

IDLC MONTHLY

# BUSINESS

## REVIEW

CERAMICS  
INDUSTRY IN  
BANGLADESH

SHINING AMIDST  
CHALLENGES

 **IDLC**  
Finance Limited

*financing happiness*



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**Ceramics Industry in Bangladesh: Shining amidst Challenges**

The ceramics industry in Bangladesh has been one of the country's fastest-growing manufacturing industries, with domestic sales and production capacity increasing manifold over the years, banking on the competitive advantages of steady economic growth, rapid urbanisation, and duty-free access to international markets. The industry, however, faces a number of critical challenges, the most alarming being the ongoing gas and power crises, both of which are vital for the industry. The dependency on the import of raw materials is another challenge facing the industry.

Bangladesh's ceramics sector has grown to be a crucial pillar for the nation's housing and construction industries, and if the sector can get over the obstacles, it has every chance to develop and increase its contribution to the nation's foreign exchange earnings.

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Capital Market Review

FROM THE

# EDITOR



## Ceramics Industry in Bangladesh: Shining Amidst Challenges

With a total market value of over 6,000 crores, the ceramics industry in Bangladesh has been one of the country's fastest-growing manufacturing industries. Thanks to sustained economic growth and increasing urbanisation, the industry meets 85% of domestic demand and has the potential to become the country's largest export industry in the not-too-distant future. With domestic sales increasing by 20% per year on average, export sales increasing by 26% per year on average in the last three years, and total production capacity increasing by around 200% in the last five years, the industry is poised for future success.

The industry benefits from rising incomes, rapid urbanisation, and duty-free access to some international markets. There is still much to be done to address the problems this industry is facing,

such as uninterrupted power and gas supplies, which are essential to continue competing in global markets. If Bangladesh's ceramics sector can get over the obstacles, it has every chance to develop and increase its contribution to the nation's foreign exchange earnings. It stands to see what the future holds for this industry.

**Md. Shah Jalal**

Assistant Manager  
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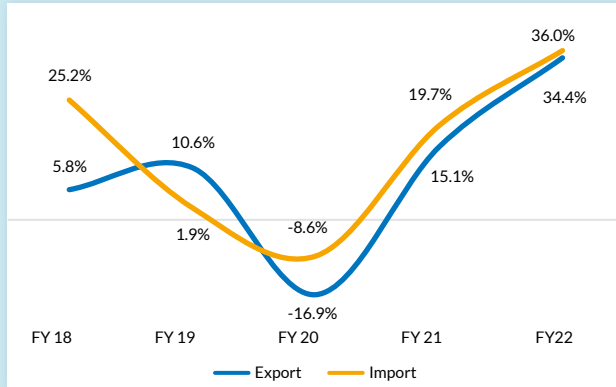
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# ECONOMY AT A GLANCE

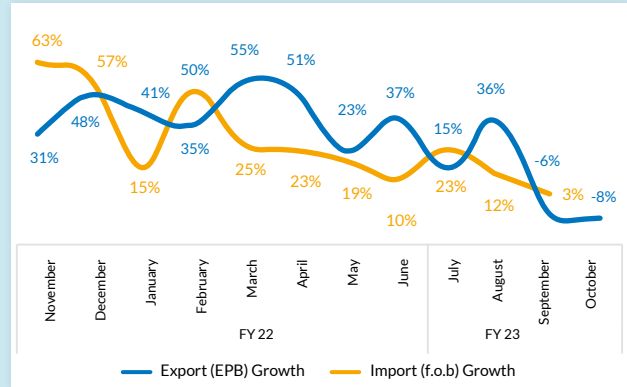
Prepared by IDLCSL Research Team

## EXPORT-IMPORT

Growth in Export Import Trade (Last 5 Years)

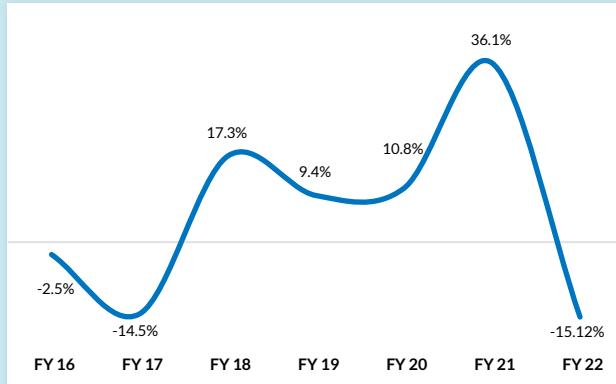


Export and Import Growth (Last 12 Months)

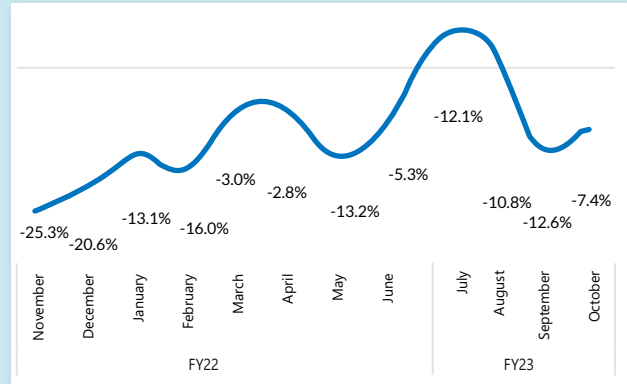


## REMITTANCE

Remittance Growth (Last 7 Years)

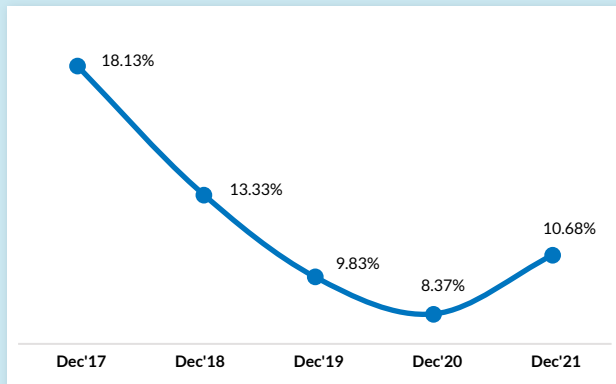


Remittance Growth (Last 12 Months)

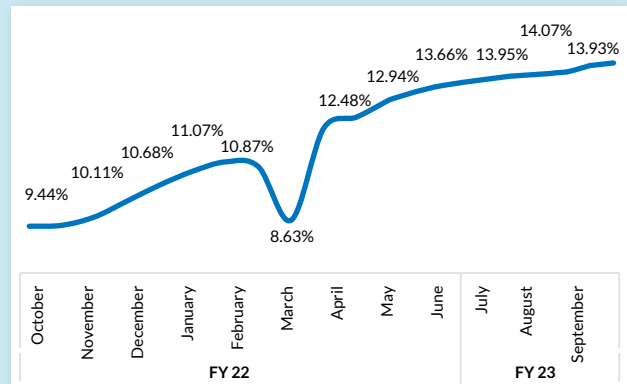


## PRIVATE SECTOR CREDIT GROWTH

Private Sector Credit Growth (Last 5 Years)



Private Sector Credit Growth (Last 12 Months)



## ■ MONTH IN BRIEF

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● **Import payments of the country increased by 16.95%, amounting to USD 1.84 billion, in the first two months of the financial year 2022-23 compared to the same period of the previous financial year.** On September 08, the foreign reserve dropped to USD 37.06 billion. As per the statement of Bangladesh Bank officials, it was caused primarily by high import payments.

● The total borrowings of the private sector of the country from China surged by 140% in a year, mostly due to capital machinery imports for the power sector. **By the end of June this year, it amounted to USD 2.23 billion, whereas it was USD 920 million in the same month of the previous year.**

● **The proposal to import 54.50 lakh metric tonnes of fuel oil from the international market for the year 2023 received approval** from the Cabinet Committee on Economic Affairs on October 19, 2022.

● **Average prices of wheat, maize, and rice have been found to be 18%, 27%, and 10% higher** in October 2022 compared to October 2021, respectively.

● RMG exports to the European Union (EU) from Bangladesh grew by **12.43% year-on-year by the end of the first three months of the current financial year.**

● Borrowings by the government from the central bank reached **BDT 727 billion by the end of September, up from BDT 558.66 billion in June.**

● According to the data published by the Bangladesh Bureau of Statistics (BBS), the growth in the **industrial sector was found to be 3.38% in July over the same month of the previous year.**

● **Investment support of USD 1 billion for the private sector of Bangladesh will be provided by the United States in the next five years** as per the decision made at a seminar jointly organized by the American Chamber of Commerce and the US Embassy on October 29, 2022.

● The IMF team arrived in Dhaka on October 26 to negotiate the terms of the **USD 4.50 billion loan requested by Bangladesh as budget support.**

● For the Record

*CURRENTLY, THE PRIVATE CREDIT GROWTH IN THE COUNTRY IS VERY HIGH. HOWEVER, IF IT IS SPENT ON THE MANUFACTURING SECTOR, IT WILL NOT AFFECT THE INFLATION, SO THE BANKS WILL HAVE TO GIVE LOANS TO THE MANUFACTURING SECTOR.*

**Salehuddin Ahmed**, Governor of Bangladesh Bank, on Private Sector Credit Growth Slowing Down After Six Months. (October 27, 2022. The Business Standard.)

**We expect 7.20% of GDP growth, but there are global headwinds that are quite significant.**

**Anne-Marie Gulde**, Deputy Director, Asia and Pacific Department at International Monetary Fund, on Negotiations on USD 4.50 Billion IMF Loan. (October 16, 2022. The Financial Express.)

**It appears the demand for the domestic market-oriented products has declined. It may be that the buying power of people has not increased while the production cost of factories has increased.**

**Khondaker Golam Moazzem**, Research Director of Centre for Policy Dialogue, on Factory Output Growth Being Slowed Down. (October 24, 2022. The Daily Star.)

**If farmers or small businesses owners cannot repay the loan, then that reality should be accepted. All sectors need to have similar policies. If the government feels additional benefits should be offered to the agriculture and SME sector, then the loan period can be extended or the interest rate can be reduced further.**

**Zahid Hussain**, Former Lead Economist of World Bank, on IMF Pushing for Declaring Defaulters in 90-Day Past-Due. (October 26, 2022. The Business Standard.)

**Consumers have been focusing more on food items compared to clothes due to inflationary pressure.**

**Md Shahidullah Azim**, Vice-president of Bangladesh Garment Manufacturers and Exporters Association, on Apparel Export Being Caught on Negative Growth Track. (October 25, 2022. The Financial Express.)

**The current status of the forex reserves is not alarming, but its declining trend is a matter of concern for us.**

**Dr. Selim Raihan**, Executive Director of South Asian Network on Economic Modeling, on Forex Reserves Falling Below USD 36 Billion. (October 20, 2022. The Business Standard.)

**The net inflow of FDI along with the rise in equity capital is certainly a positive indicator for the economy.**

**Mustafizur Rahman**, Distinguished Fellow of Centre for Policy Dialogue, on FDI Flow Soaring 37% Despite Economic Jitters. (October 28, 2022. The Daily Star.)

**Bangladesh has improved a lot in quality, product diversity and compliances in recent years.**

**Faruque Hassan**, President of Bangladesh Garment Manufacturers and Exporters Association, on Bangladesh Getting Up to 83% Lower Price Than Rivals from International Buyers. (October 13, 2022. The Daily Star.)

**If the supply crisis is longer, we will be forced to hike the price of rice. It seems that the supply crunch will not be resolved prior to the upcoming Aman season.**

**Hasan Imran**, Member of Ashuganj Auto Rice Mill Owners' Association, on Supply Crunch Cutting Paddy Trade by 60% at Brahmanbaria Market. (October 15, 2022. The Business Standard.)

Country	Nominal GDP: 2021 (USD in Billion)	Real GDP Growth: 2021 (Yearly % Change)	Inflation Point to Point (%)		Current Account Balance: (% of GDP)	Ten Years Treasury Bond	Currency Units (Per USD)
<b>Frontier Markets</b>							
Sri Lanka	88.98	3.58	66.00	October-22	-3.76	31.45	363.30
Vietnam	366.20	2.58	4.30	October-22	-1.96	5.13	24,871.50
Kenya	110.52	7.23	9.60	October-22	-5.20	14.26	121.25
Nigeria	441.54	3.65	20.77	September-22	-0.42	14.80	439.76
<b>Bangladesh</b>	<b>465.00</b>	<b>7.25</b>	<b>8.91</b>	<b>October-22</b>	<b>-4.02</b>	<b>8.19</b>	<b>103.52</b>
<b>Emerging Markets</b>							
Brazil	1,608.00	4.62	7.17	September-22	-1.74	11.94	5.16
Saudi Arabia	833.54	3.24	3.10	September-22	5.32	N/A	3.76
India	3,176.30	8.95	7.41	September-22	-1.22	7.43	81.97
Indonesia	1,187.32	3.69	5.71	October-22	0.28	7.58	15,685.10
Malaysia	373.03	3.13	4.50	September-22	3.80	4.52	4.74
Philippines	394.09	5.60	7.70	October-22	-1.76	7.62	58.21
Turkey	817.51	10.99	85.51	October-22	-1.66	12.13	18.46
Thailand	505.90	1.57	5.98	October-22	-2.18	3.03	37.37
China	17,744.00	8.08	2.80	September-22	1.79	2.72	7.24
Russia	1,778.53	4.70	13.70	September-22	6.88	9.91	61.13
<b>Developed Markets</b>							
France	2,957.43	6.98	6.20	October-22	0.36	2.86	1.00
Germany	426.77	2.79	10.40	October-22	7.36	2.34	1.00
Italy	2,101.28	6.64	11.90	October-22	2.44	4.48	1.00
Spain	1,426.22	5.13	7.30	October-22	0.92	3.38	1.00
Hong Kong	369.16	6.42	4.40	September-22	11.27	3.97	7.85
Singapore	396.99	7.61	7.50	September-22	18.12	3.54	1.40
United States	22,996.08	5.68	8.30	September-22	-3.68	4.23	1.00
Denmark	398.30	4.13	10.00	September-22	8.75	N/A	7.43
Netherlands	1,013.52	5.04	14.50	September-22	9.04	2.62	1.00
Australia	1,635.26	4.69	7.30	September-22	3.15	4.05	1.55
Switzerland	799.80	3.72	3.00	October-22	9.45	1.16	0.99
United Kingdom	3,187.63	7.44	10.10	September-22	-2.59	3.67	0.87

**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 October 2022, Inflation as per October 2022 and Currency Unit (per USD) as per 9th November are sourced from Bangladesh Bank

**Nominal GDP:** Nominal GDP: Data of all countries apart from Bangladesh is sourced from IMF estimates of 2022 data (October, 2022 Outlook)

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

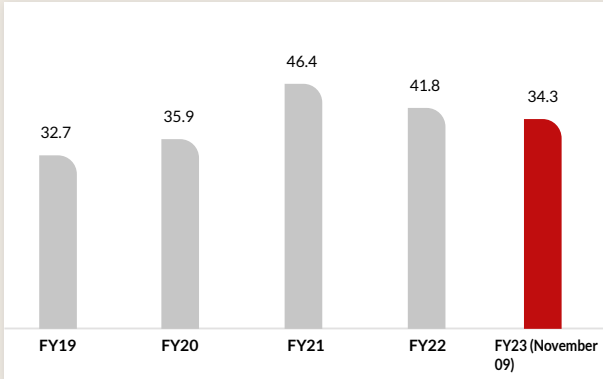
**Inflation:** Data of all countries apart from Bangladesh is sourced from tradingeconomics.com

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

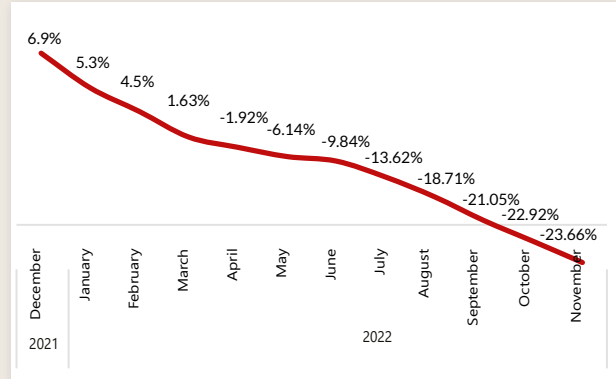
# BANKING DATA CORNER

Prepared by IDLCSL Research Team

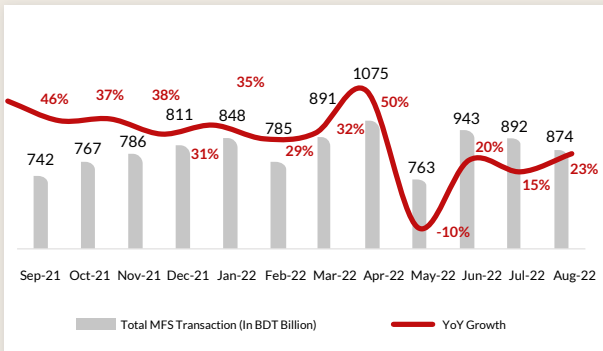
## Foreign Exchange Reserve (In USD Billion, Last 5 Years)



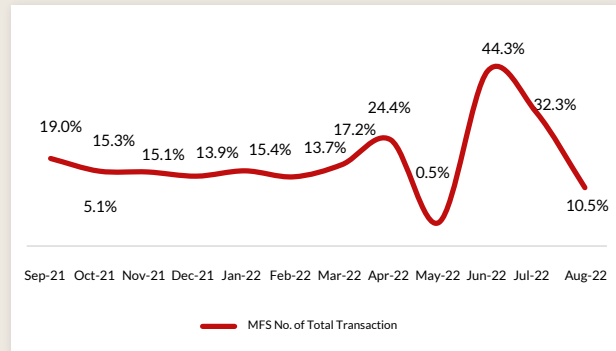
## Foreign Exchange Reserve (Last 12 Months Trend)



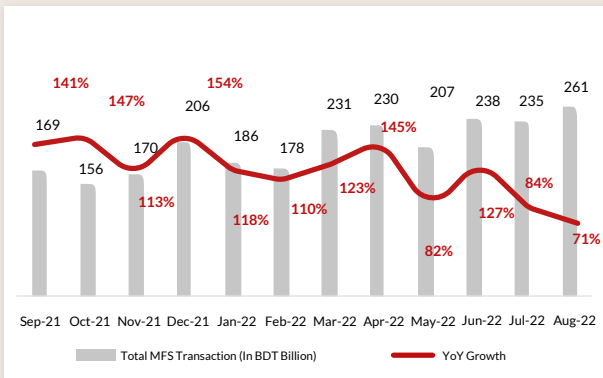
## MFS Monthly Transaction (BDT Billion and YoY Growth)



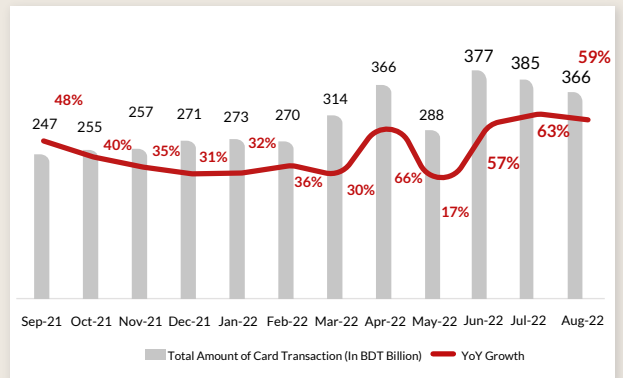
## MFS No. of Total Transaction (YoY Growth)



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

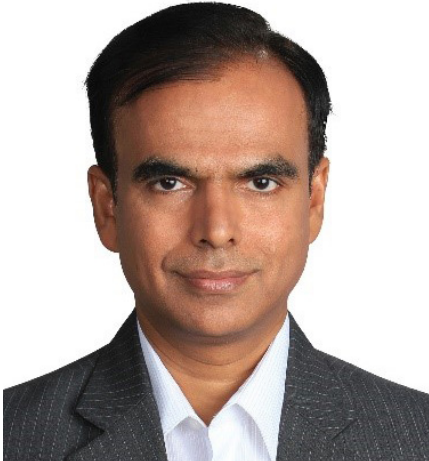


## Total Amount of Card Transaction (BDT Billion and YoY Growth)



Source: Bangladesh Bank

# TallyKhata



**Shahadat Khan, Ph.D.**  
 Founder and CEO  
 TallyKhata, Bangladesh

Interviewed By  
 Raiyan Rabbani, Team MBR

*Fintech enthusiast, Dr. Shahadat Khan, is the founder and CEO of TallyKhata. He is the co-chairman of the BASIS Standing Committee on Fintech and Digital Payment. Dr. Khan has more than 31 years of experience, including university teaching, research and innovation, product development, and building IT-based solutions for social development. Dr. Khan started his career as a faculty member of the computer science and engineering department at BUET. He is a Canadian Commonwealth Scholar and received his Ph.D. degree from the University of Victoria, Canada. He is a frequent speaker at industry conferences and panels, holds 16 patents, and has published many articles in journals and technical magazines. He has travelled to more than 40 countries and is a hobbyist wildlife photographer. Team MBR was in a conversation with Mr. Shahadat Khan, Founder and CEO, TallyKhata, to learn about his inspirations and vision behind TallyKhata.*

**Raiyan Rabbani:** Since it was launched in 2020, TallyKhata has been providing an app-based digital platform for bookkeeping solutions for MSMEs in Bangladesh. Would you kindly share with us how you came up with this idea?



**Shahadat Khan:** We are heavily focused on Fin-tech, and while working on matters of such, I was having a conversation with my friend around some time in 2020, one of my friends was facing problems taking with taking credit from a local retail shop. He had no record of how much he owed to the retailer. Then, I wanted to see his receipts for his

purchase and saw a lot of issues with the “iza” the retailers call it, where detailed records of credit are kept. As a result of the mismatch, the retailer lost BDT 500. He found that this process of tally-keeping credit can be automated using an app. With credits automated between customer and retailer, mismatches in credit between the parties can be resolved via a digital app, which was the inspiration for the development of TallyKhata.

**Raiyan Rabbani:** TallyKhata has successfully acquired more than five million users within a time span of slightly more than two years since its inception.

**What are the factors that have driven such outstanding growth within a short period of time?**

**Shahadat Khan:** Firstly, after coming up with the app, we had to first understand whether the app would “click” or be an “aha” moment in the market. The retailers tested our app and figured that both the customers and the retailer had records of credit transactions for themselves. As a result, most of them found that there would be no disagreements between them and the customers, leading to value creation in the form of repeat purchases by customers. So this “aha” moment was a factor. Second, the app’s ease of language in Bangla, which is automatically localised in their own language, and its ease of use with no prior technical knowledge are factors. Then, the app can be used completely offline, which proves very useful as internet issues are very prominent in our country. So, a retailer can store any credit record online. Lastly, we have used digital promotion strategies to reach various retailers throughout the country, so we were able to reach a large number of retailers.

**Raiyan Rabbani: Visa recently selected TallyKhata to join the 2022 cohort of its Visa Accelerator Program in Asia Pacific. How is this collaboration going to help TallyKhata come up with more innovative solutions for MSMEs?**

**Shahadat Khan:** Users of our app have a big opportunity to avail themselves of supply chain finance through the use of our app as a result of our collaboration with VISA. This feature will be going to market very soon as a pilot project. These small retailers require financing for various reasons, such as expansion, etc. Since taking loans for these small retailers is very troublesome and financial institutions are unwilling to give loans to such small retailers, our collaboration with VISA allows us to give them a line of credit based on their financial records and transactions. They will also get VISA cards, via which they can use pause machines to pay for goods and services. So, we are the only start-up in Bangladesh that was selected for the Asia-Pacific region.

**Raiyan Rabbani TallyKhata plans to offer digital credit solutions for MSMEs in partnership with banks and NBFIs. To help assess the creditworthiness of MSMEs, TallyKhata will generate credit scores based on transactions and activities on the app. What are your thoughts regarding the reliability of such methods, as MSMEs are exposed to many risks that require subjective judgement?**

**Shahadat Khan:** We are currently using AI and data science to assess the creditworthiness of a retailer using transactional records and data retailers generate via the app. Based on such data, we develop standards of credit and trends to compare creditworthiness. We have also carried out physical visits to verify the results given by AI. So we have certain eligibility standards for loan sanctions based on such credit scores.

**Raiyan Rabbani: Users get to enjoy the bookkeeping solutions provided by TallyKhata for free. How does TallyKhata make money out of the services it offers? Would you kindly share with us the revenue streams of TallyKhata?**

**Shahadat Khan:** TallyKhata, TallyPay wallet, and Loan service are our three service verticals. The first category is free for all, while the wallet and loan services include charges like any other business. With loans, we charge a very low-interest margin service charge compared to banks. These are the two main revenue streams.

**Raiyan Rabbani: TallyPay has recently been launched as a digital wallet and payment service for individuals and MSMEs. How is this going to help improve the solutions TallyKhata provides?**

**Shahadat Khan:** For the retail customers who don’t have much accessibility when it comes to wallet payments for their purchases. These retail customers can pay through TallyPay and can also receive payments from other entities to make an

extra income simply by staying on the same platform. MSMEs contribute to around 25% of our GDP, with a forecasted number of 12 million MSMEs. Our business focuses on making their lives easier by facilitating all sorts of bookkeeping and facilitating payments. Such users of our app have similar other apps, but no app has offered the level of convenience as much as we did.

**Raiyan Rabbani: What are the challenges TallyKhata is currently facing in the way of its smooth operations and business expansion? How is it planning to overcome those obstacles?**

**Shahadat Khan:** Some users were happy, and some were unhappy with the use of the app. We analysed what made them happy and unhappy and tried to customise our app to their specific needs. Another challenge is the interoperability of the use of our app, i.e., users cannot pay from our app to another app like bKash. We are currently working with Bangladesh Bank regarding such a facility. Another major challenge is the absence of proper digital infrastructure in our country, especially in remote areas, making it hard to gather credit information. We are also working on making a good way to collect information about users so that we can use this digital infrastructure to make a good credit score system.



# CERAMICS INDUSTRY IN BANGLADESH: SHINING AMIDST CHALLENGES

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Written by  
**Ashraf Uz Zaman**



Ceramics have come a long way from their humble beginnings more than 26,000 years ago as primitive pottery and figures made from burnt clay and other minerals. From the tableware in our dining tables to the insulators in automotive parts, ceramics is more encompassing in our lives today than we perhaps realise. Starting its journey in the late '50s, when Tajma Ceramics Industries Ltd. started its business, the ceramics industry in Bangladesh has been one of the rapidly growing manufacturing industries, with around 68 producers currently (of which only five companies are listed), making ceramics products like heavy clay (e.g., pottery, terracotta), tiles, sanitary ware (e.g., basins, toilet bowls, plumbing fixtures), insulators (e.g., pin insulator, disc insulator), and tableware (e.g., dinner plates, bowls, etc.). Bangladesh's ceramics market has grown to more than BDT 6,000 crore with a multidimensional growth of 20% annual growth in the domestic market and 26% growth in the export market (2019), thanks to stable economic growth coupled with an increase in people's disposable income, rapid urbanisation, and a variety of housing options. Currently, the industry caters to around 80% of the local demand. About 95% of tableware, 75% of tiles, and 85% of sanitary ware demand are met through local production. About 48,000 people are employed directly by the industry, while it is believed that over 500,000 others are employed indirectly. The industry promises immense potential, but it is not without some major challenges to be overcome to sustain its growth, especially in the form of the ongoing energy crisis and raw material, shipping, and transportation prices all skyrocketing as a result of the Russia-Ukraine conflict.

### Global Market Scenario

According to Statista, the value of the world ceramics market in 2018 was estimated to be USD 229.13 billion. The size of the global ceramics market is expected to reach close to USD 408 billion by 2025. One of the most common uses for ceramics is in tiles, which come in a variety of shapes and sizes that are ideal for use in mosaics, flooring, roofing, and other applications.

### Sharp Rise in Tiles Manufacturing Worldwide

Global tiles production grew by 7.2% in 2021 to 18,339 million square metres from the 17,101 million square metres reported in 2020. The outcome illustrates the sharp rise in tiles demand across all regions, which caused global tiles consumption to climb to 18,209 million square metres (+6.8%).

Asia now produces 13.6 billion square metres or 74% of the world's total production, as per Ceramic Tile and Stone Consultants. This favourable outcome was mostly brought about by an increase in production volumes in China, India, and Indonesia. As of 2020, China was also the world's largest consumer of ceramic tiles (together with Asia in a macroregional comparison), according to Statista's research. Total output on the European continent was 11.6% of global production. North America grew 17.4%, whereas Central and South America grew 24.5%. In 2021, only Africa had a decrease in output (-3.3%).

### Global Exports Topping 3 Billion Square Meters

According to the study of Ceramic Tile and Stone Consultants, the EU exported 1,055 million square metres (+14.3%), 35% of the world's total. Central and South America (+36.3%), North America (+10.7%), and Africa (+4.6%) all increased exports. In 2021, the EU exported 75.7% of its production, the most of any continent or macroregion. Spain reclaimed second place as the world's largest exporting country in 2021, while India fell to third.

### Ceramics Engineering and Non-Tiles Ceramics Applications

Tiles are only one example of a large number of goods and industries that make use of ceramics. Porcelain is delicate and exquisite, whereas ceramic dishes and pottery are long-lasting and aesthetically pleasing. The fields of ceramics engineering and growing demand for advanced ceramics across a wide range of industries (e.g., dental implant technologies utilising high-performance ceramics) is where traditional ceramics become cutting-edge and innovative. For instance, thermal ceramics can withstand temperatures of almost 2,000 degrees Celsius without breaking down. As per Statista, the transportation, petrochemical, and chemical sectors, among others, will contribute to thermal ceramics' nearly USD 4 billion worldwide market value by 2024. By 2026, the global market for glass ceramics, another type of technical ceramics, is expected to be worth about two billion dollars.

## Background of the Ceramics Industry in Bangladesh

Bangladesh's ceramics industry is one of the fastest-growing manufacturing sectors in the country. Local demand for ceramic items continues to rise as the country's economy expands and urbanisation accelerates. Following the COVID-19 outbreak in 2020, the industry faced a 30% sales drop. Four of the five listed ceramics companies reported profits in 2020, although at lower rates than in 2019, while one declared losses. For example, the revenue of RAK Ceramics, the market leader in tiles and bathroom fittings, fell by 9.82%, and profits fell by 58.81% in 2020, while in the case of Shinepukur Ceramics, revenues fell by 4%, although profits increased 77%; at Standard Ceramics, revenue increased 17%, but profits dropped 71%; and in the case of Fu-Wang Ceramics, revenue increased by 26%, but profit slipped 0.99%.

The industry has, since then, largely recovered from the pandemic's shocks, mainly thanks to the recovery

in the forward linkage of the construction sector. This underscores the market's fundamental characteristics, particularly the government's emphasis on affordable housing, which has allowed the sector to rebound. The country's tiles and sanitary ware business has also benefited from expanding disposable incomes, a growing desire for larger and roomier houses, competitive mortgage rates, and an overall young population.

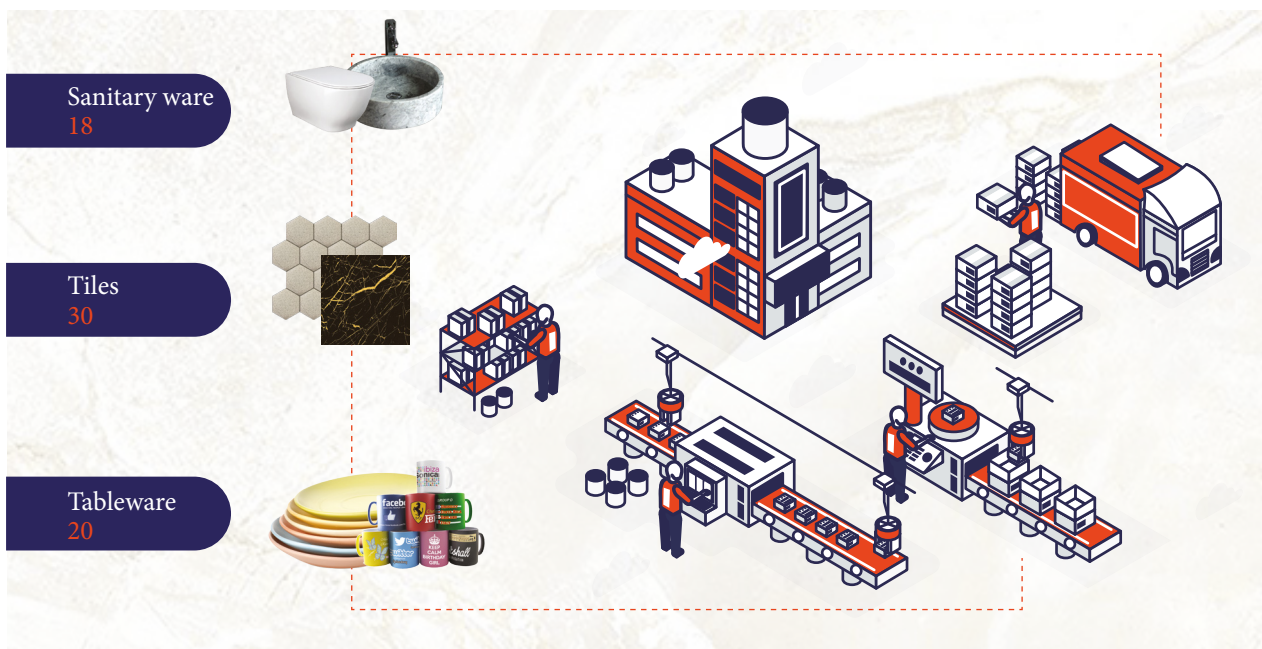
The manufacturing capacity of Bangladesh's ceramics sector increased by approximately 200% between 2008 and 2018, a USAID study found. The companies produce 50 lakh pieces of sanitary ware, 15 crore square feet of tiles, and 25 crore pieces of tableware annually. Meanwhile, sales of ceramics reached BDT 6,000 crore in the 2020-21 fiscal year, as reported by the Bangladesh Ceramic Manufacturers and Exporters Association. Of that total, BDT 1,000 crore was spent on kitchen and bathroom accessories. Tiles were a big seller for domestic producers that year, bringing in BDT 4,300 crore, while imports brought in BDT 700 crore.

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## Leading Market Players and Export Trends/Destinations

According to The Business Standard, of the 68 ceramics manufacturing facilities in Bangladesh, 18 of them produce sanitary ware, 20 produce tableware, and the rest produce tiles.

### Manufacturing Facilities: 68



## Tiles Market

More than 60% of the market for tiles is controlled by five major manufacturers. RAK and Akij collectively control approximately 32.32% of the market for tiles, each possessing around 16% of the market share, followed by strong competitors such as Greatwall, Star, Abul Khair, and Mir Ceramics. Other regional brands and a few imported Chinese brands account for more than one-third of the tiles market. Among the other brands is DBL Ceramics Ltd., which began operations in its fully automated plant at the end of 2016. Modern equipment and technology have been installed by the company to increase its daily manufacturing capacity to 35,000 square metres. It also established a strong supply chain across the country.

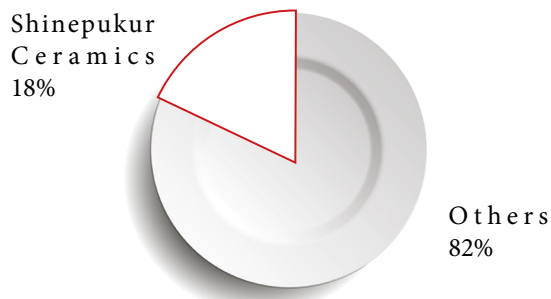


Tiles Market Share

## Tableware Market

In terms of the market share for ceramics products across the country, Shinepukur Ceramics, a subsidiary of the Beximco Group, holds 18% of the tableware market, estimated to be valued at over BDT 500 crore, and 24% of all exports during the 2018–19 fiscal year.

One of the largest and oldest tableware producers, Monno Ceramics, founded in 1984, enjoys a solid reputation domestically and abroad. The business, which employs 2,000 people, can produce around 250,000 and 1.5 million pieces of porcelain and bone china each month,



respectively.

## Sanitary Ware Market

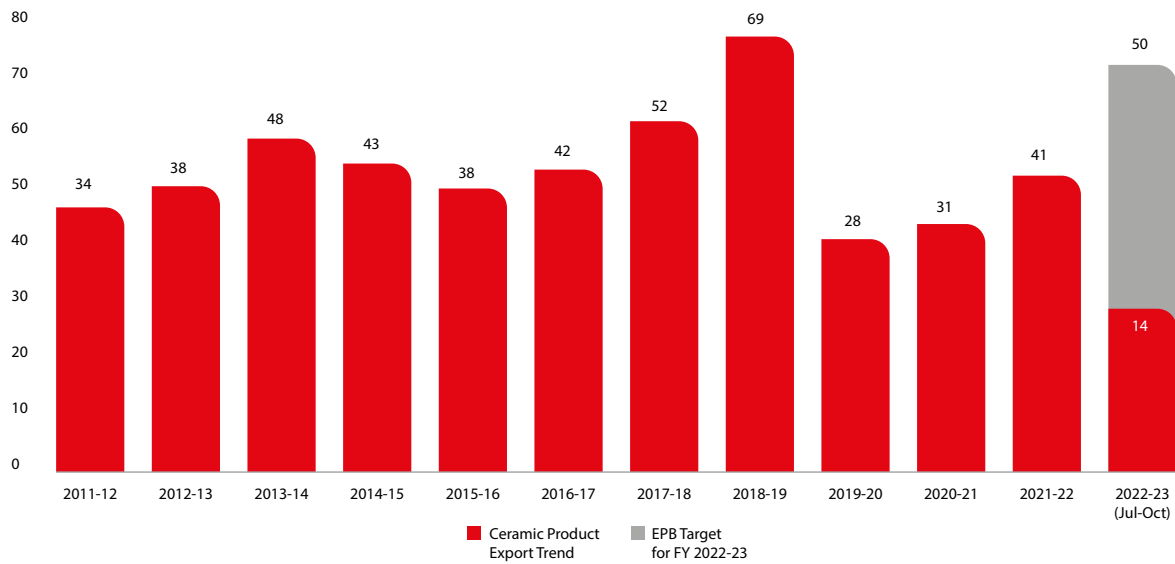
About one-third (30%) of the BDT 1,000 crore sanitary ware market is held by RAK Ceramics, a UAE-Bangladesh joint venture enterprise that is listed on the Dhaka Stock Exchange and the Abu Dhabi Securities Exchange in the UAE. The company produces a wide range of goods, including ceramics and porcelain tiles, bathroom accessories, and all types of sanitary ware. It currently offers more than 2,500 models and often rolls out new styles to keep up with changing customer demands.

As per NewVision, 18% of the market is controlled by Abul Khair Ceramics, a subsidiary of the regional conglomerate Abul Khair Group. Due to its affordability and accessibility, the company's "Stella" brand of sanitary ware goods is one of the most well-known in the local market. Abul Khair Ceramics has established itself as a significant contender in the sanitary ware market thanks to its broad distribution network and dealership network.

The industry has had tremendous growth over the past six years, especially in the export sector, relying on diversified tableware products. As opposed to the EPB's estimated goal of USD 35 million, export earnings in FY 2021–22 were USD 41.36 million. With exports exceeding USD 41 million in FY 2021–22, the sector has a presence in over 50 countries, including the UK, the USA, Italy, Spain, Norway, France, the Netherlands, Australia, and more. The main drivers of growth, which have contributed more than USD 9 million in fortune to the business and are anticipated to continue the trend, are the US-China trade conflict and rising European demand.



Export Trend of Ceramic Industry (in Million US\$)



Source: USAID and EPB.

The ceramics sector has experienced exponential expansion over the course of investment accumulating along with the expanding domestic and international markets. The entire aggregate investment increased by 70% over the past four years, from USD 619.38 million in 2014 to USD 1,051.77 million in total. It is anticipated that 20 new enterprises will join the ceramics industry fleet in the next few years as a result of this investment increase. In order to take advantage of expanding opportunities, current firms are likewise concentrating on production expansion. According to Bangladesh Ceramic Manufacturers

and Exporters Association, of the total accumulated investment, the export-focused tableware segment accounts for 20%, tiles for 59%, and sanitary ware for 16%.

### Prospects of the Industry

There is a lot of room for expansion in the ceramics industry in both the domestic and international arenas because of the country's ability to produce high-quality products at competitive prices.



- **Burgeoning Urbanization and Rising Income**

As the nation continues to experience stable economic expansion and urbanisation, the local demand for ceramic goods is also growing. According to industry experts, the number of households will also rise from 3.2 crores to 4.3 crores by 2025. In rural regions where using ceramics materials in the construction of homes and mosques is now very popular, demand for ceramics items has also expanded as people's earnings have grown over time. This expected increase in population affordability, along with rising real estate development and prospective lifestyle changes brought on by expanding urbanisation, point to future sector growth opportunities.

- **Competitive Labour Pool**

Bangladesh's export-focused businesses have a distinct cost advantage due to the country's cheap wage structure and availability of a large labour pool of semi-skilled to skilled workers. Despite continued competition from China, India, and Thailand in international markets, Bangladesh's ceramics sector has benefited from and is likely to continue to benefit from the country's comparatively low labour costs accessible for local manufacturing.

- **Access to Duty-free Markets**

The ceramics industry in Bangladesh has the potential to increase its export competitiveness thanks to duty-free market access to a number of developed countries under the Generalised System of Preferences (GSP), including the European Union (EU), the United Kingdom (UK), Australia, New Zealand, Japan, Canada, and Russia. In contrast, Chinese ceramics products, a major competitor to Bangladesh, must bear additional duties to access such markets, such as up to 12% duties for EU markets.

- **Untapped Export Potential**

Bangladesh Ceramic Manufacturers and Exporters Association reports that domestic demand for tiles and sanitary items exceeds domestic production. The current production capacity for tiles in the country is 20 crore square metres, whereas the total domestic demand is roughly 26 crore square metres. Likewise, the quantity of tiles produced falls short of the demand. Approximately 24% of the demand for tiles is fulfilled by imports due to the gap between demand and output.

- **Industry-Academia Collaboration**

Research partnerships between businesses and universities are becoming increasingly important as the global ceramics sector experiences rapid expansion and introduces new applications for ceramics across a wide range of sectors. With this in mind, the Higher Education Quality Enhancement Project of the University Grants Commission of Bangladesh has funded industry-academia collaborative research in Bangladesh to develop innovative technologies in recent years.

## **Challenges Facing the Industry**

According to LightCastle Partners, the production of ceramics is a process industry that heavily relies on the use of gas, which constitutes around 21% of production costs. The kiln's fire requires constant access to the gas supply. There must also be a constant, high rate of gas flow at around 15 PSI. Many manufacturing facilities, meanwhile, are suffering financial losses as a result of reduced output caused by the gas crisis.

The onset of the Russia-Ukraine war in February 2022 and the subsequent decision by Russia to cut off gas supplies to Europe in retaliation to Western sanctions placed on the country led to an energy crisis in Europe, setting off a domino effect on the global market for liquefied natural gas (LNG). This year, the cost of natural gas skyrocketed to all-time highs in the international market. In March 2022, Bangladesh saw the beginning of the gas crisis, and the problem got much worse from September on.

This skyrocketing LNG price also came at a time when burgeoning dollar rates were putting pressure on the rapidly depleting forex reserves of the country, prompting the government to halt spot LNG imports since July 2022 and implement austerity measures in the form of power outages or 'load-shedding' as the government attempts to contain the fuel price. About 60% of Bangladesh's energy comes from natural gas, and a quarter of that gas is imported from other countries.

This dual energy crisis has proven to be a serious issue for the ceramics industry, where both electricity and gas are required to power the manufacturing facilities, which must reach temperatures above 500° C and up to 2000° C in some cases to make bricks or tiles by baking clay. The factories are faced with an unsettling situation as the gas pressure remains good

during the day; however, they have to remain closed due to power outages, and gas pressure drops at night when the power is restored. Bangladesh Ceramic Manufacturers and Exporters Association reports that gas supply problems have caused manufacturers to cancel several work orders because they cannot meet the deadlines of their international clients. Also affected are their local market suppliers.

Other than the ongoing energy crisis, another significant issue for this industry is its over-reliance on the import of raw materials, as almost 95% of raw materials come from abroad. A supply chain crunch due to COVID-19 and then the Russia-Ukraine conflict has meant that the companies that relied on the import of clay from Ukraine are having to search for alternate sources that are costlier.

Concerns also exist for the ceramics export industry once Bangladesh loses its LDC classification in 2026 since the average tariff on ceramics entering foreign markets will increase to 12.7%.

## A Way Forward

Bangladesh's ceramics sector has grown to be a crucial pillar for the nation's housing and construction industry, and this industry is already contributing through export revenues, foreign investment, and other means to the nation's economy while at the same time producing employment and saving money. Industry insiders claim that this is possible if the government gives this industry careful consideration and supports it, particularly in resolving the power crisis afflicting the factories. There is still much to be done to address the problems this industry is facing, such as uninterrupted power and gas supplies, which are essential to continue competing in global markets. If Bangladesh's ceramics sector can get over the obstacles, it has every chance to develop and increase its contribution to the nation's foreign exchange earnings.





**M. A. Rahim**  
Vice Chairman, DBL Group

Interviewed by  
Ashraf Uz Zaman

*Mr. M. A. Rahim is the Vice Chairman of DBL Group, established in 1991. Mr. Rahim is a director of the Bangladesh Garment Manufacturers and Exporters Association. He is also on the Trustee Board of CSR Centre Bangladesh. Mr. Rahim's leadership allowed DBL to receive low-cost finance from various Development Financial Institutions including the IFC of the World Bank Group and KfW-DEG. He also contributed to DBL in earning local and international recognitions including the HSBC Export Excellence Awards (five times), Textile Institute Sustainability Award (UK) and Carbon Performance Improvement Award (Germany). Team MBR was in a conversation with Mr. M. A. Rahim and was fortunate enough to receive his take on the ceramics industry in Bangladesh.*

**Ashraf Uz Zaman: The ceramics industry of Bangladesh experienced an average annual growth rate of 20% over the last decade in the domestic market. What are the key factors that you think drove this phenomenal growth?**

**M. A. Rahim:** Over the last decade, Bangladesh's ceramics sector has grown by 20% every year, on average. Since the real estate market is booming and people's incomes are improving, this expansionary trend may continue for some time. This phenomenal growth is mostly attributable to the improvement of the country's housing market. The use of ceramic tiles has become commonplace in modern architecture. A growing middle class means more people are willing to spend more on upscale necessities like dinnerware and bathroom fixtures.

The combination of competitive prices, plentiful skilled workers, and innovative business owners positions this sector for rapid growth in international

markets. Countries with long histories of producing ceramics, like Italy and Spain, are facing severe challenges as a result of increased labour costs. Therefore, more business is being shifted to nations with lower labour costs, like Bangladesh. Ceramics produced in Bangladesh are on par with those made in China and India. With the correct incentives and government backing, we have the potential to become a global leader in ceramics exports. Bangladesh's manufacturing sector would see another success story in this case, following the garment industry's lead.

**Ashraf Uz Zaman: More large conglomerates are entering the ceramics industry, and the existing industry participants are expanding their production capacities. What are the motivations for large conglomerates to engage themselves in this particular industry?**

**M. A. Rahim:** Bangladesh's ceramics industry has a bright future because of the country's booming



construction industry and the increasing demand for high-end residences. As the country's economy and population rise, so does the demand for ceramic goods. These were the primary drivers for the big corporations' entry into the field.

As a result of rising demand, major corporations are pouring millions of taka into the industry. They have many factories up and running. One of Bangladesh's expanding industrial sectors is the ceramics industry. The industry is meeting 85% of domestic demand and a significant amount of the international market, positioning itself as one of the biggest in the next five years.

**Ashraf Uz Zaman: Our ceramics products are being exported to more than 50 countries after meeting more than 85% of the local demand. What attributes of Bangladeshi ceramics products have helped Bangladesh stand out in the global market?**

**M. A. Rahim:** Bangladesh's advantageous quality-to-cost ratio and innovative labour force make it a top contender in this industry, helping the sector earn a solid reputation in export destinations, including the Middle East, North America, and the European Union. Tiles, crockery, and plumbing fixtures made of ceramics are also prospering. The country's ceramics sector relies heavily on technical competence and experienced labour in tiles, tableware, and sanitary ware. Insulators and sanitary equipment are in high demand both at home and abroad.

**Ashraf Uz Zaman: Though value addition in the ceramics industry has improved significantly over the years, the industry still has to largely depend on imports for raw materials. Would you kindly share your thoughts regarding the potential of complete backward linkage happening soon in the industry?**

**M. A. Rahim:** Although rivals like China and India manufacture their own raw materials, the companies in Bangladesh depend largely on imported raw resources like clay, feldspar, and quartz. The price of raw materials has a significant impact on the overall cost of manufacturing. The primary expense in Bangladesh's ceramics sector is the price of raw materials, followed by the cost of electricity and human labour. The majority

of the raw materials (white clay, feldspar, and quartz) used by producers come from China, India, Thailand, Malaysia, Indonesia, and the European Union, while white clay deposits may be found in Mymensingh (Bijoypur), Sylhet, and Netrokona as well.

In order to better depend on local raw material manufacturing, we must improve our current methods. Clay, one of the most critical raw materials for ceramics items, is still imported despite the fact that Mymensingh has a rich clay mine with a capacity of up to 3 million tonnes of clay. The areas of Chittagong, Sherpur, and Netrokona are also likely to produce white clay surface sediments.

**Ashraf Uz Zaman: Natural gas is one of the key raw materials for the ceramics industry. How is the industry being impacted by the volatility in the supply and price of natural gas? What are your suggestions to overcome this challenge?**

**M. A. Rahim:** This industry relies heavily on natural gas, and the reliability of its supply is a crucial factor in establishing and maintaining high-quality standards. Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) are viable alternatives, but they are not cost-effective, and supply shortages are a significant challenge in this industry. To sustain their local clientele, producers should not drastically alter their prices. As a result, we should expect gas prices to be steady.

**Ashraf Uz Zaman: The industry has experienced notable FDI inflows from China and the Middle East. What features of the industry have attracted foreign investors to invest in the ceramics industry of Bangladesh?**

**M. A. Rahim:** Bangladesh stands out in the international market due to a number of factors.

The ceramics industry in Bangladesh has become one of the country's fastest-growing sectors as a result of rising incomes and increasing urbanization. As the economy develops and more people move to the cities, there is a rising need for ceramics. By 2025, between 30 and 40 million individuals are expected to enter the lower middle class, and another 34 million are expected to see their income rise and move into the upper middle class, allowing them to enjoy a more comfortable

lifestyle based on a study by the Boston Consulting Group. The future prospect for sector expansion is indicated by rising population affordability, rising real estate development, and potential changes in urban inhabitants' lifestyles as a consequence of rapid urbanization.

Bangladesh's ability to increase export competitiveness is demonstrated by the fact that it enjoys duty- and quota-free access to developed nations (Generalized System of Preferences: GSP) like the European Union (EU), the United Kingdom, Japan, Canada, Russia, Australia, and New Zealand. Chinese ceramics, a significant rival of Bangladesh's, must pay additional duties to enter these markets. Additionally, Bangladesh has emerged as a viable option for investors looking to develop their ceramics enterprises.

Bangladesh's export-focused businesses benefit greatly from the country's highly skilled worker population because of the country's relatively low wage rates. The Bangladeshi ceramics sector has been and will continue to benefit from the considerably reduced labour costs available for domestic manufacture while facing stiff competition from China, India, and Thailand in the international market.

New innovations in the ceramics industry are being developed as a result of collaboration between industry and universities in Bangladesh. When it comes to Solar Grade Silicon, for instance, DBL Ceramics has teamed up with BUET's Glass and Ceramic Engineering (GCE) department.

**Ashraf Uz Zaman: Hikes in the prices of all the major construction materials have slowed down the construction industry. How is this impacting the ceramics industry of Bangladesh in turn?**

**M. A. Rahim:** Indeed, the construction industry has slowed down due to the increase in the price of all essential construction materials. It has had far-reaching effects on the global supply chain. The construction materials sector and the ceramics industry both suffered as a consequence of the instability of the global supply chain. Manufacturers, consumers, and other parties involved in this industry are now up against supply constraints and rising costs at the checkout counter.

**Ashraf Uz Zaman: Since our ceramics industry is heavily reliant on imports for raw materials, rising dollar prices are pushing up the cost of manufacturing ceramics products. What strategies have the leading ceramics product manufacturers undertaken to battle this issue?**

**M. A. Rahim:** With the rise in dollar prices, the cost of ceramics products also goes up. But due to price competition with foreign products, the prices of domestic ceramics products can't be increased arbitrarily. As a result, we have undertaken some strategies. DBL Ceramics tries to use imported substitute materials like feldspar and clay even though we depend heavily on imported raw materials. Furthermore, DBL Ceramics is trying to set up backward linkage, considering the potential of the backward linkage and the consequences of heavily depending on imported raw materials.



# LOGISTICS INDUSTRY IN BANGLADESH: FROM ORIGIN TO DESTINATION

Written by  
**Raiyan Rabbani**



Industry experts claim that Bangladesh's logistics and freight sectors have been expanding in tandem with the country's exports and imports for many years. The sector was established in Bangladesh in 1991–1992. At first, there were no regulations or policies governing the sector, and even government officials, exporters, and importers had no knowledge of how to run the sector. In the current environment, foreign businesses frequently establish joint ventures with our local businesses, and this cooperation has laid the groundwork for the further development of domestic logistical knowledge. It is important to note that logistics companies handle all duties up until the time that the items arrive at warehouses, including loading and unloading.

### Market Dynamics: Local and Global

Bangladesh's annual export and import trade volume have exceeded USD 100 billion. It indicates that there is a lot of room for expansion in this area. As per the Agility Emerging Markets Logistics Index (AEMLI), Bangladesh climbed eight positions to rank 15 in 2019. According to a recent study, this market experienced the biggest rise of any in the 50-nation "Agility Emerging Markets Logistics Index 2019". Bangladesh has the chance to expand its global market share in apparel and textiles, which make up 84% of its total exports. By optimizing the logistics performance, Bangladesh can penetrate into new markets and convert its manufacturing and agriculture sectors into high-value sectors.

Foreign freight forwarders and 3PL, or foreign companies that take care of warehousing, transportation, and other logistic services, have encouraged the growth of export-related logistics in the context of Bangladesh. Typically, these foreign parties sign joint business agreements with Bangladeshi locals, and these types of agreements are helping boost the development of our expertise in the logistics sector.

Currently, 1,600 local and 20 to 30 international logistics and freight forwarding firms are supporting Bangladesh's export and import operations, with a total annual revenue of USD 1.5 billion to USD 2 billion. Also, the sector has created 40,000 direct jobs over the previous three decades. The freight transportation services segment is the most important subsector in the local logistics industry. It

is important to note that the logistics for Bangladeshi exports, particularly those for food and textiles, are sophisticated in terms of operations, whereas the rest of the country's logistics industry is not. As per Agility Emerging Market Logistics Index (AEMLI), shipping lines, air cargo carriers, freight forwarders, and distribution property businesses are the ones which enjoy the commercial viability to the fullest in the domestic logistics industry.

### Logistics Sub-Sector in Bangladesh

There are several subsectors in this field that are present in Bangladesh, according to a number of studies, including wholesale trade services, retail trade services, freight transport services, cargo handling services, storage and warehousing services, postal and courier services.

However, research from Nyenrode Business University in the Netherlands identified the following subsectors as having a strong hold on this industry:

- Agency services for freight transportation;
- Freight and passenger transportation via air and space
- Services for processing cargo.

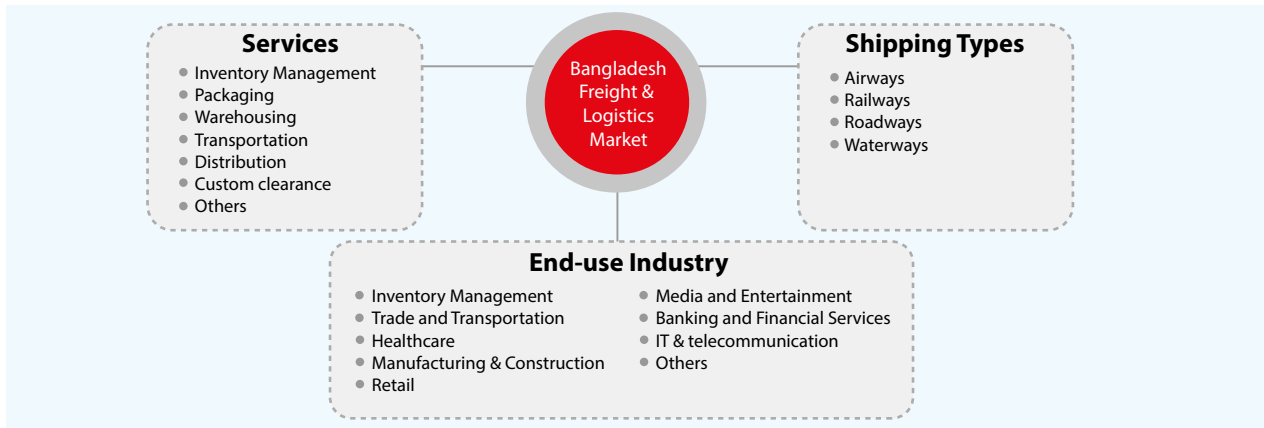
Rail and road transportation are major segments for inland logistics services in Bangladesh. Shipping freight makes up 80% of the share in the export and import businesses, while air and road are responsible for only 20%. Logistics companies mostly provide transport services for freight through sea, road and airways. Rail transport of freight for exports and imports has not been introduced in Bangladesh yet.

### Size of the Logistics Sector in Bangladesh

The logistics industry has experienced impressive annual growth. It can be explained with some numbers. There were 2,926 TEUs in the Chattogram port at the start of August 2019. The amount increased to about 4,000 by 2021. With a growth rate of almost 10%, it is astounding. A similar increase has been seen at the airport in Dhaka. In Bangladesh, there are a total of 1,100 logistics businesses. Out of the 1,100 logistics firms, about 500 have been transformed into C&F agents. Some large corporations handle C&F,

distribution, and storage. Almost all businesses are attempting to sell a variety of products. The logistics industry in Bangladesh has seen a rise in multiple independent, small businesses. Rather than acting as third-party suppliers, these numerous businesses must

become integrated with the larger ones. Independent organizations frequently lack awareness, in contrast to parent full-fledged logistics firms. However, they are perfectly adapted to help the parent logistics companies.



Source: Growth Market Reports Analysis

### Major Players in the Market



## Opportunities in the Sector

Bangladesh, an import-dependent nation, relies heavily on imported capital equipment, raw materials, and intermediate materials for its businesses. Additionally, it imports both dry and liquid goods in bulk volume, including fertilizers, food grains, cement clinkers, natural gypsums, limestone, raw sugars, etc. The majority of these goods are emptied into lighter vessels in outlying anchorages. Local logistics are also essential to the success and cost-effectiveness of the trade, including the availability of necessary lighter vessels, stevedoring, and timely customs and port clearances. The formula is straightforward, the more competitive the freight prices, the more effective the logistics system. On the other side, export commerce is primarily made up of clothing, followed by jute and jute products, agricultural products, home textiles, fish and prawns, etc. It is known as liner trade and is delivered in containers because the commodities are all consumer goods. The Chattogram port has achieved the distinction of belonging to the three million TEU club thanks to the consistent expansion of container traffic. Given that, Chattogram is only a feeder port for container traffic rather than a principal port, it is, in fact, an outstanding accomplishment. With the commissioning of Patenga Container Terminal and Bay Terminal with greater draught, the performance is anticipated to improve substantially.

## Major Challenges for the Industry

Although the industry has had a fair share of its growth period, it also has some major hurdles that it needs to tackle down the line.

These are discussed as summaries below.

- Setting laws and regulations, planning, running infrastructure, and offering services are all responsibilities of nine ministries and more than twenty government organizations. The coordination issue inherent in infrastructure development is made worse by the fragmented governance of the logistics sector, which results in transport modes that developed and evolved in isolation and fundamental infrastructure standards mismatches, such as bridges that are narrower than approach roads.

- Shipments cannot be tracked and traced by service providers. Due to the poor quality of services, many industrial companies handle their own internal logistics to better manage the efficiency of their supply chains.
- Bangladesh's marketplaces for logistics services are uncompetitive. Direct communication between service providers and shippers is prevented by the presence of unions and groups. Service providers lack the motivation to innovate or offer high quality services since they are not compensated for the quality of their offerings.
- The main causes of high trucking rates are inefficient transportation and logistics systems, low truck utilization, extremely high levels of traffic in highways and ports, and numerous journeys made by empty trucks. Owners of trucks estimate that empty vehicles make up 35% of journeys.
- Lack of knowledge and training in contemporary warehouse techniques, such as cross-docking, inventory management, effective customer service, cold chain, etc.

In Bangladesh's overall economy, the readymade garment industry is a significant and important business sector. The success of this sector, along with others, largely depends on the planning of transportation and coordination services and the extent to which these services ensure that goods are transported efficiently and effectively from a manufacturing facility, a stockroom, or a port in the country of origin to target showrooms around the globe. The relentlessly complex demands of the global economy have significantly increased the significance of logistics services. This growing unpredictability results from coordinated global assembly and creation networks, an increase in the need for last-minute coordination, and an increase in the usage of multi-purpose transports. A ton of actors and a variety of legal and administrative systems have made the system even more complex. The effectiveness, efficiency, and cost of logistics services have a substantial impact on the estimation of a good's price at its final destination, as costs are incurred at each stage of logistics. With the increased level of technological advancement and infrastructural development, the logistics sector of Bangladesh is expected to create a significant impact in the way of achieving ultimate efficiency.



**Shaheen Siam**  
 Chief Strategy Officer, ShopUp

Interviewed by  
 Raiyan Rabbani

*Mr. Shaheen Siam is one of the founding members and current Chief Strategy Officer at Shopup, Bangladesh's leading full-stack B2B platform for MEMEs, and has built businesses in logistics (REDX) and e-commerce (Mokam). He has 13+ years of experience in building and scaling startups in Bangladesh and has raised USD 200M+ in venture capital from renowned investors such as Sequoia, Flourish, Prosus, and Valar. He is regularly working to build and launch products in the Bangladesh ecosystem. He is a graduate of finance from IBA, Dhaka University. Team MBR was in a conversation with Mr. Siam and was fortunate enough to receive his take on the logistics industry in Bangladesh.*

**Raiyan Rabbani: Conglomerates in Bangladesh increasingly prefer third-party logistics over having fleets of their own, which is surely helping the logistics industry grow. What are the perks of third-party logistics, and why are conglomerates choosing it over in-house fleet operations?**

**Shaheen Siam:** Investing in your own fleet of logistics takes time, effort, and money. If there are reliable third-party logistics service providers, these conglomerates can focus on providing and ensuring service quality while maintaining product and service delivery reliability. In addition, they can save on capital expenditure costs as well as costs relating to the maintenance of delivery vehicles. If you look at old conglomerates, they had to have in-house logistics facilities, but in recent times, they prefer to outsource it to a third party. For logistics service providers like us, for example, we invest in an

asset-like model of leasing vehicles rather than having to heavily increase capital expenditure.

**Raiyan Rabbani: As Bangladesh is an import-dependent country for raw materials and capital machinery, the economic success of the country largely depends on logistics support. How successful, do you think, is our logistics industry in playing its role in ensuring smooth import operations?**



**Shaheen Siam:** Over the last few years, there have been significant changes to logistics services within our border in terms of importing foreign goods. For this reason, cross-border transactions and facilitation in this industry played and continue to play a vital role in ensuring the smooth flow of imports into the country. Another consideration is multi-nodal transportation, in which logistics are used not only on roads but also on rivers and rails. Over the years, these have developed to facilitate

imports for the logistics industry in terms of ensuring smooth import operations.

**Raiyan Rabbani: For logistics companies, infrastructure plays a crucial role when it comes to providing uninterrupted service to their clients. Would you please tell us what you think about the way infrastructure is being built in the country right now?**

**Shaheen Siam :** It's definitely better than it was a few years ago, but recently, it has grown at an exponential rate with both private sector investments and government projects in infrastructure. Road networks, for example, are more developed than other forms of transport networks. In RedX, for example, we have more capacity to handle much larger quantities in logistics and deliveries. But at the same time, government interventions and plans need to be aligned with the facilitation of logistical services provided by private companies. It has to be ensured that the current momentum of infrastructure development can be continued at the same rate.

**Raiyan Rabbani: While providing full-fledged logistics support to their clients, logistics companies often face bottlenecks in multiple steps, which hampers efficiency. What would your suggestions be for overcoming these obstacles?**

**Shaheen Siam:** To ensure optimal use of these multi-nodal transportation systems, which are currently considered a barrier to the logistics industry, we need to collect more data on other modes of transportation than just roads since rails and riverways are yet to be explored to their full potential. This is due to issues with this form in terms of reliability and the loading and unloading of goods and services. But it can be predicted that soon enough, investments in those modes will increase. For this, the government needs to ensure sufficient improvements in both rail and sea transportation.

**Raiyan Rabbani: Railways and waterways can play bigger roles in ensuring smooth**

**transportation in the context of Bangladesh, where they seem quite underutilised. What are the factors, in your opinion, responsible for this scenario? What can be done to ensure optimal utilisation of railways and waterways?**

**Shaheen Siam:** It is a fact that railroads and waterways are both unreliable in terms of effective delivery, and in addition, there are issues relating to the loading and unloading of goods at docks that may hamper the effectiveness. As previously stated, it is too early to suggest strategies for ensuring optimal railway and waterway utilisation. However, because the use of those other modes of transportation is expected to increase in the future, I believe there should be an increase in capacity in the form of capacity planning beginning now.

**Raiyan Rabbani: GIM, Truck Lagbe, REDX, and some other logistics support providers of the new generation have managed to stand out in the industry. What is the prospect of such tech-savvy logistics companies in the context of Bangladesh?**

**Shaheen Siam:** The first thing technology did when it was introduced into the industry was match demand with supply and thus bring visibility and control. Technology disrupted the status quo of the prevailing logistics industry. Customers now have full access to the status of their deliveries from sourcing to delivery, thanks to the technology now used in this industry. Everything now, from loading and unloading to last-mile delivery, can be tracked in real-time. Any parcel lost in the process can be found and immediately refunded to customers.

**Raiyan Rabbani: The government of Bangladesh is determined to boost exports from some particular sectors, such as active pharmaceutical ingredients, smartphones, and so on. Advanced logistics support is required to make such efforts fruitful. How ready is our logistics industry to support these industries grow their exports?**

**Shaheen Siam:** The industry went through some radical transformations relating to infrastructure development as well as technological advancements. Many businesses have seized this opportunity. As for exports, this poses a challenge in dealing with the increased number of exports at the moment. Despite this, I believe that freight forwarding could be improved to ensure an optimal flow of exports.

**Raiyan Rabbani:** A well-formulated national logistics policy is a pressing need to reap the full potential of our economy. What are the issues you expect to be addressed when it comes to formulating such policies?

**Shaheen Siam:** One thing to keep in mind is how different types of logistics companies can better coordinate and cooperate when it comes to logistical services. This especially extends to cross-border companies where there are separate jurisdictions with separate policies. These policies should be harmonised so that Bangladesh can fully realise the benefits of national logistics. Besides this, the government can step in and form a committee to ensure such policies are enforced, taking into account the needs of these various logistics companies.





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# Prokriti HandiCrafts



## Lipi Akter

Founder, Prokriti HandiCrafts

### Interviewed by

Raiyan Rabbani, Team MBR

*Prokriti HandiCrafts was started in 2008 and works with Bangladeshi handicrafts and jute products. The founder's love for Bangladeshi jute products and crafts led her to this venture. Prokriti makes traditional products from jute, including jute bags, hand purses, etc. The owner has received training on the making of such products from organisations like SME Foundation, Jubo Unnayan, etc. It is mentionable that the honourable Prime Minister herself ordered several clothes made from jute from her. As a woman entrepreneur herself, she regularly organises training sessions for women to become entrepreneurs themselves. Team MBR was in a conversation with Ms. Lipi Akter to learn about her inspirations and vision behind Prokriti HandiCrafts.*

**Raiyan Rabbani: Prokriti Handicrafts is in the business of making traditional costumes, home decor, and jute products. What were the motivations that led you to enter this business in the first place?**

**Lipi Akter:** I was fascinated by how simply handcrafted items and boutiques can be made using jute. Making such products is also a way that women in Bangladesh can be self-employed and work for themselves to earn a living. As handcrafted items made from jute are both sophisticated and ensure women can earn a living for themselves, I was moved to start a business in this particular area.

**Raiyan Rabbani: While designing its products, Prokriti Handicrafts puts emphasis on the cultures, traditions, and heritages of Bangladesh. Where have you got the inspiration from to keep these aspects of our country in focus?**

**Lipi Akter:** Jute is surely a big part of our culture, which has always attracted me. Also, I was interested in designing and tailoring from an early age. One aunt of mine once told me that I could work with jute handicrafts since I have some experience in designing and tailoring. As I did not know how to start working in this field, she referred me to a company where I later worked for some time. There I learned about how the production process works and how the raw materials are sourced. As a result of my learning there, I started

making such products and selling them to different programmes and festivals. So, this is how I was inspired and took the initiative.

**Raiyan Rabbani: Jute products are in high demand in first-world countries because of the mass awareness regarding environmental pollution. How is Prokriti HandiCrafts planning to capture this growth opportunity?**

**Lipi Akter:** With increasing concern regarding environmental issues, jute is playing a crucial role in the production of different everyday items like bags. Even though it is a bit more expensive than plastic, many buyers, especially from abroad, are willing to pay a higher price, taking the environmental issues into consideration. To grab this opportunity, I am attending various programmes in foreign countries to showcase my products made from jute.

**Raiyan Rabbani: Prokriti HandiCrafts often organises training and workshops on handicrafts to equip potential women entrepreneurs with the skillset required to excel in the handicrafts business. How effective are those training and workshops, you think, in promoting women entrepreneurship?**

**Lipi Akter:** I often give potential women entrepreneurs various specialised training and carry out workshops so that they can learn the basics of the crafts. These skills do not require higher educational qualifications. They can easily learn those skills to be independent. I also help them connect with my suppliers so that it benefits them in expanding their businesses. Raiyan Rabbani: The products of Bibi Productions are unique in terms of design and selection of fabrics. Where do Bibi Productions take inspirations from to design its products?

**Raiyan Rabbani: In the context of Bangladesh, most women face various obstacles when they try to come up with something new. Would you kindly share**

**with us the challenges you faced when you took the initiative to launch Prokriti HandiCrafts? How did you overcome those?**

**Lipi Akter:** As a woman entrepreneur, I faced challenges even from my family members, who did not want me to start my own venture. They tried to make me stay home and discouraged me from starting something like this. I had to make them understand in many ways that this is what I want to do and that I need my own identity. I did not let their words bother me, and I kept carrying out my responsibilities. Eventually, I showed them that I could do something on my own. When they saw me going places, they started appreciating me. Especially the honourable Prime Minister visiting my store was a big milestone.

**Raiyan Rabbani: Prokriti HandiCrafts is currently generating sales online and from a physical retail store. How is it planning to expand its business in the coming days?**

**Lipi Akter:** In the near future, I want to go for full-fledged export operations, securing a large pool of foreign buyers of jute products. For this, it may be necessary to start foreign operations through which I can directly showcase my products to foreign buyers, as waiting for foreign buyers to find my venture and order my products may not be an effective idea.

**Raiyan Rabbani: What are the challenges Prokriti Handicrafts is currently facing in its way of smooth operations? How are you planning to overcome those?**

**Lipi Akter:** Nowadays, increased operational costs are deterrent to any progressive business. Moreover, to scale up any business operation, funding is a necessity. This funding must be made available in a timely and cost-effective manner. Collateral and other documentary hassles are common phenomena if we want to avail financing from formal financial institutions. However, there are some financial institutions that are thinking outside the box and coming up with innovative financial products and services. They are not only providing the required funds but also educating us on financial literacy, which is very effective in this stressed economic condition.



**Prokriti Handicrafts**  
In the color of nature, on the path of heritage

## Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of October in negative territory. During the month, the broad index DSEX went down by 3.2%. Blue chip index DS30 and Shariah index DSES fell by 4.5% and 3.0%, respectively in the month of October.

Among the regional peers, Pakistan reported the highest positive return of 0.3% followed by Vietnam (-9.2%) and Sri Lanka (-13.4%). MSCI Frontier Markets Index performance was negative by 3.4% in October. Over 5-year horizon, Sri Lanka (+30.0%) booked the most encouraging return.

Table 1: Equity market performance of Bangladesh and peer countries

Indices	Index Points, August 2022	Return*					
		1M	3M	YTD	12M	3Y	5Y
<b>Bangladesh</b>							
DSEX	6,307.3	-3.2%	2.8%	-6.6%	-9.9%	34.7%	4.8%
DS30	2,226.7	-4.5%	1.5%	-12.1%	-15.0%	36.8%	2.7%
DSES	1,377.4	-3.0%	2.8%	-3.8%	-6.3%	28.1%	N/A
<b>Peer Countries</b>							
Pakistan (KSE 100)	41,264.7	0.3%	2.8%	-7.5%	-10.7%	20.6%	4.2%
Sri Lanka (CSE - All Share)	8,602.2	-13.4%	11.3%	-29.6%	-15.4%	43.6%	30.0%
Vietnam (VNI)	1,027.9	-9.2%	-14.8%	-31.4%	-28.8%	2.9%	22.8%
<b>MSCI Frontier Markets Index</b>	<b>672.8</b>	<b>-3.4%</b>	<b>-8.5%</b>	<b>-24.4%</b>	<b>-26.5%</b>	<b>-7.6%</b>	<b>-15.1%</b>

\*All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

## Liquidity Condition in Equity Market of Bangladesh

During October, the total market capitalization (mcap) grew by 47.5% owing to the listing of treasury debt instruments in Dhaka Stock Exchange (DSE). As of October 31, 2022 total mcap of debt instruments was 41.7% of the total mcap of DSE, which was just 12.2% in September 2022. The daily average turnover of October was BDT 10.5 bn (USD 101.1 mn), decreasing by 37.6% from that of the last month. Turnover velocity which represents overall liquidity of the market stood at 33.0% in October compared to 81.9% of last month. Surge in total mcap of DSE contributed to the decreasing turnover velocity in October 2022. 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	31-Oct-22	30-Sep-22	% change
Total market capitalization (USD* mn)	73,496	49,825	47.5%
Total equity market capitalization (USD mn)	42,467	43,359	-2.1%
Total free float market capitalization (USD mn)	16,534	16,942	-2.4%
Daily Avg. Turnover (USD mn)	101.1	161.9	-37.6%
Turnover Velocity~	33.0%	81.9%	N/A

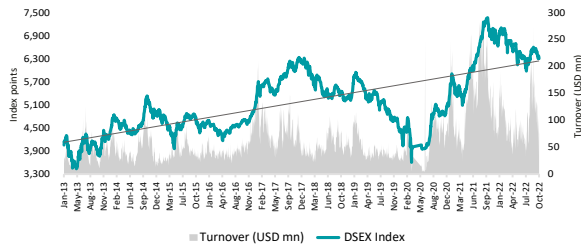
\*All USD figures are converted using an exchange rate of 104.35 as of November 02, 2022 as per Bangladesh Bank website.

~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 55.5% till October, 2022. During this period, daily average turnover of the market amounted to BDT 6.9 bn (USD 66.0 mn) (Figure 1).

Figure 1: DSEX since inception along with market turnover



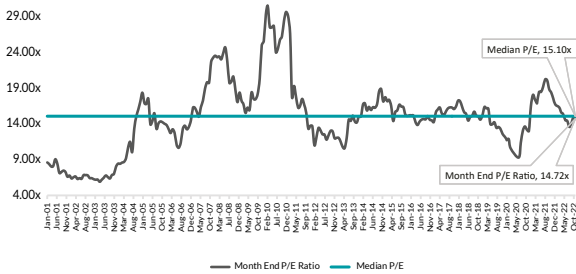
Source: DSE

## Market Valuation Level - P/E Ratio

The market P/E increased to 14.72x in October compared to last month's 14.91x. It is slightly lower than the 22 years' median market P/E of 15.10x (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 it's median

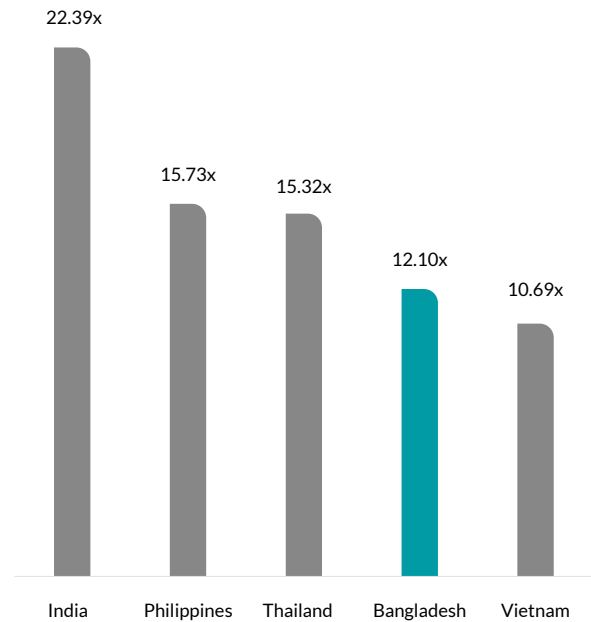
### Current Market P/E\* in Context of History



\*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 October 03, 2022.

Source: IDLC, Bloomberg

## Sector Performance

All the large cap sectors posted negative returns in October 2022. Miscellaneous posted the highest negative return of 7.6% followed by Textile (-3.5%), Engineering (-1.5%), Fuel & Power (-1.3%), Food & Allied (-1.1%), Pharmaceuticals & Chemicals (-0.6%), Bank (-0.6%) and Telecommunication (-0.1%).

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	7,208	3,909	-0.6%	7.4%	4.5%	4.8%	60.7%	60.7%	17.9	3.3	2.4%
Bank	6,331	3,418	-0.6%	0.2%	-6.1%	-7.0%	31.7%	4.1%	6.7	0.7	4.0%
Telecommunication	5,560	612	-0.1%	-2.2%	-14.1%	-17.9%	15.5%	-5.4%	15.3	6.0	6.1%
Engineering	5,076	1,095	-1.5%	0.9%	-5.3%	-8.0%	84.0%	31.3%	19.2	2.5	1.8%
Fuel & Power	4,292	1,239	-1.3%	0.3%	-2.3%	-5.3%	13.5%	28.2%	11.2	1.4	5.1%
Food & Allied	3,666	1,149	-1.1%	-1.5%	-13.4%	-13.5%	47.9%	67.8%	17.3	8.6	4.4%
Miscellaneous	2,247	956	-7.6%	-0.2%	-13.2%	-16.9%	111.2%	135.7%	10.2	2.5	2.3%
NBFI	1,804	587	-4.4%	-0.5%	-16.6%	-21.6%	35.8%	-20.2%	22.5	2.0	1.9%
Textile	1,645	943	-3.5%	-3.6%	4.7%	-1.8%	46.4%	18.6%	15.3	1.1	2.5%
Cement	1,068	416	-9.4%	-1.9%	-11.2%	-19.1%	64.9%	-6.7%	18.0	2.9	3.4%
Non-life Insurance	890	504	0.4%	-4.9%	-32.5%	-31.3%	84.0%	125.4%	14.3	1.8	3.3%
Life Insurance	628	381	-6.9%	3.2%	-10.4%	-15.8%	23.4%	45.2%	1.0	6.8	1.9%
Tannery	308	165	-3.6%	-1.0%	-3.7%	-5.0%	43.0%	17.2%	30.0	2.9	1.8%
IT	371	225	6.1%	26.5%	26.3%	33.0%	91.0%	49.0%	25.3	3.1	1.2%
Ceramics	307	122	-6.7%	-0.6%	5.0%	-3.7%	42.5%	26.1%	35.8	2.1	2.0%
Travel & Leisure	435	229	2.3%	65.6%	70.2%	68.6%	139.5%	100.9%	30.8	1.6	0.9%
Paper & Printing	395	138	13.2%	45.6%	15.5%	50.0%	199.3%	50.8%	37.0	2.9	0.6%
Services & Real Estate	290	150	-8.2%	32.1%	28.4%	14.4%	119.2%	31.1%	21.0	1.7	2.6%
Jute	27	14	8.7%	41.8%	35.4%	38.8%	-4.9%	73.0%	182.6	8.3	0.1%
<b>Market</b>	<b>43,267</b>	<b>16,534</b>	<b>-3.2%</b>	<b>2.8%</b>	<b>-6.6%</b>	<b>-9.9%</b>	<b>34.7%</b>	<b>4.8%</b>	<b>12.1</b>	<b>1.8</b>	<b>3.6%</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 October, Large and Mid cap classes remained negative, whereas Small and Micro cap classes rebounded. 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	77.0%	-1.6%	-0.2%	-8.8%	-11.1%	63.8%	53.0%	12.1	1.9	4.0%
Mid	29-96	12.0%	-4.0%	8.2%	6.5%	3.9%	-20.6%	-38.1%	8.6	1.7	2.2%
Small	10-28	8.2%	0.6%	8.4%	-0.2%	-4.6%	113.2%	61.4%	23.2	1.2	2.9%
Micro	<10	2.8%	0.3%	4.1%	-0.2%	12.8%	-77.5%	-84.8%	30.6	0.9	2.6%
<b>Market</b>	-	<b>100.0%</b>	<b>-3.2%</b>	<b>2.8%</b>	<b>-6.6%</b>	<b>-9.9%</b>	<b>34.7%</b>	<b>4.8%</b>	<b>12.1</b>	<b>1.8</b>	<b>3.6%</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, RENATA (+8.1%) advanced the most, followed by SUMITPOWER (+5.9%). On the other hand, BEXIMCO (-13.2%) faced the highest correction.

Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BEACONPHARMA (+1476.8%), BEXIMCO (+437.9%), MARICO (+172.6%), UPGDCL (+134.7%), RENATA (+115.5%) and BXPBARMA (+79.8%).

Among the scripts, GP, UPGDCL, SUMITPOWER, BATBC, SQURPHARMA, and LHBL 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	3,709	371	0.06	0.0%	-2.6%	-15.0%	-17.1%	3.1%	-16.0%	11.0	13.3	8.7%
WALTONHIL^	Engineering	3,042	30	0.00	0.0%	1.2%	-7.5%	-8.8%	N/A	N/A	26.1	4.0	1.4%
BATBC	Food & Allied	2,684	710	0.08	0.0%	-1.7%	-14.6%	-15.3%	52.5%	73.3%	15.3	8.5	5.3%
SQURPHARMA	Pharmaceuticals & Chemicals	1,782	1,164	0.47	0.0%	-0.8%	-2.1%	-1.7%	6.9%	-0.4%	10.2	2.6	4.8%
ROBI^	Telecommuni-cation	1,506	151	0.01	0.0%	0.0%	-13.0%	-25.2%	N/A	N/A	283.8	2.6	0.7%
RENATA	Pharmaceuticals & Chemicals	1,432	698	0.04	8.1%	8.0%	7.3%	7.9%	49.0%	115.5%	27.3	7.6	1.0%
UPGDCL	Fuel & Power	1,298	130	0.05	-0.7%	-0.5%	-4.3%	-10.1%	5.2%	134.7%	10.1	5.1	7.3%
BEXIMCO	Miscellaneous	971	641	7.25	-13.2%	-1.0%	-22.1%	-27.7%	708.2%	437.9%	6.6	1.7	3.0%
BERGERPBL	Miscellaneous	761	38	0.02	-1.6%	-0.2%	-1.4%	-1.2%	23.6%	78.2%	21.5	10.9	2.3%
MARICO	Pharmaceuticals & Chemicals	731	73	0.05	-0.4%	-1.2%	8.8%	9.1%	59.6%	172.6%	17.7	41.4	3.3%
LHBL	Cement	721	255	1.09	-13.9%	-1.7%	-5.8%	-16.2%	115.8%	22.2%	17.1	4.8	3.9%
ICB	NBFI	710	25	0.02	-3.2%	-2.1%	-25.7%	-29.0%	32.6%	-33.3%	26.4	7.8	1.2%
BEACONPHAR	Pharmaceuticals & Chemicals	693	485	0.75	-0.9%	26.8%	28.6%	51.6%	1076.9%	1476.8%	77.3	24.5	0.5%
BXPBARMA	Pharmaceuticals & Chemicals	638	446	0.75	-12.3%	0.5%	-22.6%	-29.0%	121.6%	79.8%	11.9	2.2	2.3%
BRACBANK	Bank	552	297	0.03	0.0%	-0.3%	-24.0%	-8.2%	-2.2%	-29.3%	11.4	1.5	1.8%
ISLAMIBANK	Bank	509	229	0.12	0.3%	1.2%	3.1%	9.6%	86.3%	17.5%	9.1	0.9	3.0%
DUTCHBANGL	Bank	417	54	0.09	-1.1%	-0.3%	-9.8%	-12.7%	29.4%	53.6%	8.2	1.6	2.5%
TITASGAS	Fuel & Power	388	97	0.21	0.0%	-0.2%	12.7%	9.0%	34.6%	18.9%	12.7	0.6	2.4%
POWERGRID	Fuel & Power	358	89	0.09	-1.1%	-0.9%	-12.1%	-3.9%	0.7%	13.3%	10.0	0.7	3.8%
SUMITPOWER	Fuel & Power	348	128	0.04	5.9%	5.0%	-7.5%	-13.3%	8.4%	27.1%	8.8	1.1	5.9%
<b>Market</b>		<b>43,267</b>	<b>16,534</b>	<b>101.06</b>	<b>-3.2%</b>	<b>2.8%</b>	<b>-6.6%</b>	<b>-9.9%</b>	<b>34.7%</b>	<b>4.8%</b>	<b>12.1</b>	<b>1.8</b>	<b>3.6%</b>

\*All returns are Holding Period Return.

^WALTONHIL got listed on October 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 Peninsula AMCL BDBL Unit Fund One, Fourth ICB Unit Fund and UFS-Pragati Life 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	6.8%	29.6%	14.8%
Seventh ICB Unit Fund	ICB	3.9	-5.5%	34.2%	14.3%
Second ICB Unit Fund	ICB	2.0	-2.0%	41.5%	14.2%
UFS-Pragati Life Unit Fund	UFS	1.2	-10.4%	27.3%	13.3%
Peninsula AMCL BDBL Unit Fund One	IDLC	2.4	-8.0%	25.7%	11.8%
Sixth ICB Unit Fund	ICB	2.6	-3.0%	29.6%	11.6%
Third ICB Unit Fund	VIPB	3.2	-4.6%	26.0%	11.6%
Fourth ICB Unit Fund	ICB	2.0	-9.3%	36.1%	11.4%
LankaBangla 1st Balanced Unit Fund	ATC	4.3	-5.4%	21.9%	11.2%
ICB AMCL Pension Holders' Unit Fund	ICB	3.9	-4.4%	27.5%	10.7%
<b>Market (Broad Index) Return (%)</b>			<b>-5.6%</b>	<b>25.1%</b>	<b>6.1%</b>

\*Based on published NAV and DSEX point of October 27, 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 (+9.6%) and RELIANCE1 (+0.3%) 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' (BDT)	NAV' (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	964.0	9.2	7.7	9.6	79.9%	6.5%	-2.5%	35.8%	17.3%	12.4%	2030
1STPRIMFMF	281.6	2.7	17.0	14.1	120.7%	5.9%	-0.1%	38.5%	17.3%	12.0%	2029
ICBSONALI1	981.0	9.4	7.8	9.8	79.5%	6.4%	-1.6%	26.6%	13.7%	10.9%	2023
PF1STMF	547.8	5.2	10.6	9.1	116.1%	4.7%	-4.8%	39.6%	16.9%	10.9%	2030
ICBEPMF1S1	690.0	6.6	7.1	9.2	77.2%	7.0%	0.2%	38.2%	17.7%	10.6%	2030
ICBAMCL2ND	499.5	4.8	8.7	10.0	87.1%	6.9%	-1.4%	36.2%	16.1%	10.5%	2029
ICB3RDNRB	893.0	8.6	6.5	8.9	72.8%	7.7%	-1.5%	36.2%	16.8%	10.4%	2030
GRAMEENS2	3,447.3	33.0	15.2	18.9	80.4%	9.9%	-2.0%	18.2%	9.2%	9.8%	2028
CAPMBDBLMF	635.7	6.1	10.1	12.7	79.7%	7.9%	9.6%	29.9%	12.4%	9.3%	2027
RELIANCE1	816.1	7.8	10.8	13.5	80.1%	9.3%	0.3%	19.2%	8.7%	9.0%	2031
<b>Market</b>							<b>-5.6%</b>	<b>25.1%</b>	<b>7.9%</b>	<b>6.1%</b>	

1 Price as on October 31, 2022 and index value as on October 27, 2022.

2 On last cash dividend declared.

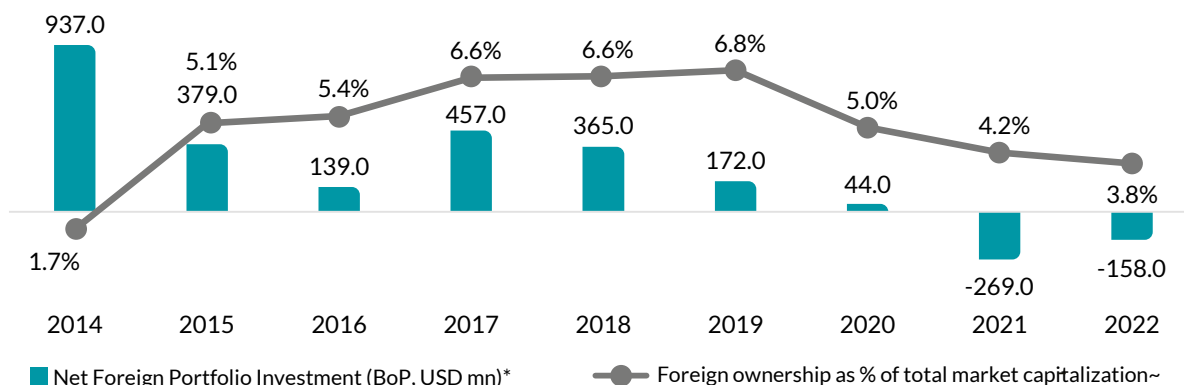
3 CAGR computed for respected periods, except for 2021 and 2022 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

4 In reference to BSEC Press Release বিএসইবিস/সুখপাত্র (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 fall of foreign investment. As of September 2022, total foreign ownership stood at 3.8% 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 except 2022. Foreign ownership of 2022 is as of September 2022.

Among all the companies with foreign ownership, BRACBANK had the highest foreign shareholding of 34.2% as of September 2022, followed by BXPHERMA with 28.2%.

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

Ticker	Sector	Foreign Shareholding*
BRACBANK	Bank	34.2%
BXPHERMA	Pharmaceuticals & Chemicals	28.2%
RENATA	Pharmaceuticals & Chemicals	22.8%
ISLAMIBANK	Bank	20.6%
OLYMPIC	Food & Allied	20.5%
DBH	NBFI	18.3%
BSRMLTD	Engineering	17.5%
SQURPHARMA	Pharmaceuticals & Chemicals	13.4%
NAVANAPHAR	Pharmaceuticals & Chemicals	10.3%
SHEPHERD	Textile	9.5%

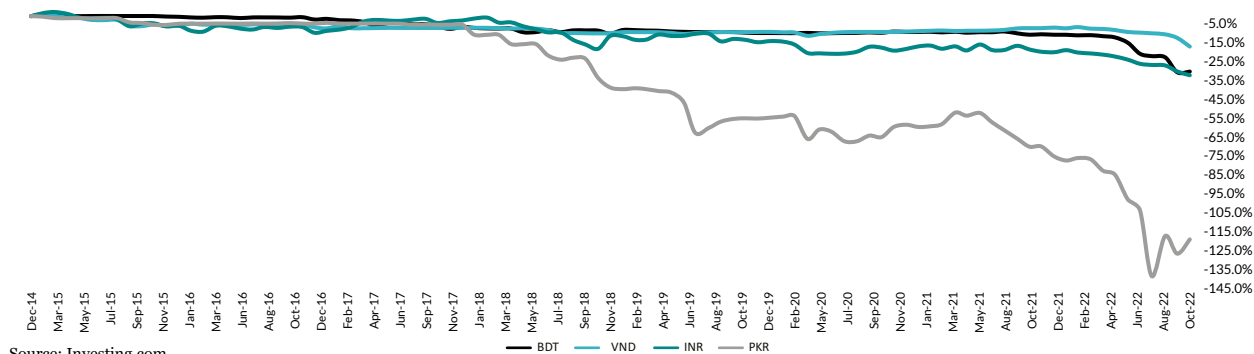
Source: DSE

\*Latest data for foreign shareholding available on DSE are as of September, 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 29.4% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 16.1%, 31.3% and 118.3%, respectively.

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



Source: Investing.com

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