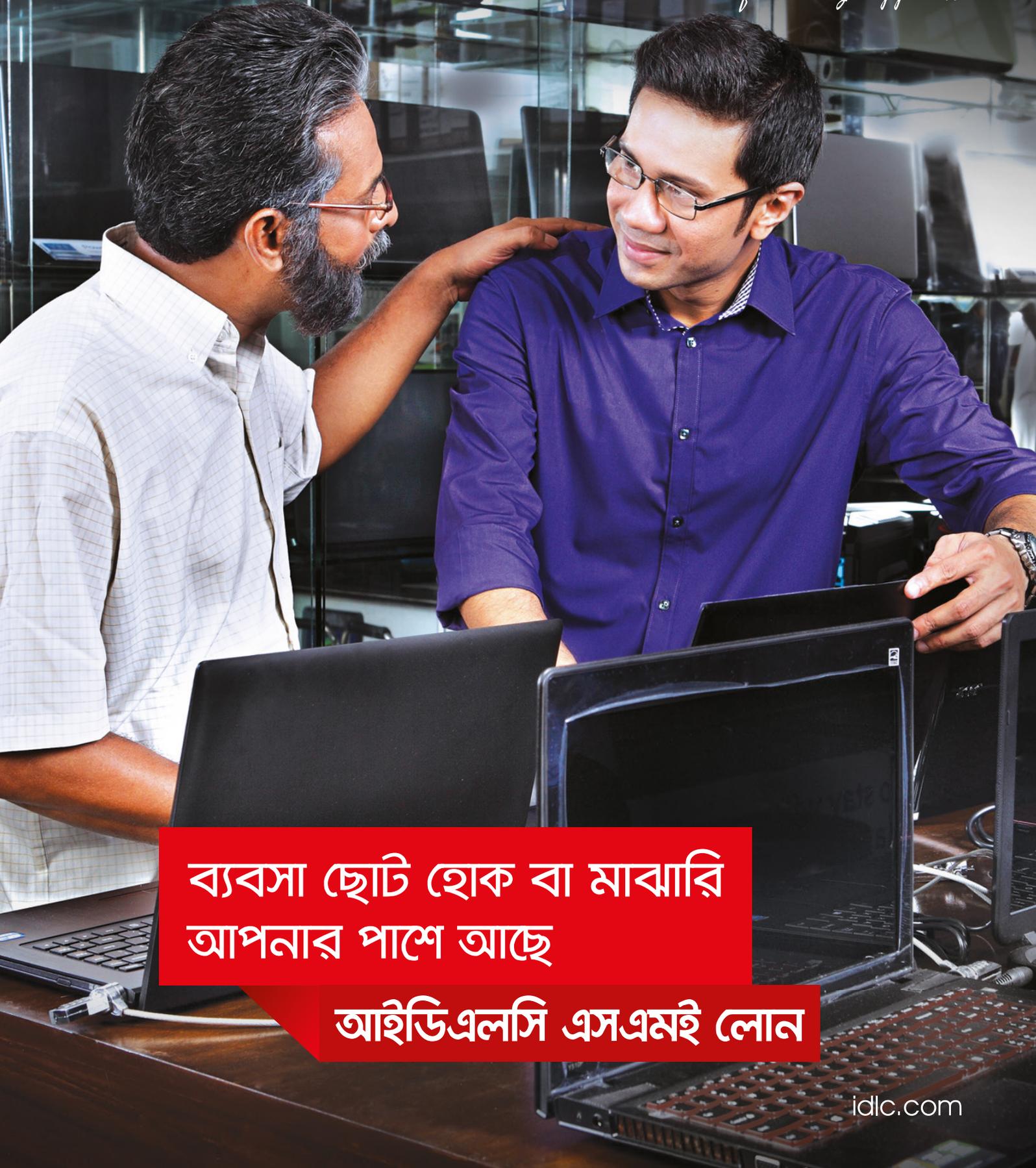
Performance of BDT and Currencies of Peer Countries against USD

Since 2015, BDT retained its value better than majority of the currencies of peer countries. While BDT depreciated by 9.1% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 6.5%, 15.7% and 64.9%, respectively.

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



Source: Investing.com



ব্যবসা ছোট হোক বা মাঝারি
আপনার পাশে আছে

আইডিএলসি এসএমই লোন