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IDLC MONTHLY

# BUSINESS

## REVIEW

**LIGHT  
ENGINEERING  
INDUSTRY:  
FORGING THE PATH  
FOR A BETTER  
ECONOMY**



## আইডিএলসি ফিন্ড 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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**LIGHT ENGINEERING INDUSTRY:  
FORGING THE PATH FOR A  
BETTER ECONOMY**

Light Engineering Industry (LEI) is considered as one of the key industries which is going to contribute significantly in the economy of Bangladesh. It has also enormous scope to add value to the economic parameters of this country. It is very obvious that technological advancement has logical power to shift the demand from one product to another and Light Engineering Industry has potential to create value to this technological advancement and participate positively to the economic development of Bangladesh along with reduction of poverty by creating employment opportunities.

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Capital Market Review

FROM THE

# EDITOR



## Light Engineering Industry: Forging the Path for a Better Economy

Bangladesh is witnessing promising growth of Light Engineering Industry (LEI) which has contributed 2% of overall GDP and has the potential to further boost the country's overall export diversity. Our country has become a major player in the global apparels industry but export performance of Light Engineering Industry (LEI) has decreased by 14% in 2019-20 in comparison to the previous year. However, the government has taken some initiatives like deciding to set up 10 dedicated light engineering parks which will surely help this sector rebound in terms of export performance.

This industry which provides backward linkage of raw material support to almost all manufacturing sectors, continues to grow each year and produces a diverse range of products. Initially, light engineering enterprises emerged from the Dholaikhal and Jinjira areas in Dhaka.

However, with time, different types of light engineering enterprises have spread all across the country.

Despite being an important sector in the country, the LEI continues to face a plethora of challenges including shortage of workers, lack of quality raw materials, modern technologies, access to finance, industrial facilities and policy support, etc. The LEI can help poverty alleviation by generating employment and increasing contribution to the GDP. Therefore, timely implementation and review of government policies for this sector should be carried out to help this sector overcome its major obstacles and grow to its optimum level.

**RIFAT ISHTIAQ KHAN**  
Manager  
IDLC Finance Ltd.

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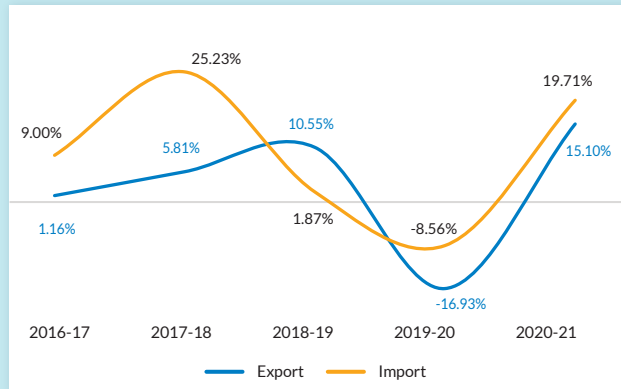


# ECONOMY AT A GLANCE

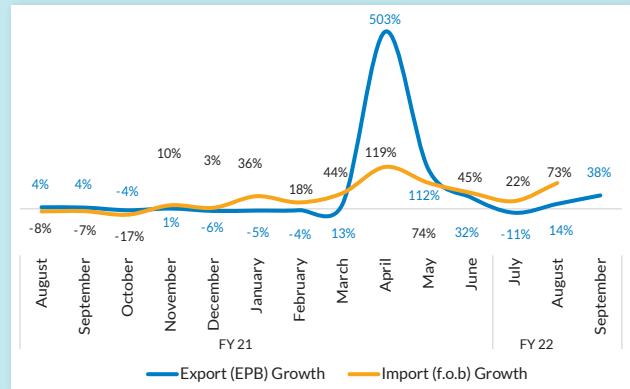
Prepared by IDLCSL Research Team

## EXPORT-IMPORT

Growth in Export-Import trade (Last 5 Years)

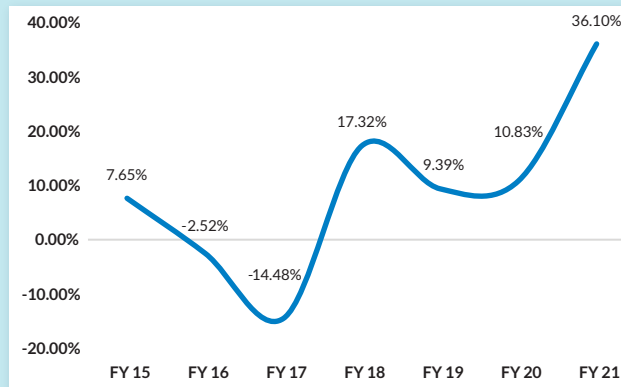


Export & Import Growth (Last 12 months)

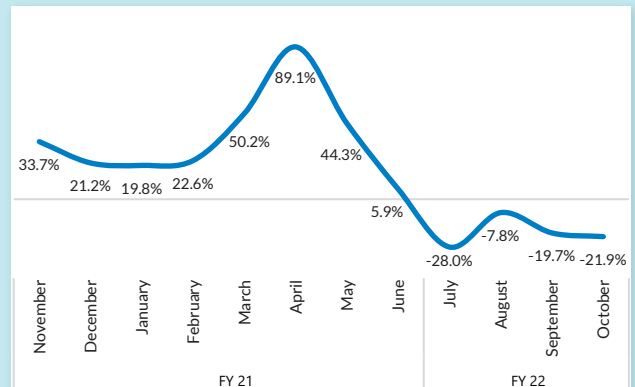


## REMITTANCE

Remittance Growth (Last 7 years)

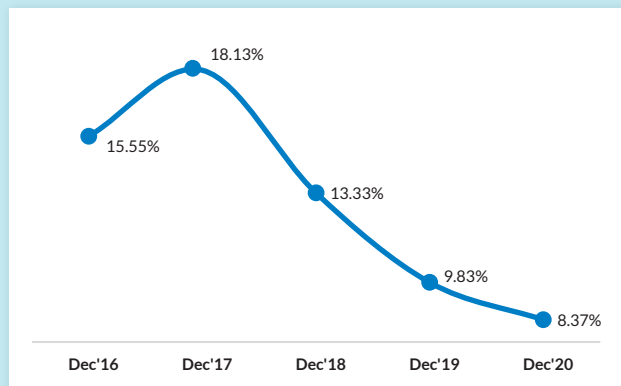


Remittance Growth (Last 12 Months)

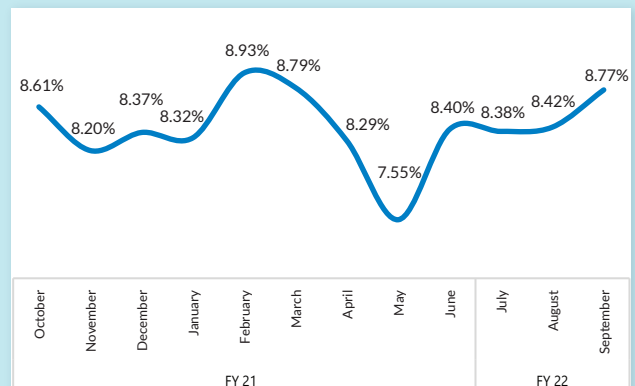


## PRIVATE SECTOR CREDIT GROWTH

Private credit growth (Last 5 years)



Private sector credit growth (Last 12 months)



## ■ MONTH IN BRIEF

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● Bangladesh's readymade garment exports to the United States in January-August of 2021 increased by **24.11 per cent or \$840 million to \$4.32 billion from \$3.48 billion in the same period of 2020.**

● **The Bangladesh Bank has extended the loan facility of pre-shipment credit refinancing to all export-oriented companies affected by the Covid-19 pandemic.** The Bangladesh Bank says customers will be able to avail loans under the scheme for three years, one year of that having passed already.

● Beximco Pharmaceuticals Limited, a leading manufacturer and exporter of medicine in the country, has acquired a **54.6% stake in Sanofi Bangladesh Limited.**

● A "Framework Arrangement" was signed between the governments of Bangladesh and Korea to provide a soft loan of **US\$700.00 million for the period of 2021-2025, reports BSS.**

● The Bangladesh Bank asked banks and non-bank financial institutions to **update Credit Information Bureau-related data of directors of the borrowing entities.**

● **Bangladesh's main export, readymade garment,** is poised to be costlier as global cotton-price index hit a decade-high with its cascading impact on the entire industrial chain, textile makers warn.

● **The remittance inflow dipped 19.75% year-on-year in September to \$1.73 billion,** which is also the lowest in 16 months, according to data released by the Bangladesh Bank on Sunday.

● **Bangladesh's economy is projected to reach \$516.24 billion in the fiscal 2024-25,** outperforming advanced economies such as Denmark, Singapore and Hong Kong along the way, says the International Monetary Fund (IMF).

● **Foreign direct investment to Bangladesh rose 6 per cent year-on-year to \$2.51 billion** in the last fiscal year, continuing the recent trends whereas peer countries secured a higher level of investment from external investors.

● Dollar price hit BDT 90 in the kerb market; BB sold **USD 740mn greenbacks in 19 days of October**



*THE GOVERNMENT HAS  
DONE A COMMENDABLE  
JOB. THE TAX BENEFIT WILL  
ATTRACT INVESTMENT AND  
EXPAND OUR CAPACITY TO  
MANUFACTURE MORE APIS*

**SM Shafiuzzaman**, Secretary-General of the Bangladesh Association of Pharmaceutical Industries on Pharma raw material makers get tax exemption until 2032

**It is true that the non-food inflation has risen. At the same time the prices of different food items had also increased significantly in recent weeks across the country. So, there is a difference between peoples' perception and the official inflation data**

**Dr Khandker Golam Moazzem**, Research Director at the Centre for Policy Dialogue (CPD) on Living gets costlier with inflation upswing

**In addition to the investment-friendly environment adopted by the government, our talented youth have also attracted investors to set up mobile manufacturing plants of the world's best brands**

**Mustafa Jabbar**, Minister for Posts and Telecommunications on Xiaomi opens local assembly plant in Gazipur.

**The high dollar rate will not benefit remittance inflows much, instead, it will give a rise to inflation**

**Professor Dr Mustafizur Rahman**, distinguished fellow at the Centre for Policy Dialogue on Dollar keeps rallying despite central bank interventions

**Bangladesh's economy grew as its real sectors such as agriculture, remittance, and export performed well despite the pandemic.**

**On the other hand, the population growth remains low, resulting in an increased per capita GDP."**

**Zaid Bakht**, former research director of Bangladesh Institute of Development Studies on Bangladesh keeps outrunning India in per capita GDP race.

**Obtaining the GSP Plus status will not be difficult if the EU finally adopts the proposed rules without the threshold criteria**

**Faruque Hassan**, President of the Bangladesh Garment Manufacturers and Exporters Association on Prospects brighten for GSP Plus as EU changes rules

Country	Nominal GDP: 2020 (USD in billion)	Real GDP Growth: 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	80.7	-3.57	7.60	October-21	-1.34	12.63	201.00
Vietnam	343.114	2.95	1.77	October-21	3.65	2.05	22,750.00
Kenya	102.4	-0.32	6.45	October-21	-4.42	12.87	111.10
Nigeria	429.4	-1.79	16.63	September-21	-3.95	11.76	413.50
Bangladesh	354.2	5.47	5.59	September-21	-1.08	6.80	85.69
Emerging Markets							
Brazil	1,444.7	-4.06	10.25	September-21	-1.79	12.20	5.64
Saudi Arabia	700.1	-4.11	0.60	September-21	-2.81	N/A	3.75
India	2,660.2	-7.25	4.35	September-21	0.90	6.38	74.97
Indonesia	1,059.6	-2.07	1.66	October-21	-0.42	6.28	14,250.00
Malaysia	337.0	-5.65	2.20	September-21	4.24	3.62	4.15
Philippines	361.5	-9.57	4.80	September-21	3.59	4.82	50.56
Turkey	719.9	1.79	19.58	September-21	-5.18	20.05	9.53
Thailand	501.7	-6.10	1.68	September-21	3.51	20.02	33.42
China	14,866.7	2.34	0.70	September-21	1.84	2.97	6.40
Russia	1,478.6	-2.95	7.40	September-21	2.44	8.13	71.12
Developed Markets							
France	2,624.4	-7.99	2.60	October-21	-1.90	0.26	0.87
Germany	3,843.3	-4.56	4.50	October-21	6.95	-0.11	0.87
Italy	1,884.9	-8.87	2.90	October-21	3.55	1.15	0.87
Spain	1,280.5	-10.82	5.50	October-21	0.69	0.60	0.87
Hong Kong	346.6	-6.08	1.40	September-21	6.54	1.46	7.78
Singapore	340.0	-5.39	2.50	September-21	17.59	1.86	1.35
United States	20,893.8	-3.41	5.40	September-21	-2.95	1.56	1.00
Denmark	356.1	-2.06	2.20	September-21	8.24	N/A	6.44
Netherlands	913.1	-3.83	2.70	September-21	6.98	0.03	0.87
Australia	1,359.4	-2.35	3.00	September-21	2.66	1.91	1.34
Switzerland	751.9	-2.51	0.90	September-21	3.79	-0.05	0.92
United Kingdom	2,709.7	-9.85	3.10	September-21	-3.71	1.05	0.73

**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 September 2021, Inflation as per September 2021 and Currency Unit (per USD) as per 1st November 2021 are sourced from Bangladesh Bank

**Nominal GDP:** Data of all countries apart from Bangladesh is sourced from IMF estimates of 2021 data (October, 2021 Outlook)

**Real GDP Growth and Current Account Balance:** Data of all countries apart from Bangladesh is sourced from IMF estimates of October, 2021 data (World Economic Outlook, October 2021)

**Inflation:** Data of all countries apart from Bangladesh is sourced from tradingeconomics.com as per 1st November 2021

**Interest rates 10 years TB and Currency Unit:** Data of all countries apart from Bangladesh is sourced from Investing.com as per 1st November 2021



# AN OVERVIEW OF LNG MARKET AND ITS POTENTIAL

## LNG

LNG which stands for Liquefied Natural Gas, is, as its name suggests, a natural gas. It is basically methane, CH<sub>4</sub> that has been transformed into liquid form for ease of storage or transport. It is odorless, colourless and it is eco-friendly as it is non-toxic. Since it is non-corrosive, it has become the fuel of choice for operating delicate and expensive machinery and equipment.

### The Process of Converting CH<sub>4</sub> into LNG



CH<sub>4</sub> is cooled down to  
-162 degree celcius or  
-260 degree farenhite



The gas turns into liquid  
form (1/600th of its  
original volume)



It is shipped towards  
destination through  
LNG vessels



At destination, it  
is warmed again to  
gaseous state

## LPG:

LPG, also known as propane or butane, is composed of a mix of hydrocarbon gases and it is highly combustible. LPG is regarded as a clean, affordable, portable and energy efficient. The basic usage includes: cooking, heating appliances and fueling automobiles.

### Major Differences:



**Storage & Transportation**  
LPG: Tanks & Cylinders  
LNG: Cryogenic Tanks &  
Pipelines



**Pressure to Liquefy**  
LPG: Light Pressure  
LNG: Cryogenically  
(through exposure to  
severely low temperature)



**Consumer Level Cost**  
LPG: Higher  
LNG: Comparatively  
Cheaper than LPG

## Reasons for Import of LNG:



Domestic gas reserve is deminishing sharply: After 10 years Bangladesh will completely depend on LNG



The parity price of LNG is cheaper compared to other fossil fuels (except coal). Further, it is eco-friendly and can be distributed through our existing pipeline network



The two main suppliers of LNG is : Qatar's RasGas and Oman's Oman Trading International (OTI). Petrobangla has made a contract with RasGas to import 2.5 million tons of LNG per annum.



At present major portion of the imported gas is used to generate electricity and the rest is used for domestic purposes.

## FSRU – Floating Storage and Regasification Units for LNG

At present, US based Exceleerate Energy's operational Floating Storage and Regasification Unit (FSRU) is located at Maheshkhali Island in the Bay of Bengal. It can regasify 500 mmcf (million cubic feet) gas daily.

Exceleerate is expecting to increase its FSRU capacity in Bangladesh by 26% by early 2023. It will replace the existing FSRU with a new one in the year 2023 as per the contract obligation. Apart from Exceleerate's FSRU, there is another regasification facility with 500 MMcf per day owned by Summit Group.

## Price Trend of LNG in International Spot Market

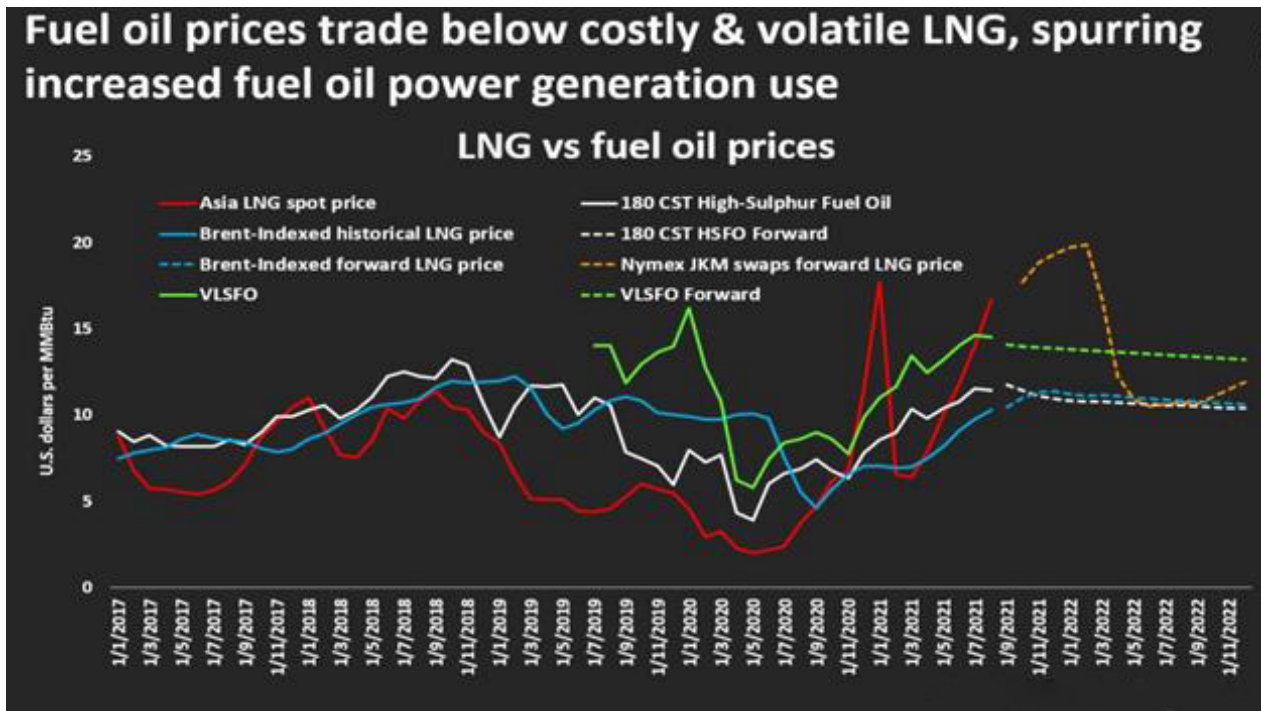
At present, Asian spot LNG prices are at their highest since January and they are also trading at their highest

(for this time of the year) since at least 2010. Further, the price of LNG is expected to rise higher in the winter when there will be high demand for heating appliances.

On a forward price basis, spot LNG cargoes are trading above fuel oil prices through the first-quarter of 2022.

The state-owned Petrobangla will import some 33.60 lakh MMBtu (Metric Million British Thermal Unit) LNG from the international spot market through quotation. Vitol Asia Pte, Singapore, will supply the bulk LNG at a rate of \$29.89 per million British thermal units (MMBtu). Bangladesh has bought two liquefied natural gas (LNG) cargoes for delivery in October 2021 at record prices.





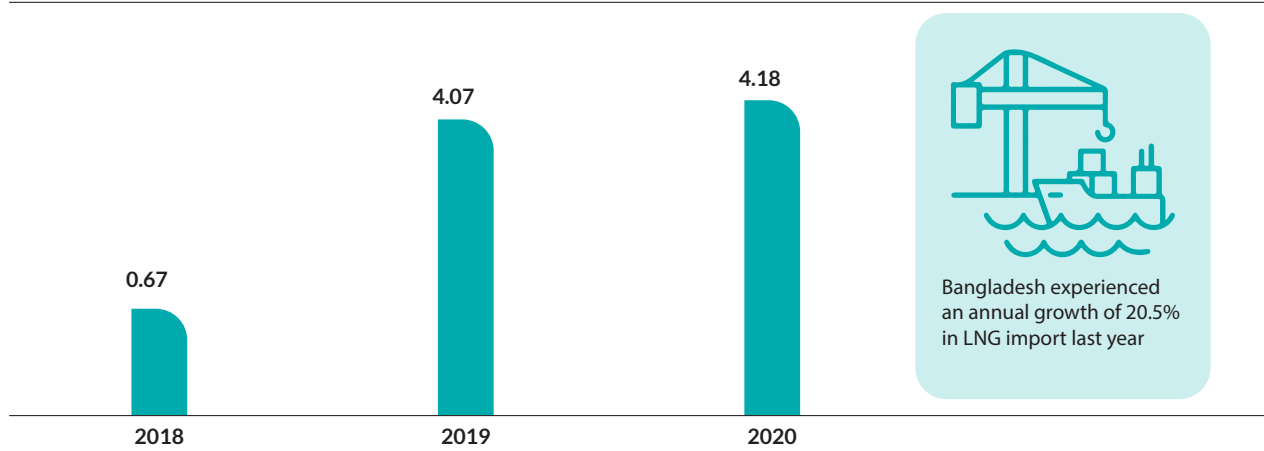
Source: Reuters News

## Import Performance of LNG

Bangladesh is currently ranked 15th globally, among the nations that has increased their Liquefied Natural Gas (LNG) imports the most in 2020. In Asia, Bangladesh is ranked as the 8th largest importer of LNG gases.

### LNG Imports in Bangladesh

Values in million tonnes



## Plan for Domestic LNG Production

The government is trying to produce LNG domestically and if it is possible, the cost associated with import will decline and we will be able to meet the domestic demand for fuel. The Energy and Mineral Resources Division has recently sought the opinion of Petrobangla






to examine whether it is technically and financially feasible to extract gas from Bhola, turn it into LNG and supply it to national grid.

If the feasibility test is successful, Petrobangla will be able to generate around 184mmcf of LNG from Bhola. The feasibility test would also help to figure out the best way to add the gas extracted from Bhola to the national grid.

## Surging LNG Price a Worry for the Government

As around 25% of the country's total gas supply relies on LNG, sudden sharp increase in its spot prices in the global market is a shock to Bangladesh.

### Govt Worries Over Surfing LNG Price

		
Daily total gas demand <b>4,194mmcf</b>	Govt used to import LNG at <b>\$8-9</b> per MMBtu from spot market	Now starts importing again as textile industries face supply shortage
Supply <b>3040mmcf</b>	Price has jumped to <b>\$29-30</b> per MMBtu	
25% of total supply LNG		Shortage cause by domestic gas production drop by <b>60mmcf</b> within a year
	Govt stopped imports from spot market in August	

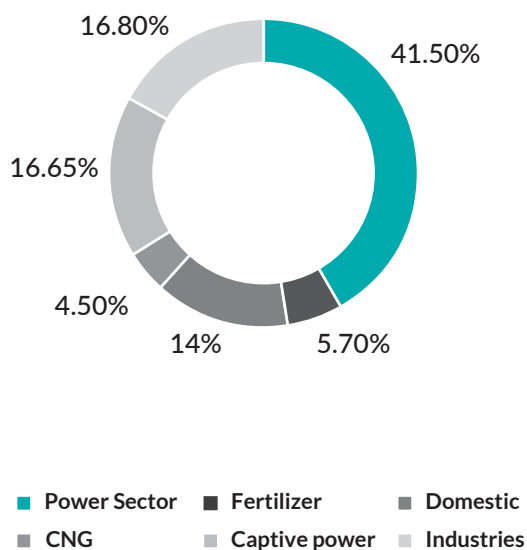
### Why government is opting for expensive LNG import

Although the gas supply has been the same (600 mmcf perday) by state-owned production entities, International Oil Companies and LNG-regasification units, there has been a surge in its demand as the

The convenient price of LNG for Bangladesh is \$8-\$9 per MMBtu (Metric Million British Thermal Unit) but at present, the spot market has shot up to \$29-\$30 per MMBtu. The government currently purchases this LNG at \$9 per MMBtu under long-term contracts with Qatar and Oman which is going to expire soon.

### Gas Consumption Pattern

Gas Consumption Pattern



economy is resuming after the lockdown. The garments, textile factories and other factories in the industry are open for a longer period a day and so, there is higher gas and electricity demand.

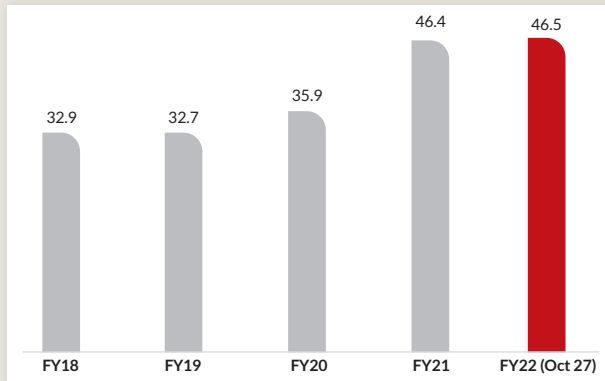
As a result, the government has decided to import expensive LNG from the spot market to meet increased demand.



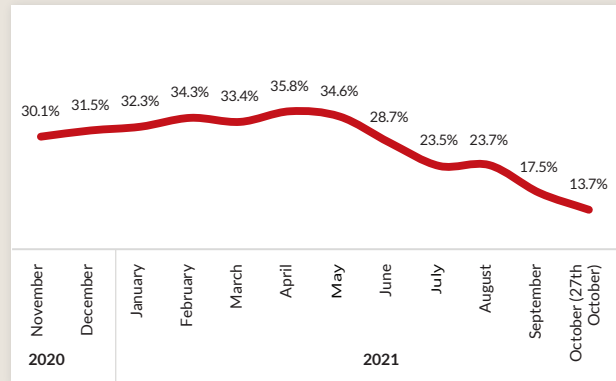
# BANKING DATA CORNER

Prepared by IDLCSL Research Team

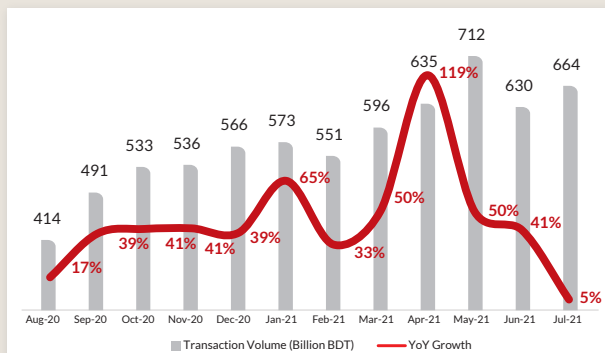
**Foreign Exchange reserve**  
(In billion USD, Last 5 Years)



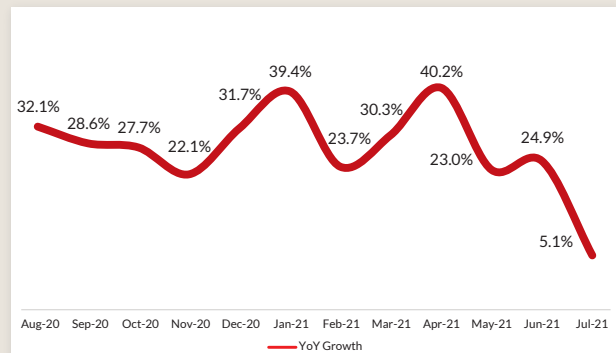
**Foreign Exchange Reserve**  
(Last 12 Months Trend)



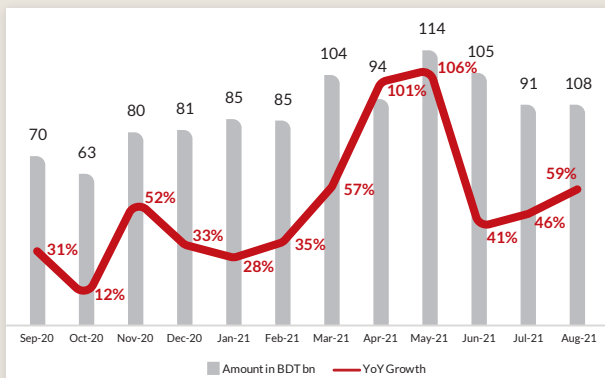
**MFS Total Transaction Volume YoY Growth**  
2020 - 2021



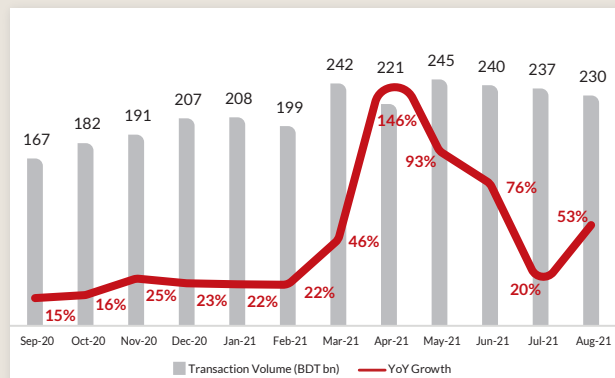
**MFS No. of Total Transaction YoY Growth**  
2020-2021



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



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



Source: Bangladesh Bank

## GREEHO.COM


**Shifatur Rahman**

Co-Founder and Managing Director  
GREEHO.com

Interviewed By  
Sumaiya Siddique, Team MBR

**MBR: Greeho.com is one of Bangladesh's newest property and facility management portals. Please tell us how you came up with the idea for Greeho and what was the motivation behind it.**

**Shifatur Rahman:** I will only be glad to. Just like anyone else, I was stuck at home during the lockdown last year and started to catch up with friends over digital media a bit more than usual due to the sheer time that we all had in our hand. One such friend was Samad, who is now the Chairman of GREEHO.com. Samad has always been interested to pursue real estate projects and he has sharp business acumen and this has been an area which he personally wanted to tap into. I, on the other hand, have been fortunate to lead one of Bangladesh's largest attempt to organize real estate data and transactions through a project that I launched by the name of bproperty.com. Therefore came with the property technology, also known as, #proptech knowledge. We both knew that the problems in the real estate market in Bangladesh are challenging but we could perhaps do a few more things about these challenges as we have led similar projects before.

We also decided to address the issue of growing friction between landlords and tenants. If you remember, there was commotion in a number of cases where rental failures were not mitigated amicably between the two parties. Both Samad and I knew that technology and

data are the key to addressing some of the challenges in Bangladesh market and decided to go ahead and launch GREEHO.com.

By June 2020, we moved into our first office with a team of 6 people. Today, we are a solid team of 37 team members who have done things together, faced challenges and were able to overcome some of them.

**MBR: Greeho.com was launched in 2020, amidst the Covid-19 pandemic. Can you please tell us about some challenges faced by Greeho due to the pandemic and how were you able to overcome those challenges?**

**Shifatur Rahman:** Unlike some businesses that successfully rode the Covid wave and were able to sustain, GREEHO.com was born during Covid as you rightly said. Initial challenges were to train and align our pool of over 120 resources to be adhering to strict Covid hygiene standards. We saw that our users/customers were giving priority to basic hygiene such as hand wash/wearing of a mask so we quickly streamlined.

Initially, we focused on pushing Household Services to try and understand the market and the users and their needs better. We did have issues finding quality and suitable resources at times since the pandemic has forced the emigration of so many people with essential skills out of Dhaka.



But at the same time, we were hoping and knew that things would be back to normal soon, so we focused heavily on training our Property Team who helps users with property transactions to clean up the back office. We utilized the time:

- i) find great properties for our clients
- ii) to improve upon our soft skills
- iii) to renegotiate better terms with developers, agents and sellers so that we could help our users with faster service and transactions

While few things were challenging at times, we also knew that we need to push forward and use the time in order to gear up for the next phase.

**MBR: Greeho is the youngest business to enter the Real Estate Industry of Bangladesh. Can you please tell us how you are adding value to your clients compared to your competitors and what sets Greeho aside from its competitors?**

**Shifatur Rahman:** We are simply a tool that connects buyers with sellers, landlords with tenants. Yes, as an user, you can create a user profile and it will help you manage your household requirements too (For example: 3 monthly cleaning, shifting service, emergency plumbing). We work with other Agents, Brokers that are in the market who meet a certain criterion, the most important of them being transparent with decent service level.

Being a tech-enabled tool for the real estate industry, we complement most players who are in the market. As an example, if you are looking to buy a property, you will connect with sellers, developers, agencies and brokers through GREEHO.com.

Essentially, we are a property marketplace and we want everyone to use us as a tool to transact easily.

**MBR: What is your plan for the future of Greeho? Where do you see Greeho in the next few years?**

**Shifatur Rahman:** We started off with the intention to make property transaction easy through the usage of data, good content and then matching users to right properties using AI.

We also run a small agency model that helps us assist first time home buyers to find the perfect house within their budget. And also to recap, we push household services to enjoy a higher LTV (Life time value) with every user.

Having done all this, we are clear that the Bangladesh real estate market lacks an efficient marketplace. We also know that to make lives comfortable, we will need to service these properties with relevant requirements. GREEHO.com is on its way to becoming the marketplace that connects buyers, sellers, landlords, tenants, developers, agencies, brokers and banks by being the ultimate go-to portal.

We also want to build a company that Bangladeshis can be proud of – we are going through an exciting period where we are building partnerships with mid to renowned developers, financial institutions such as IDLC that will offer a lot of value to GREEHO.com users in the future with preferential lending rates, access to a wider range of properties through lot more available source etc.

We are also in the process of securing our first external funding from local as well as foreign institutional investors who would bring in knowledge, capital and lots of energy to GREEHO.com.







# LIGHT ENGINEERING INDUSTRY: FORGING THE PATH FOR A BETTER ECONOMY

BY  
**Mehedi Hasan**  
Manager  
Credit Risk Management  
IDLC Finance Limited

Light Engineering Industry (LEI) is considered as one of the key industries which is going to contribute significantly in the economy of Bangladesh. It has also enormous scope to add value to the economic parameters of this country. It is very obvious that technological advancement has logical power to shift the demand from one product to another and Light Engineering Industry has potential to create value to this technological advancement and participate positively to the economic development of Bangladesh along with reduction of poverty by creating employment opportunities. Our economy is largely concentrated on RMG export. Experts have agreed on a point that concentration of our export of more than 80% on a single sector is not sustainable in the long run and it should be diversified by a long term

policy. Light Engineering Industry is considered as a thrust sector which has current contribution in GDP of around 2% and has the potential to become one of the major sources of export earning along with fulfilling the domestic demand. Light engineering mainly deals with manufacturing light (less capital intensive) products which satisfy the demand of end user and other manufacturing entities. It is one of the major sources of spare parts for several industries including agriculture (rice, jute, flour, lentil, sugar, spices, feed & bakery), gas transmission & distribution, construction machineries, kitchenware & bathroom fittings, metal products, mold & dies, transport (road & water), pharmaceutical, paper & pulp, printing & packaging, RMG & textile and others.



Agriculture and Poultry Machinery & Spares



Paper and Pulp Machinery and Spares



Metal Product and Hard Ware



Textile Machinery and Spares



Printing and Packaging Machinery and Spares



Construction Machinery and Spares



Pharmaceutical Machinery and Spares



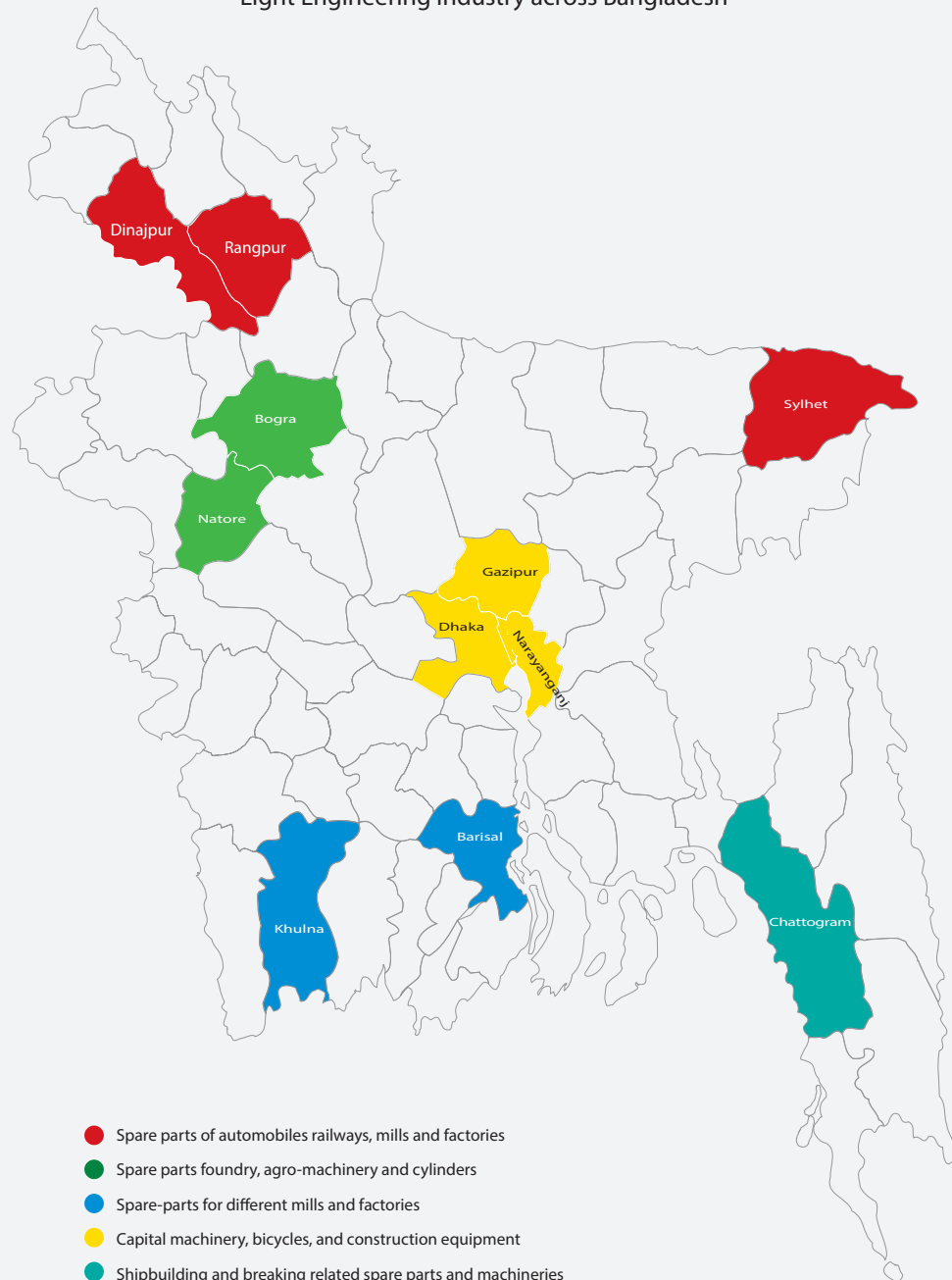
Vehicle Machinery and Spares

This industry started its journey to support the large industrial units in 1950s in East Pakistan. After 1985 the industry got accelerated due to industrialization of other industries. During that time LEI evolved mainly in Dholaikhal, Jinjira, Mirpur, Syedpur, Bogura and other areas. Bangladesh Small and Cottage Industries Corporation (BSCIC) had significant contribution to support the small entrepreneurs during that time. BSCIC provided low interest rate loan to support the LE businesses.

It was observed that many prominent players in this industry got BDT 0.1 million/ BDT 0.2 million loan from BSCIC which enabled them to kick-start started their journey during 90s.

LEIs are located mainly on the industrialized areas of Bangladesh. Light Engineering clusters are based on the districts which consist of Dhaka, Chattogram, Narayanganj, Gazipur, Bogura, Natore, Pabna, and Jashore.

Clusterwise Distribution of  
Light Engineering Industry across Bangladesh





## Focus of the LEI Hubs

Hub	Focus
Rangpur-Dinajpur-Sylhet	Spare parts for automobiles, railways, mills, factories
Bogra-Natore	Foundry, agro-machinery, cylinders
Dhaka-Gazipur-Narayanganj	Capital machinery, bicycles, construction equipment
Khulna-Barisal	Spare parts for mills and factories
Chattogram	Ship-breaking linked factories

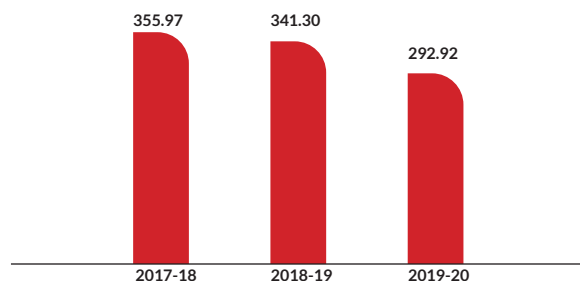
Source: USAID

## Industry Overview

Around 40,000 light engineering workshops/enterprises are operating in Bangladesh where 10 million people are actively employed. Lion portion of the LE enterprises fall on cottage & micro segment. Market size of this industry is around 25,000 crore per year and before pandemic the growth rate was 20 to 25% per year. Most of the light engineering enterprises support the local need of indigenous industries. Around 90% raw material of this industry is procured from ship breaking industry. It's been observed that the export performance of LE products has decreased

## Export Performance

Amount (Million USD)



by 14% during the FY 2019-20 which needs to be taken into consideration by policy makers. There are some major steps taken by the Government which will surely boost up the performance of this industry. Government has decided to establish 10 dedicated light engineering industrial parks in Dhaka, Narayanganj, Jashore, Bogura, Narsingdi, Munshiganj, Mymensingh and Madaripur. The major export destinations of LE products are India, UK & Japan, Germany. The industry currently meets up the demand for around 50% substitutes of imported items in the country which positively contributes our BoP (Balance of Payment). As per the estimation of The Business Promotion Council, operating under the commerce ministry, the industry is producing around 3,815 types of machineries, spares and accessories.

## Supported Machineries, Spares & Accessories

Sector	Machineries, Spares & Accessories
Agro-support and Agro-processing	Sprayer, Weeding Machine, Power Tiller, Hydro Tiller, Foraging Machine, Threshing Machine, Rice Mill, Rice Boiler, Rice Dryer, Low Lift Pump, Deep Tube Well, Deep Well Turbine Pump, Low And Medium Pressure Centrifugal Pump, Sluice Gate etc
Tea Processing Plant	CTC Machine(Single, Duplex, Triplex), Rotor vane Machine, Barbara Leaf Conditioner, Green Leaf Sifter, Mckintosh Sorting Machine, Middleton Stalk Extractor, Trines Sorter, Slow Speed Fibre Extractor, Tea Sorting Machine, Rolling Table, Trough Weathering Unit, Miracle Mill, Ball Breaker, Duplex Tea Packer, etc.
Food Processing	Flour Mill, Spice Grinding Machine, Oil Expeller, Biscuit and Bakery Plant, Vermicelli and Noodles Making Machine, Juice Extractor from Sugar Cane, Liquid Filling Machine, Bottle Sealing Machine, etc.
Pharmaceuticals	Mixer Machine, Mixing Barrel, Emulsifier, Ball Mill, Vacuum Emulsifier, Tablet Making Machine, Blister Making Machine, etc.
Jute and Textile	Spinning Machine, Industrial Sewing Machine, Softener Machine, Hand Loom, Power Loom, Twisting Machine, Doubling Machine, Scroll Roller, etc.
Water Transport	Engine Driven Local Boats, Launch, Steamer, Trawler, Barge, Dredger, etc.
Road Transport	Body Building of Bus and Trucks, Improvised Transport locally known as Bhotbhoty, etc.
Construction	Concrete Mixer, Soil Testing Machine, Brick and Stone Crusher, Crane, Road Roller, Grand Roller, Floor Polishing Machine, Metal Doors and Windows, Roof Hoist Machine, Brick Making Machine, etc.
Furniture	Metal Furniture of various types both for household and office, various types of equipment are also seen as a recent development.
Electrical and Electronic Appliance	Humidifier, Dehumidifier, Water Heater, Ceiling Fan, Wires and Cables, Power Transformers, Voltage Stabilizer, IPS, Electronic Control System, etc.



## Prospects

Light Engineering Industry is considered as 'the mother of all industries' since it facilitates backup support of spare parts and repair to almost all industrial sectors including plastic, cement, paper, jute, textile, sugar, food processing, railway, shipping, and garments. On the other hand single sector dependency on export is a challenge for the economy. Moreover, as developing nation, duty free excess will be restricted for RMG after 2025 as it is wise to concentrate on other sectors that could participate in the export as alternative sources and light engineering industry would be one them attractive sources to our export fleet. The backward linkage is very important in an economy and light engineering industry can develop a strong backward and forward linkages between LEI and other sectors. Currently, around 10 million people are working in this industry but it has huge potential to create much more employment opportunity that will help our country reduce poverty and make labor market more efficient. Needless to say that more employment opportunity will directly push our socio-economic development on higher side. LEI can become one of the major contributors in GDP which is now only around 2%. A study showed in 2018 that Bangladesh's total investment in LE sector is only USD 15 billion against the demand of USD 7 trillion LEI products in the global market. Encouraging this industry will lead to reduce the

import of LE products which will have positive impact of our foreign currency exposure. The study also conveyed that most of the developed countries have been focusing to develop LEI that plays as catalyst role for the development of countries' industrial base. With proper financial, technical, infrastructural, distribution support, it could play a great role in export next to RMG and Agriculture.

## Business Dynamics

Raw materials used in this industry are metal scrap, pig iron, hard coke, limestone and ferroalloys such as ferrosilicon, ferromanganese and others. The price of raw material has been increased significantly which affects the bottom line profitability of this industry. The current prices of raw materials are given below:

Raw Materials	Approx. Price Per Metric Ton (BDT)
Scrap	47,000
Pig iron	60,000
Coke	80,000
Limestone	25,000
Ferrosilicon	310,000
Ferromanganese	200,000



Pig iron



Coke



Limestone



Ferromanganese



Scrap



Ferrosilicon

Most of the raw materials are sourced from ship breaking industries and importers mainly Chattogram based.

Light engineering products are made in several phases in LE enterprises. A composite factory is fully equipped with machineries including furnace, induction furnace, different types of dice, lathe machine and others. Big



players in this industry have full set up from melting raw materials in furnace to finish products. Very few of them are also using CNC (Computer numerical control) machine for perfect finishing. There are many participants in this industry those do not have factory set up with furnace and dices. They normally source unfinished products from the factories and finish in their workshop mainly equipped with several lathe & grinding machines. Production capacity is mainly depended on furnace capacity. The melting capacity of furnace is normally found starting from 5 MT to 20 MT. Based on the melting capacity of furnace, the factory is equipped with dices and other finishing lathe machines.

The production process includes sand molding, charging raw materials, melting, pouring, knocking out & finishing.

Process	Activities
Mold Sand Preparation	Fresh sand is mixed with bentonite and other additives and mixed to make green sand. Plants in general use sand mixers and sieves for mold sand preparation.
Molding	Mold sand can be pressed manually and using pneumatic machines on the pattern to prepare molds though most of the LE enterprises are making mold manually. The mold has two parts i.e. upper half and bottom half which set along a parting line. Both mold halves are enclosed inside a box, called flask, which is also divided along parting line. The mold cavity is formed by packing sand around the pattern (which is a replica of the external shape of the casting) in each half of the flask.
Charging of raw material	The raw material, such as pig iron, scrap, foundry returns, and other alloys are weighed in proper proportion and charged inside furnace for melting.
Melting	The charge is melted in cupola furnace. Initial chill metal is pigged and is about 5% of melting rate of cupola. The condition of molten metal is visually verified by the operator, after which pouring of molten metal begins. Charging of metal and coke keeps progressing in systematic manner. In case of induction furnace, melting is done in batches with each batch taking typically 40–60 minutes, depending on size of the furnace.
Pouring	After melting, the molten metal is transferred and poured into the molds using ladles manually. In induction furnace-based foundries, molten metal is poured using mono-rail system or using overhead cranes.
Knocking out of castings	The molds are left to cool for certain time, after which the castings are knocked out from the mold either manually or using a vibratory knock-out machine.
Finishing	The finishing operation involves removal of runners/risers, shot blasting, and cleaning of castings. This is followed by fettling and machining. In case of steel casting, heat treatment is also an integral part of finishing operations.

Source: TERI, 2016

## Challenges

Light Engineering industry is facing many obstacles to grow. These challenges need to be identified properly and proper actions should be taken by the policymakers in order to add more value to the economic indicators of Bangladesh. Major challenges of this industry are discussed below:

Lack of Modern Technology is one the major challenges of LEI. Most of our LE enterprises are using old and backdated machineries from those the quality & competitive product cannot be produced. The leading countries of LE like China, Japan, and India are using modern technologies. They have been using CNC (Computerized and Numeric Controlled) technology since long. Whereas in Bangladesh use of CNC is rare. Normally, LE enterprises of Bangladesh applies trial & error method to develop a product which requires more time and cost as well as preciousness remains a concern.

**Price fluctuation of raw materials** is another concern. The current price of scrap is around BDT 47/Kg which was normally 32 to 35 before pandemic. Again, the price of imported raw materials like pig iron, hard coke, limestone and ferroalloys has also increased significantly which makes this industry difficult to maintain expected bottom line profitability.

**Lack of skilled work force** is also a challenge for this industry. The industry is labor intensive and manual process driven as skilled work force is very important for accurate finished products. Proper training and use of advanced technology may reduce this gap.

**Price of imported LE products** is comparatively lower than the products produced in country. Chinese cheap spares are available in the local market which is another obstacle to grow our indigenous LE enterprises.

**Lack of capital and Finance** is also a major concern of this industry. Most of the workshops can be categorized as “Small” in terms of initial capital. There are many workshops those have only one or two lathe. Due to

lack of access to finance, they do not get the proper opportunity to grow even though Government has arranged some lending program for light engineering enterprises at lower interest rate.

## Recent Initiatives

In 2020, Bangladesh Prime Minister Sheikh Hasina announced the LEPs as the “product of the year” during the inauguration program of Dhaka Trade Fair-2020. A 10 year tax holiday will be enjoyed by the LE product manufacturers if they cater to factories with non-finished products or parts. Bangladesh Automobile Manufacturers and Assemblers Association (BAAMA) is trying to go for joint ventures in components and parts manufacturing and it will certainly mitigate the existing technology issues. Several pre-finance program is going on to create access to finance for LE enterprises. Government has recently decided to establish 10 dedicated light engineering industrial parks in Dhaka, Narayanganj, Jashore, Bogura, Narsingdi, Munshiganj, Mymensingh and Madaripur.

It is obvious that light engineering industry has immense scope to add value to the major economic indicators of Bangladesh. The major goal of an economy is to create employment and LEI is highly labor intensive which can create more employment opportunity and accelerate our expected growth. This industry is already acclaimed as the important sector for the future development considering the backward linkages of almost every industries. There are some challenges ahead to make this industry take off and reach the expected level. However, there are many adroit businessmen operating in this industry whose hard work and business acumen will lead this industry to desired level. Proper policy support, guidance from authority & leading businessmen, access to finance and use of advanced technology can mitigate the limitations and lead this industry to the optimum growth.

*The writer of the content is working as a credit manager in IDLC Finance Limited and he can be reached at HMMehedi@IDLC.com*







## Md. Azizar Rahman Milton

General Secretary  
Bogura BSCIC Industry Owner's Association

Interviewed By  
Sumaiya Siddique, Team MBR

**MBR:** The light engineering industry of Bangladesh has grown over the years. It has been termed as the “Product of the Year” in 2020 by our Honorable Prime Minister. How do you believe this industry contributes towards the country's GDP and the entire economy?

**Md. Azizar Rahman Milton:** Every year we have to import light engineering products for which we have to spend millions of dollars. If we can produce these machineries domestically, we will be able to reduce the dollar outflow by 75% and we will only need to spend 25% of the existing expenditure in order to import the raw materials. When we will be able to manufacture LEPs at home, the industry will grow and it will create employment opportunities as well. So, if the light engineering industry grows, there will be two things that will be contributing to our GDP:

- i. We will need to import less and hence, foreign reserve will stay in our homeland and with the proper utilization of that money, our light engineering industry will develop further;
- ii. When the industry will grow, it will generate employment opportunity for the youth and hence, per-capita income will increase.

**MBR:** Light engineering industry is an important sub-sector of the overall manufacturing sectors in Bangladesh and it is fuelling the growth of many other industries of the country. As someone who

has experience of working in this industry for many years, what are the challenges you would like to mention that comes from operating in such an industry, how did you overcome them and what are the challenges you are facing in the export process?

**Md. Azizar Rahman Milton:** 20 years ago, I went to some outskirt areas of Calcutta, India where I had seen the agriculture machineries in agricultural fields. After returning to Bangladesh, I started to think how to manufacture such machines and that is point where I started.

When I started to produce, I had to sell on break even and sometimes even in loss in order to capture the market and when I began to export in India, I faced a new challenge and that is Indian people preferred Indian products.

As time passed, the situation changed. Now we have a big market place in India and our product is 100% export quality and we charge a small margin for our products.

Sometimes, it is difficult for my concern to export after fulfilling the local demand. I have inspired some other businessmen in Bogura to export in India after fulfilling the local demand.

**MBR:** Lack of modern technology and unskilled labor are two of the major challenges in this industry. How can we overcome these obstacles?

**Md. Azizar Rahman Milton:** Prior to the pandemic, I used to go to India four or five times and



I also used to go to Malaysia, China, Thailand and it can be addressed as my hobby to go to these countries and learn about their manufacturing facilities of light engineering products. I especially went to different provinces of India and China where I found that in each province, there is a training institute and research lab for developing skills and the industry. There is a clear government policy in this regard. In the training centers, need-specific training sessions are conducted: one for the owner, one for the management team and one for the workers.

But in our case, we have self-educated ourselves, through numerous trial and error sessions. Since we do not have adequate technology and training centers:

- i. we cannot properly train our labours;
- ii. there is in in adequate R&D as a result, there is no significant technological advancements in this sector;
- iii. it becomes very difficult to ensure quality of end product.

**MBR: BBy nature, the LEI is different from many other manufacturing sectors. Despite having a huge potential, it is said that this**

**sector's performance is not up to the mark. What initiatives do you think the government should take to overcome these issues?**

**Md. Azizar Rahman Milton:** There are number of ways through which the government can contribute to take this industry a step ahead. There are some internal obstacles and if these barriers are mitigated, the industry will have steeper growth..

When someone imports agricultural spare parts or machine, they do not need to pay VAT and Tax as it is finished goods. Now when we import the raw material to produce them locally, we need to pay VAT and Tax on the raw material. When we sell them to customers, we cannot charge VAT and hence, we have to incur greater cost.

On the other hand, there is no training institution to train people about latest technologies and so, our labours remain unskilled.

Further, it is very expensive to purchase modern machinaries. If the government introduces long term financing opportunity with easy terms and conditions, many businessmen will be able to purchase modern machinaries and produce better quality products.



## IDLC Recognized as SME Financier of the Year - Asia in Global SME Finance Awards 2021



IDLC has been recognized by the International Finance Corporation (IFC) and the SME Finance Forum as the **SME Financier of the Year in the Asia region** in Global SME Finance Awards 2021.

The Global SME Finance Awards 2021 recognizes financial institutions and fintech companies for their outstanding achievements in delivering exceptional products and services to their SME clients. Endorsed by the GPFI, the Global SME Finance Awards provide an opportunity for institutions to showcase and share their good practices and knowledge and to learn from them!

Organized by IFC, a member of the World Bank Group, and the SME Finance Forum and endorsed by the G20's Global Partnership for Financial Inclusion (GPFI), the Global SME Finance Awards celebrate the outstanding achievements of financial institutions and fintech companies in delivering exceptional products and services to their SME clients.

# COVID SUPPORTING THE GROWTH OF ONLINE GROCERY STORES

## Overview

The digitalization of our country has paved the way for the people to buy their essentials with a few clicks on their gadgets and get the daily necessities delivered to their doorsteps. Even in the recent past, mom and pop shops, commonly known as “Mudir Dokan”, has been the main source of daily grocery items. They can be easily found at every residential area and they have been ruling the retail space for ages.

Super shops used to be located at prime locations of Dhaka, but Swapno is the first super shop brand to open their stores in suburban areas in small scale with greater visibility. Among all the online grocery shops, Chaldal and Khaasfood are dominating the market. There are other online grocery shops which have emerged in the recent years. The outbreak of pandemic in the year 2020 has significantly contributed to the growth of online retail spaces due to countrywide lockdown. Most of the people preferred to make grocery purchases online in the comfort of their home.

## The Current Scenario of Retail Space

The mini marts are preferred for their brand value and quality of products which provided the middle income people the opportunity to make grocery shopping under one roof. Despite mini marts having huge potential for growth, mom and pop shops have been the most dominant player in this sector.

The emergence of COVID-19 pandemic has changed the scenario of the retail space. Due to lockdown, the shops had to remain closed and people had to stay home. So, the super shops took the opportunity to provide grocery shopping service online. It enabled them to enjoy greater visibility, but they could enjoy it only for a short period of time.

## Major Online Grocery Stores



**Chaldal:** Chaldal is a platform for online grocery shopping and doorstep delivery in Dhaka,

Bangladesh. The concern is focused on providing its customers the experience of shopping in a virtual big-box store with a huge selection. Chaldal was founded in 2013 with the intention to offer its customers the opportunity to purchase large amounts of groceries online which is something that is not typically possible in Dhaka due to limited stock of most of the shops. Today, the company is the country's second largest grocery store and the largest e-commerce platform for grocery shopping. Backed by Y Combinator and 500 Startups, Chaldal currently stocks more than 4,000 products in its two warehouses with the commitment to delivers goods within an hour. It uses a cloud-based inventory system to allow users to see what items are available in real-time.



**Khaasfood:** Khaasfood is an e-commerce platform coupled with a chain of brick-

and-mortar stores for hygienic and uncontaminated foods in Bangladesh. Founded in 2015, Khaasfood started as a Facebook page taking orders online for a handful of food products such as milk, honey and so on with the promise to deliver high-quality safe food to customers. Eventually, Khaasfood launched a website and started taking orders there as well. Today, the company serves hundreds of orders daily and has made a name for being a leading safe food brand in Dhaka. The company has expanded to Dhaka and Chittagong with 06 physical retail outlets which also serve the purpose of warehouse and distribution centers.





**Jogaan:** Jogaan is one of the fastest-growing online grocery shops in Bangladesh. They promise to deliver all kinds of grocery items by ensuring utmost quality and fastest delivery at competitive prices. It has a large workforce and delivery network to serve its prestigious consumers. Jogaan has served a wide variety of corporate customers since its inception. They facilitate smooth delivery and client satisfaction by assigning a Key Account Manager (KAM) to each corporate client. Recently, Jogaan has launched an Android app to deliver customers a smoother experience.



**Ghore Bazar:** Founded in 2018, Ghore Bazar is currently one of the most promising virtual grocery shops existing in the market. Customers can purchase clothes, accessories, gadgets and devices through this platform. It is a complete online regulated e-commerce platform. Customers can order groceries from the website directly or can simply download the Ghore Bazar app to keep the ordering process hassle free. There are multiple options to make online payments such as cards, mobile banking etc. Cash on delivery is also available. Ghore Bazar ensures fast delivery with the commitment to deliver products within one hour. They also provide free of cost delivery for orders worth Tk. 1,000 or more.

## Hurdles Slowing Down the Growth of Online Grocery Stores

The online grocery stores are facing a number of challenges in its way to dominate the retail space. It ranges from technology integration to trust issues. Even if there are apps available, advanced features such as real-time tracking, inventory management etc. are yet to be integrated with the currently available technologies. Trust issue is another big concern. It is a common practice in our country to go to the market in person, check the quality of the products physically and buy fresh stuffs. When an individual makes an online purchase, he/she becomes skeptical about the quality of the products. Hence, mass people prefer physical stores over online shops.

## Future

Online grocery stores have enjoyed a steep growth during the pandemic and lockdown. Apart from that, the new generation feel more comfortable to make purchases online. Moreover, the per capita income of Bangladesh is one the rise and so is the disposable income. This is contributing to the shift towards online platforms. Further, technologies are being more integrated as we are heading towards digital Bangladesh. Considering them all, we can expect that the online grocery stores will flourish in the near future gaining significant market share in the retail space.







## Waseem Alim

Founder & CEO, Chaldal

Interviewed By  
Sumaiya Siddique, Team MBR

**MBR: Chaldal.com is one of the major players in the online grocery business, a part of the e-commerce ecosystem. Eight years ago, when Chaldal.com put its baby step in the sector, the online grocery business was not as prominent as it is now. At that time, what inspired you to come to this sector?**

**Waseem Alim:** From the very beginning, Chaldal had strength in software, finance, and operation and wanted to use those in the society as solutions for problems that had not been addressed before.

Chaldal always believes that technology can be used to solve fundamental problems of the developing world and therefore tries to be at the forefront of technology at all times. In this day and age, people should not have to wait for hours in traffic or queue up to buy necessities like eggs.

**MBR: Chaldal.com has been hugely successful and has grown tenfold since it began its journey back in 2013. Chaldal has recently secured \$10 million of foreign investment for expansion. Please tell us a little bit about your plans for expansion and how you believe this funding will aid in the further growth of the business.**

**Waseem Alim:** We want to utilize each and every dollar invested in Chaldal more efficiently. The number

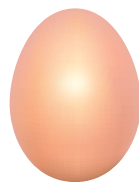
of funds we have raised till now have been used to deliver more than 10,000 deliveries each day, and we would consider it a success when we will triple this number. As a milestone, Chaldal wants to reach a point where we will require less investment or funds to deliver more.

Chaldal is growing each and every day through constant research, development, and with the ambition to be better and bigger in the future. We are going for a rapid nationwide expansion and we believe that within a few years we will be able to deliver and provide our services everywhere in Bangladesh, even in the remotest areas.

**MBR: During the lockdown, online stores enjoyed a steep growth in their demand. As the economy is resuming and physical retail stores are opening**

**again, how is the consumer behavior at present and how has Chaldal addressed such changes in consumer behavior?**

**Waseem Alim:** The economy is getting back to its regular pace which is great for Bangladesh and for Chaldal. It will bring new opportunities to grow and improve each and every day. Going through the Covid period was very hard for us but it also gave us the opportunity to get better than before and understand our customers' needs and behaviors more.



**Chaldal**  
**.com**

This hardship and experience will help us now to provide more convenient services for our customers with faster delivery, better quality, product variety, and lower price. People's lives will get busier than before as the economy resumes and Chaldal will try their best to make their lives easier with better and improved services.

**MBR: When Chaldal started its journey, it used to follow the Instacart Model. Over these eight years, it has changed its business model twice, and currently, it is using the Dark Store Model. Will you please share the benefits of using this model and**

**the challenges you have faced during the transition?**

**Waseem Alim:** Chaldal used to follow the Instacart Model as it was already an established model back in 2013. Later Chaldal started using the Dark Store Model in 2014 before anyone else was using it in scale. The earlier model was not sufficient for the rapid growth and constant development of our services.

We wanted to keep getting better in our inventory control, quality control, providing varieties of products, and ensuring fast delivery, and for all these reasons, moving to Dark Store was a necessary and important step.





# TOGUMOGU


**Md. Zillul Karim**

Co-Founder & COO, Operation  
ToguMogu

**Dr. Nazmul Arefin**

CEO & Co-Founder, Technology  
ToguMogu

**Nasimul Islam**

Co-Founder, Strategy  
ToguMogu

Interviewed By  
Sumaiya Siddique, Team MBR

**MBR:** Since the launch of its website in 2019, ToguMogu has garnered more than one lakh visitors per month in their official website and app. Will you kindly share with us what inspired you to come up with the idea for ToguMogu?

**Dr. Nazmul Arefin:** We started our journey realizing the pain points of young parents, and specifically the new parents, when one of our co-founders, Maruf, became a father to a beautiful daughter in 2016. He was one of the few people within our friend circle at that time to become a parent.

So, we started ideating a technology-enabled solution to help young parents across the country, which led us to launching ToguMogu in 2017. We wanted a name that would make people smile and be curious simultaneously, and hence we chose the name ToguMogu. ToguMogu, which represents our mascots Togu, a tiger cub, and Mogu, a human child.

We spent some time understanding the needs and pain points of our target users. In addition, we conducted some research in order to determine how parenting works in Bangladesh and how technology could be used to help them.

In the beginning, we started as a content platform providing parents with authentic information, and then we gradually added other services, including an e-commerce shop, and integrated numerous third-party services, such as doctor booking, photography, and caregiving. We now have a fully functional app

where parents can track their child's growth and enjoy other exciting features.

**MBR:** All successful businesses undergo some challenge in their initial stage. Will you please tell us what were the challenges you faced in the early days and how did you deal with them?

**Dr. Nazmul Arefin:** In our initial years, we have focused on building experience and preparing our startup to be an industry standard service platform. Recently, we are working on raising funds to achieve our short term and long-term goals. As we are working on an interesting market with enormous opportunity, we are getting good response from the investors. Recently, we have taken part in an Accelerator Program - "Accelerate Bangladesh", an initiative from Bangladesh Angels Network (BAN), Better Stories Ltd and Bridge for Billions. We have already raised our angel round last January and are now working on seed stage investment.

Due to COVID, it has been very challenging for us as we are still in the seed round, especially to keep the team focused on specific goals, not deviating to generate quick revenue, which was a challenge for us to overcome for funding. We are happy that we have survived the hard part of the struggle and are now more focused and stronger to attract new investors.

**MBR:** ToguMogu has come with great innovative ideas to support young parents. Will you please give us an overview of the products and services



**provided by ToguMogu currently and tell us a little bit about how the operation works?**

**Dr. Nazmul Arefin:** Currently, we have paid services like ecommerce, finding a nanny, and baby photography service, while we also have our free continents and daycare discovery services. Recently, we did a survey among our users where we find users who are looking for daycare solutions, preschool and kindergarten selection tools, and expert consultancy services.

In our ecommerce section, baby products, books and toys are in high demand. As we source our products directly from manufacturers and authentic suppliers, our customers have good trust on our platform.

Currently our team is focusing on three key aspects. We are improving our app so that users can avail services and knowledge with ease. Our tech team is continuously taking user feedback and improving our algorithm and overall UI/UX of the platform. Our content team is producing age-appropriate contents vetted by experts so that Bangladeshi parents can track their children's development from pregnancy, while our ecommerce team is dedicated to support customers who buy products and services.

Our daily goal is to support parents via all channels including our own app, social media and through our call center. While our top management is working on achieving long term goals including exponential growth in terms of users, expanding services, and improving the quality of customer experience with the platform. Currently, we are raising investment in order to become a growth stage company from a seed stage company.

**MBR: The idea of parenting apps is still relatively new in Bangladesh. Can you please tell us how you have attracted customers and grown ToguMogu? What are some strategies you carried out to achieve this growth?**

**Dr. Nazmul Arefin:** Making parents' lives easier is our primary focus. All our planning and strategy was geared towards that goal. In the early days, this customer-centric strategy helped us build trust. Once, we delivered baby products directly to the hospital after receiving a call from a customer who used to read our contents during pregnancy. As a result of the accurate information we provided, they converted into our customer.

There are many examples like this where we have gone the extra mile, and this has been our commitment since

day one. Our goal was to source from the best suppliers and not sell any harmful products to the parents.

We also provided parents with advice regarding choosing the right product or service, which assisted us in gaining customer trust at an early stage. With regards to running the business, we always tried to utilize our co-founders' skills first, which initially saved us a lot of money.

Currently we are working with large corporates to attract working parents. We have already partnered with WALTON group where 30 thousand of their employees will get benefitted from our parenting app. There are few more partnerships which are under process and they will give us a boost by the end of this year.

**MBR: What are your long-term goals for ToguMogu? What are some milestones you would like to see ToguMogu achieve within the next few years?**

**Dr. Nazmul Arefin:** Currently we have 60 thousand parents registered on our platform. These parents will have easy access to information and tools that will help them to ensure the health and wellbeing of their children and themselves. Recently, we have launched our Pregnancy and Child growth tracking features, and a vaccination tracker will be released soon. Our expert team is continuously working on improving the existing services, which will unlock new features for millennial parents. We are also working to help the government achieve SDG 3 targets through our work, which is ensuring Good Health and Wellbeing. Initially we are targeting to serve 200 thousand parents by the next 12 months. We are aiming to reach 5 million parents locally and gradually expand to other countries by 2025. Within the next 10 years we will be able to impact 50 million parents and their children globally.



## CAPITAL MARKET REVIEW

### Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market faced correction in the month of October. During the month, the broad index DSEX shredded 4.5%, while blue chip index DS30 declined by 3.3%. Shariah index DSES also went down by 7.6%.

Among the regional peers, Vietnam (+7.6%) and Sri Lanka (+7.4%) posted impressive return during the month. Pakistan advanced by 2.9%. MSCI Frontier Markets Index (+4.1%) also closed the month in positive end. Over the long term, Vietnam showed the most encouraging track record with a 5 years' return of 113.7%.

Table 1: Equity market performance of Bangladesh and peer countries

Indices	Index Points, October 2021	Return*					
		1M	3M	YTD	12M	3Y	5Y
Bangladesh							
DSEX	7,000.9	-4.5%	9.0%	29.6%	44.5%	32.5%	52.5%
DS30	2,620.6	-3.3%	12.6%	33.4%	56.0%	39.5%	51.2%
DSES	1,470.5	-7.6%	5.0%	18.4%	33.8%	20.3%	N/A
Peer Countries							
Pakistan (KSE 100)	46,218.9	2.9%	-1.8%	5.6%	15.9%	11.0%	15.9%
Sri Lanka (CSE - All Share)	10,162.9	7.4%	25.2%	50.0%	77.5%	70.7%	58.6%
Vietnam (VNI)	1,444.3	7.6%	10.2%	30.8%	56.1%	57.9%	113.7%
MSCI Frontier Markets Index	914.9	4.1%	8.4%	22.9%	33.5%	34.2%	43.9%

\*All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

### Liquidity Condition in Equity Market of Bangladesh

During October, the total market capitalization decreased by 3.8%. The daily average turnover of October was BDT 18.5 bn (USD 216.0 mn), decreasing by 19.7% from that of the last month. Turnover velocity which represents overall liquidity of the market stood at 79.4% in October compared to 104.6% 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-Oct-21	30-Sep-21	% change
Total market capitalization (USD* mn)	65,289	67,858	-3.8%
Total equity market capitalization (USD mn)	57,734	60,874	-5.2%
Total free float market capitalization (USD mn)	21,738	22,711	-4.3%
Daily Avg. Turnover (USD mn)	216.0	268.9	-19.7%
Turnover Velocity~	79.4%	104.6%	N/A

\*\*All USD figures are converted using an exchange rate of 85.7 as of November 03, 2021 as per Bangladesh Bank website.

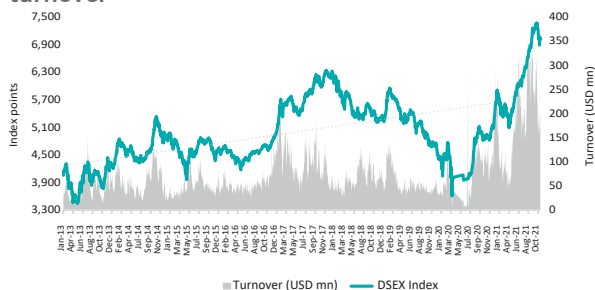
~Turnover velocity is calculated by dividing monthly total turnover with month-end market capitalization. The figures are annualized.



## Historical Index Points and Market Participation Data

Since its inception on January 27, 2013, DSEX yielded a holding period return of 72.6% till October, 2021. During the same period, daily average turnover of the market amounted to BDT 6.5 bn (USD 75.4 mn) (Figure 1).

**Figure 1: DSEX since inception along with market turnover**

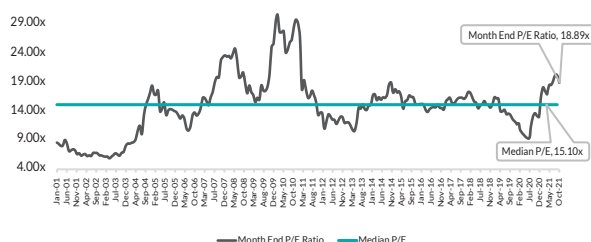


Source: DSE

## Market Valuation Level - P/E Ratio

The market P/E slightly decreased to 18.89x in October compared to last month's 20.11x. It is much higher than the 20 years' median market P/E of 15.1x (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).

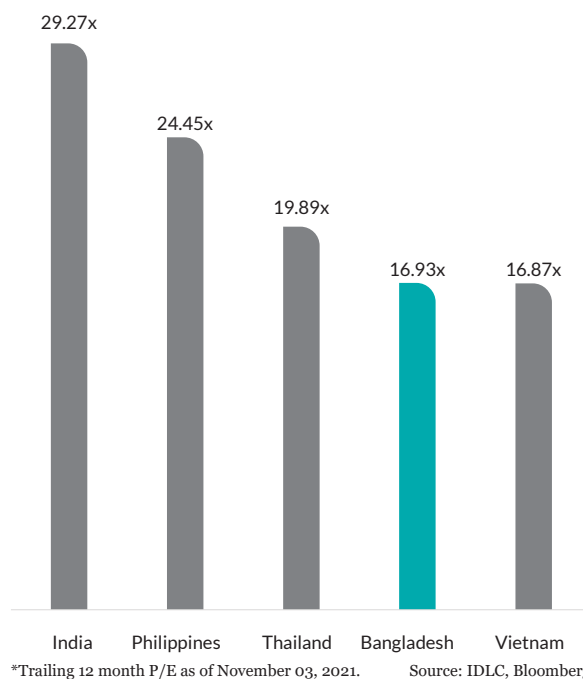
**Figure 2: Historical market P/E\* and its median Current Market P/E\* in Context of History**



\*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**



## Sector Performance

All the major sectors declined in October, except for Miscellaneous (+6.7%) and Bank (+0.1%). NBFI (-14.3%) declined the most in this month, followed by Engineering (-8.9%) and Fuel & Power (-8.9%). Telecommunication, Pharmaceuticals & Chemicals, and Textile declined by 5.2%, 5.1% and 5.1%, respectively.

Telecommunication sector has the highest dividend yield of 5.4% 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	8,500	915	-5.2%	-2.6%	11.4%	30.3%	30.2%	93.2%	18.8	7.6	5.4%
Pharmaceuticals & Chemicals	8,377	4,571	-5.1%	5.3%	19.0%	38.2%	58.0%	81.3%	19.7	3.2	1.9%
Bank	8,473	4,587	0.1%	4.5%	23.6%	29.2%	33.0%	81.3%	7.8	0.8	3.3%
Engineering	6,733	1,401	-8.9%	-8.5%	13.5%	57.8%	60.6%	78.0%	20.6	2.7	2.0%
Fuel & Power	5,754	1,657	-8.9%	4.8%	12.0%	12.5%	10.6%	42.0%	12.8	1.6	5.1%
Food & Allied	5,191	1,580	-2.7%	10.3%	51.1%	70.7%	87.3%	131.4%	23.8	10.3	2.8%
NBFI	2,769	871	-14.3%	13.5%	27.4%	40.5%	32.0%	84.2%	25.8	2.6	1.7%
Miscellaneous	3,001	1,394	6.7%	30.8%	80.0%	147.7%	161.7%	189.3%	24.1	2.8	2.0%
Textile	2,046	1,174	-5.1%	9.2%	45.5%	50.9%	9.9%	48.1%	23.4	1.2	2.0%
Cement	1,644	648	-16.1%	9.9%	60.4%	85.0%	36.3%	2.6%	17.0	3.7	1.3%
Non Life Insurance	1,513	856	-5.6%	-6.1%	30.8%	43.4%	266.6%	352.4%	21.6	2.7	1.7%
Life Insurance	938	556	-1.4%	8.7%	34.5%	43.0%	40.3%	89.9%	43.7	8.5	1.6%
Travel & Leisure	298	157	-12.6%	22.0%	9.4%	10.2%	13.3%	57.5%	75.7	0.9	1.7%
Ceramics	394	153	-4.9%	9.4%	49.0%	66.7%	35.1%	56.4%	33.6	2.2	1.5%
IT	442	276	-14.0%	-0.4%	16.4%	26.1%	33.7%	27.3%	26.2	3.0	1.3%
Services & Real Estate	348	187	-5.7%	15.3%	39.3%	79.5%	61.4%	39.6%	23.6	1.7	1.7%
Tannery	408	226	10.2%	45.4%	71.0%	81.5%	24.8%	28.1%	25.9	3.1	0.8%
Paper & Printing	267	85	-14.6%	-4.7%	-6.1%	1.8%	-43.2%	-33.5%	28.2	1.6	0.0%
Jute	23	14	-14.4%	-4.5%	-29.8%	0.8%	-16.6%	93.6%	440.0	5.9	0.2%
<b>Market</b>	<b>57,734</b>	<b>21,738</b>	<b>-4.5%</b>	<b>9.0%</b>	<b>29.6%</b>	<b>44.5%</b>	<b>32.5%</b>	<b>52.5%</b>	<b>16.0</b>	<b>2.0</b>	<b>3.0%</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, all the Cap classes closed in negative territory. Micro Cap Class (-14.1%) declined the most. Large Cap was the highest dividend yielding (3.6%) class.

Table 4: Performance of different market cap classes

Cap Class	Definition based on market capitalization (USD mn)	% of total equity Mcap	Return*						P/E (x)	P/BV (x)	Dividend Yield
			1M	3M	YTD	12M	3Y	5Y			
Large	≥118	78.2%	-4.2%	6.4%	23.6%	34.6%	73.8%	133.6%	14.5	2.1	3.6%
Mid	36-117	11.4%	-7.8%	6.6%	36.8%	47.8%	-29.0%	-20.8%	16.8	1.4	2.0%
Small	12-35	8.1%	-8.8%	3.9%	34.0%	44.5%	85.7%	123.3%	24.1	1.4	1.8%
Micro	<12	2.3%	-14.1%	2.2%	43.7%	44.3%	-85.5%	-81.9%	35.0	1.0	0.5%
<b>Market</b>	<b>-</b>	<b>-</b>	<b>-4.5%</b>	<b>9.0%</b>	<b>29.6%</b>	<b>44.5%</b>	<b>32.5%</b>	<b>52.5%</b>	<b>16.0</b>	<b>2.0</b>	<b>3.0%</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, BEXIMCO (+18.9%) posted astounding return in October. RENATA (+1.1%) also ended the month in positive territory. On the other hand, ICB (-16.0%), LHBL (-13.5%), SUMITPOWER (-13.0%), BXPHARMA (-11.1%), and TITASGAS (-10.2%) declined significantly in October. Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BEACONPHARMA (+1,013.7%), BEXIMCO (+883.7%), UPGDCL (+219.8%), DUTCHBANGL (+165.5%) and BXPHARMA (+221.9%).

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- cation	5,649	565	0.87	-5.7%	-2.2%	6.9%	12.5%	11.4%	67.9%	14.0	16.7	7.7%
WALTONHIL^	Engineering	4,120	40	0.21	-8.7%	-16.6%	4.7%	70.1%	N/A	N/A	31.4	4.5	2.1%
BATBC	Food & Allied	4,037	1,068	5.57	-1.6%	13.0%	65.7%	85.2%	91.3%	158.6%	22.4	10.5	3.1%
ROBI^	Telecommuni- cation	2,451	245	1.21	-2.7%	-6.7%	34.6%	N/A	N/A	N/A	94.0	3.5	0.7%
SQURPHARMA	Pharmaceuticals & Chemicals	2,267	1,484	2.71	-9.5%	-1.3%	-0.1%	18.7%	4.1%	26.1%	12.2	2.7	2.7%
UPGDCL	Fuel & Power	1,869	187	0.92	-8.3%	-0.9%	4.9%	4.6%	0.0%	219.8%	14.7	6.0	6.2%
BEXIMCO	Miscellaneous	1,668	1,158	14.20	18.9%	78.6%	186.1%	686.1%	650.6%	883.7%	21.7	2.4	2.1%
RENATA	Pharmaceuticals & Chemicals	1,647	804	0.26	1.1%	5.6%	30.9%	37.6%	62.4%	121.0%	27.9	7.1	1.0%
ICB	NBFI	1,231	39	0.88	-16.0%	11.0%	32.5%	48.1%	29.1%	83.7%	78.5	11.1	0.4%
BXPHERMA	Pharmaceuticals & Chemicals	1,112	776	3.54	-11.1%	16.4%	12.1%	100.5%	221.5%	221.9%	18.6	3.1	1.6%
LHBL	Cement	1,083	382	11.67	-13.5%	27.6%	70.5%	107.3%	92.2%	19.0%	22.5	6.0	1.3%
BERGERPBL	Miscellaneous	953	48	0.08	-2.6%	1.1%	25.8%	35.9%	52.3%	64.7%	34.3	11.2	2.1%
MARICO	Pharmaceuticals & Chemicals	844	84	0.20	-1.7%	-3.6%	9.4%	12.5%	121.8%	138.9%	20.2	39.2	3.9%
BRACBANK	Bank	744	400	0.38	-3.8%	-7.1%	10.9%	18.4%	-11.8%	57.1%	12.0	1.6	2.1%
ISLAMIBANK	Bank	565	275	0.26	0.0%	4.5%	16.2%	19.3%	45.4%	18.9%	8.5	0.8	3.3%
BEACONPHAR	Pharmaceuticals & Chemicals	556	389	0.54	-3.2%	1.7%	163.3%	147.0%	1190.5%	1013.7%	47.3	16.1	0.3%
DUTCHBANGL	Bank	541	81	0.31	-0.2%	-3.4%	46.0%	49.0%	100.2%	165.5%	9.7	1.8	1.6%
SUMITPOWER	Fuel & Power	517	190	2.01	-13.0%	-5.9%	6.7%	4.3%	15.6%	64.7%	7.9	1.3	8.4%
TITASGAS	Fuel & Power	457	114	0.48	-10.2%	6.2%	28.6%	23.4%	28.6%	10.4%	13.8	0.6	6.6%
EBL	Bank	416	291	0.20	-5.3%	5.1%	27.4%	29.2%	64.0%	134.0%	6.7	1.5	4.0%
Market		57,734	21,738	215.97	-4.5%	9.0%	29.6%	44.5%	32.5%	52.5%	16.0	2.0	3.0%

\*All returns are Holding Period Return.

^WALTONHIL got listed on October 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 (+26.5%) posted the highest return.

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	1.7	26.5%	30.6%	11.4%
UFS-Pragati Life Unit Fund	UFS	1.2	26.0%	35.5%	9.1%
LankaBangla 1st Balanced Unit Fund	LankaBangla	5.6	23.2%	29.2%	8.7%
Peninsula AMCL BDBL Unit Fund One	Peninsula	3.0	25.9%	35.3%	8.5%
IDLC Balanced Fund	IDLC	8.7	18.1%	29.4%	8.3%
Seventh ICB Unit Fund	ICB	5.4	17.2%	20.4%	7.7%
VIPB Accelerated Income Unit Fund	VIPB	8.4	14.5%	13.0%	7.2%
ICB AMCL Pension Holders' Unit Fund	ICB	4.4	25.9%	36.5%	6.9%
ATC Shariah Unit Fund	ATCP	1.9	12.8%	17.6%	6.6%
Third ICB Unit Fund	ICB	4.6	18.6%	23.9%	6.4%
<b>Market (Broad Index) Return (%)</b>			<b>30.7%</b>	<b>22.3%</b>	<b>1.8%</b>

\*Based on published NAV and DSEX point of October 28, 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, ICBEPMF1S1 (+44.9%) 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' (BDT)	NAV' (BDT)	Price/ NAV	Dividend Yield* (%)	NAV Return <sup>3</sup>				Redemption Year <sup>4</sup>
							2021 YTD	2020	2018-2020	2016-20	
NLI1STMF	VIPB	8.3	13.2	14.1	93.4%	13.3%	15.7%	13.4%	-0.1%	9.5%	2022
GRAMEENS2	AIMS	44.7	17.4	21.0	82.9%	7.5%	19.1%	18.5%	2.7%	9.2%	2023
RELIANCE1	AIMS	10.3	11.5	14.6	79.0%	9.1%	20.1%	15.5%	2.2%	8.7%	2021
1STPRIMFMF	ICB AMCL	3.6	21.2	15.6	136.0%	3.8%	42.9%	35.7%	3.1%	8.5%	2029
PRIMEIICBA	ICB AMCL	12.6	7.4	10.8	68.3%	10.1%	41.0%	33.0%	2.8%	8.1%	2030
ICBSONALI1	ICB	12.8	8.5	10.9	77.7%	8.2%	31.8%	28.3%	2.4%	7.8%	2023
ICBEPMF1S1	ICB	8.9	7.3	10.2	71.7%	8.2%	44.9%	40.0%	1.4%	6.9%	2030
ICBAMCL2ND	ICB	6.6	11.8	11.3	104.7%	6.8%	42.5%	35.1%	0.3%	6.9%	2029
LRGLOBMF1	LR GLOBAL	47.6	9.0	13.1	68.7%	0.0%	12.9%	24.9%	2.0%	6.7%	2031
ICB3RDNRB	ICB AMCL	11.6	7.0	10.0	70.1%	10.0%	41.6%	37.2%	1.4%	6.6%	2030
<b>Market</b>							<b>30.7%</b>	<b>22.3%</b>	<b>-4.7%</b>	<b>3.1%</b>	

1 Price as of October 31, 2021, and NAV published on October 28, 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.

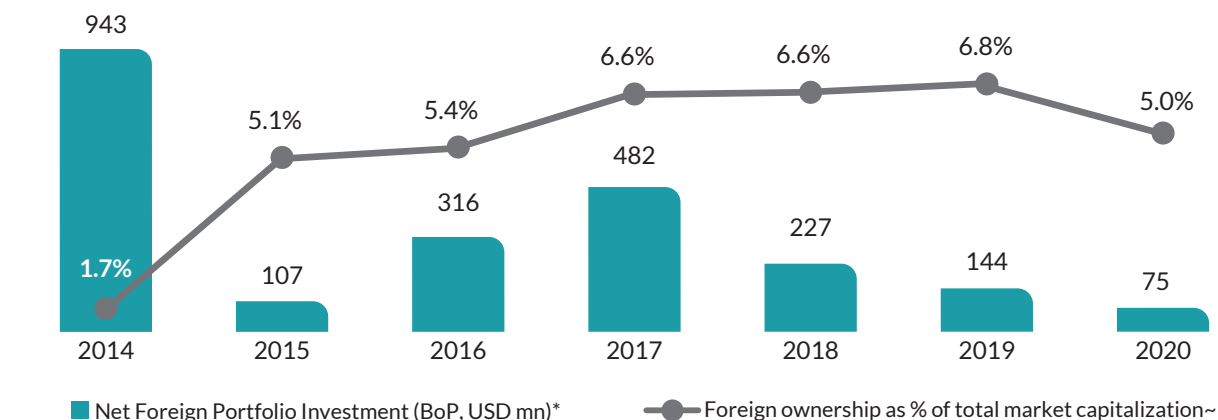
4 In reference to BSEC Press Release বিএসইবিস/মুখপাত্র (৩য় খণ্ড)/২০১১/২৫ published on October 16, 2018, tenure of existing listed closed end mutual funds can be extended by another tenure equal to maximum 10 years, provided that the full tenure of the subject fund does not exceed 20 years in total. 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 September 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 35.6% as of September 2021, followed by BXPHARMA with 30.2%.

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

Ticker	Sector	Foreign Shareholding*
BRACBANK	Bank	35.6%
BXPHARMA	Pharmaceuticals & Chemicals	30.2%
OLYMPIC	Food & Allied	28.6%
RENATA	Pharmaceuticals & Chemicals	22.8%
ISLAMIBANK	Bank	20.3%
DBH	NBFI	19.3%
VFSTD	Textile	18.3%
SHEPHERD	Textile	18.2%
BSRMLTD	Engineering	17.5%
AAMRANET	IT	16.0%

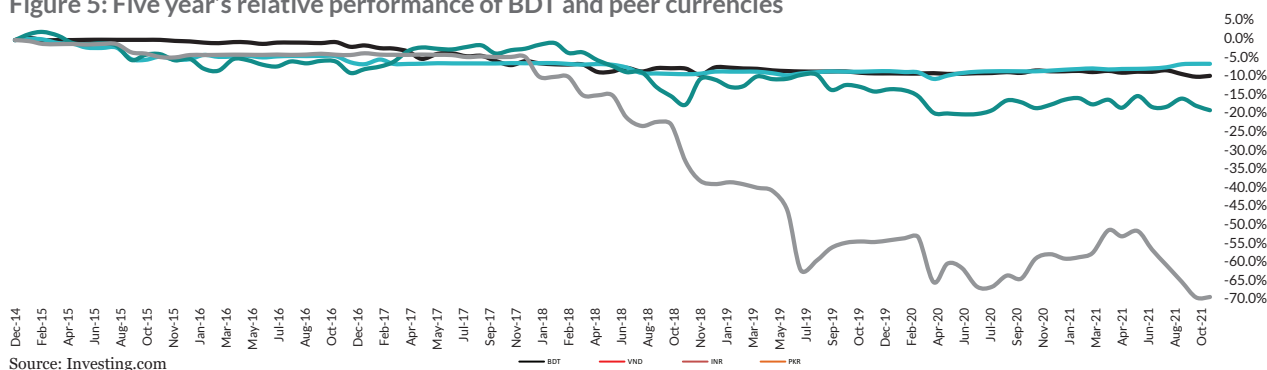
Source: DSE

\*Latest Data for Foreign shareholding available on DSE are as of September, 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 9.6% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 6.4%, 18.9% and 69.0%, respectively.

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



ব্যবসা ছোট হোক বা মাঝারি  
আপনার পাশে আছে

আইডিএলসি এসএমই লোন