



ECRL MONTHLY ECONOMIC **& Business Review**



Cover Story:

Riding the Market: Consumer preferences and strategic Insights into Dhaka's Motorcycle Industry

ECRL Thought:

Feasibility Studies: A Strategic Tool for Informed Business Decision-Making

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Cover Story

RIDING THE MARKET: CONSUMER PREFERENCES AND STRATEGIC INSIGHTS INTO DHAKA'S MOTORCYCLE INDUSTRY

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Abstract

This study aims to elucidate consumer preferences and market dynamics within Dhaka's motorcycle market, recognizing the industry's critical role in Bangladesh's economy and the need for brands to align with shifting consumer demands. Utilizing a comprehensive methodology, Emerging Credit Rating Ltd. (ECRL) conducted primary surveys, expert interviews, and secondary research to gather and analyze data. The primary survey, which included 170 motorbike users in Dhaka, revealed that over 90% of respondents were male, aged 25-44 (76%), with tertiary education (90%), and predominantly employed as servicemen. These demographics underscore the use of motorcycles as an efficient transportation solution in Dhaka's traffic-congested environment, with income levels ranging from BDT 20,000 to BDT 80,000, reinforcing affordability as a key factor in purchasing decisions.

The data analysis incorporated descriptive statistics, correlation checks, reliability tests, factor analysis, and regression models. **The regression analysis identified resale value and spare parts availability as significant determinants of purchase frequency, while fuel efficiency, design, and engine capacity (cc preference) were key drivers of budget range.** These quantitative insights were further corroborated by expert interviews with manufacturers and dealers, which provided valuable qualitative insights into market dynamics, consumer preferences, and the broader challenges facing the industry.

Additionally, the study integrates secondary data from ECRL's databank, academic journals, and industry literature, contributing to a comprehensive understanding of the market context, including projected industry growth and revenue figures. This research offers critical insights into Dhaka's motorcycle market, enabling brands to optimize their product development, marketing, and sales strategies to better align with consumer needs, ultimately driving market growth. The findings also benefit consumers by ensuring that their preferences are addressed, leading to improved product offerings, enhanced customer satisfaction, and greater overall market efficiency.



Snapshot

Research objective:

The study aims to analyze consumer preferences and market dynamics in Dhaka's motorcycle market, providing insights for brands to align with evolving demands through comprehensive data analysis.



Surveys outcome:

Note: Survey Conducted through 170 respondent

Majority users
Young to middle-aged



Profession
(57% Respondent)
Service holder



Earning Range
BDT 20-80 Thousand



Authorized Dealers

Preferred Purchase Source
(85% Respondent)

Japan
Country Most Preferred
(65% Respondent)



150-165 CC
Preferred Cubic capacity or CC



Budget Range
BDT 80-300 Thousand



25

Penetration per **1000** in Bangladesh which is lowest among the South Asian countries

Market Insider view of consumers' preferred facilities

EMI facility, spare parts availability, warranty or after sales service



Secondary information:

96%
Local assembling/
Production

Expected Motorcycle
Revenue by 2024

USD 1.95 billion

136,614
Motorbike
Registered in
2024

Analysis results:

Regression Outcome:

- Purchase frequency (repurchase) significantly increases with spare parts availability and decreases with the resale value, CC preference, and technology.
- Consumer's budget range increases with design and CC preference while decreases with fuel efficiency

Most Correlated Factors:

**Safety and comfort,
Fuel efficiency and price**

Summary Statistics:

Single factor emphasize most while choosing a motorcycle

Price, Brand, Fuel Efficiency



Government Policies:

Reduced duties on imported parts from 25% to 20%



Cash Incentives for 0.50-15% for export



Implications: Reduced Motorcycle price in recent times

Background

The motorcycle industry in Bangladesh, particularly in Dhaka, plays a pivotal role in the nation's economic and social framework. With expected revenue of US\$1.95 billion by 2024 and projections to reach US\$2.10 billion by 2029, the industry remains a key economic driver contributor (Statista (Motorcycles - Bangladesh), 2024). By 2021, the sector employed around 200,000 people in both direct and indirect jobs, emphasizing its role in job creation and economic stability. Despite challenges, the industry's growth is reflected in the sales figures, with 310,418 units sold in 2023, following a peak of 506,912 units in 2022 (BRTA, 2024). This sustained demand highlights the increasing reliance on motorcycles as a primary mode of transport in Bangladesh, particularly for daily commuting.

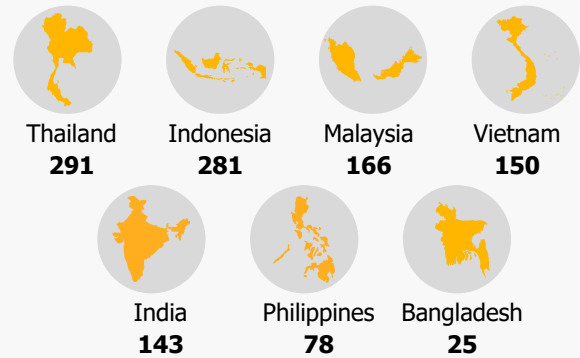
Dhaka's chronic traffic congestion underscores the importance of motorcycles. Over the past 15 years, the average traffic speed in the city has dropped from 21 km/h to 7 km/h, with forecasts predicting a further decline to 4 km/h by 2035 (Hussain Imam, 2023). In this scenario, motorcycles provide a faster, more cost-effective alternative to cars, making them the preferred choice for many commuters. Additionally, the rise of ride-sharing platforms and e-commerce delivery services has fueled the demand for motorcycles as a convenient and affordable mode of transport in the traffic-laden city.

Current market trends reflect a complex mix of opportunities and challenges. A 39% drop in sales in 2023, attributed to economic instability and inflation, has affected the market overall. However, high-end motorcycle sales grew by 13%, signaling a shift in consumer preferences. Notably, there has been a growing interest in higher engine capacities, with consumers increasingly testing motorcycles in the 150-165cc range, up from a previous preference for 125cc bikes. The government's initiatives to reduce import duties and registration fees, combined with the expansion of local manufacturing and assembly, have further supported the market's growth potential.

Another critical indicator of untapped market potential is motorcycle penetration in Bangladesh, which currently stands at 25 per 1,000 people. This figure is significantly lower than in other Asian countries, such as Thailand (291 per 1,000), Indonesia (281), and Malaysia (166), highlighting substantial growth opportunities for the sector.

This study adopted a comprehensive approach, surveying 170 motorbike users across Dhaka and conducting expert interviews with manufacturers and dealers. Through descriptive statistics, correlation checks, reliability tests, factor analysis, and regression models, we identified key factors influencing consumer preferences. These insights are designed to guide business stakeholders in aligning their strategies with evolving market needs. By understanding consumer behavior, brands can better tailor their products and marketing efforts, driving growth and remaining competitive in the dynamic motorcycle industry. The findings also provide valuable guidance for policymakers, enabling more informed decisions that could further support the industry's development.

Two-Wheeler Penetration per 1,000 population Country Wise



Methodology

ECRL conducted a comprehensive study using a multifaceted data collection approach to understand the motorbike industry's consumer preferences and the overall market dynamics. This included a primary survey of 170 motorbike users in Dhaka, expert interviews with key market players, and extensive secondary research from various credible sources.



Primary Survey

Data collected from 170 Motorbike users in Dhaka.



Expert Interviews

One to One interaction with the management of key market players.



Secondary Survey

ECRL Data Bank (data of 30,000+ companies) and various credible sources.



Primary Survey

Utilizing both digital and physical questionnaires to gather firsthand insights from two-wheeler users in Dhaka city

ECRL conducted a primary survey using structured questionnaires to collect primary data directly from consumers. The survey was administered through online platforms like Google Forms as well as offline printed forms at strategic locations within Dhaka city. This method ensured access to participants who were readily available and willing to contribute valuable information about their experiences with motorbikes. The sample consisted of 170 two-wheeler users who have experience with motorbikes.



Expert Interviews

An extensive compilation of data from diverse sources like internet articles, academic journals, and existing research studies.

The secondary research phase involved gathering data from an array of sources including internet articles, academic journals, existing research studies, and other pertinent literature. This approach allowed ECRL to build upon established knowledge bases and incorporate broader market trends into their analysis. The comprehensive nature of this data collection ensured a well-rounded understanding of the market dynamics.



Secondary Survey

In-depth interviews with market players provide valuable perspectives on industry trends.

Expert interviews were conducted with key players in the motorbike market sector. These discussions offered deep insights into consumer behavior patterns and preferences, which are crucial for understanding current dynamics within the industry. The expert opinions helped to contextualize the survey data and provided a nuanced view of the market challenges and opportunities.



Survey Analysis

Descriptive Statistics, Reliability Test, correlations between variables, Regression Analysis

For analysis purposes, statistical tools were employed to perform summary statistics analysis, which included checking correlations between variables as well as reliability tests (Cronbach's alpha reliability and Kaiser-Meyer-Olkin Measure of Sampling). Furthermore, regression analyses were carried out using linear regression models to assess how various factors influenced motorbike purchase frequency and budget ranges among consumers. The hypothesis tests evaluated the impact of confounding variables on motorbike purchase frequency and budget range, providing a detailed understanding of the factors driving consumer behavior. The confounding variables are,

Regression 1: Purchase Frequency

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \epsilon_i$$

Y= Purchase frequency: It was defined as the interval at which respondents consider purchasing a new motorcycle.

β =constant purchase decision when $X = 0$

X=Variables impacting the purchase frequency include budget range, price, brand, monthly income, fuel efficiency, performance, design, comfort, safety features, technology and connectivity, resale value, warranty/after-sales service, availability of spare parts, EMI facility, country of origin, and CC preference

ϵ = Vector of error

Regression 2: Budget Dependency

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \epsilon_i$$

Y= Budget Range: It was defined as the respondents' expected spending range for a new motorcycle.

β =constant purchase decision when $X = 0$

X=Variables impacting the Budget Range include frequency of purchase, price, brand, monthly income, fuel efficiency, performance, design, comfort, safety features, technology and connectivity, resale value, warranty/after-sales service, availability of spare parts, EMI facility, country of origin, and CC preference

ϵ = Vector of error



Summary Statistics



AGE 25-44
76%



Male Over
90%



Preferred Origin
Japan



Income
BDT 20-40
Thousand
49%



Education College
to Postgraduates
90%



Income
BDT 41-80
Thousand
27%



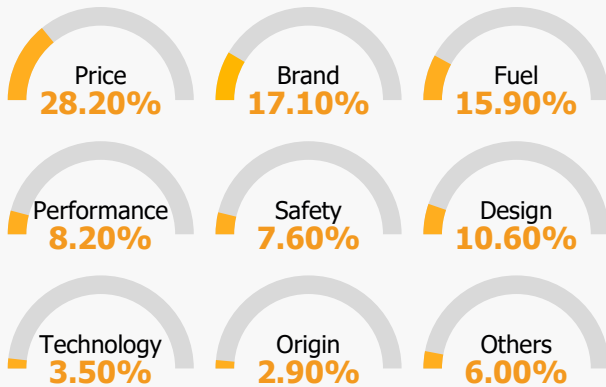
Point of purchase
Authorized dealer



Preferred CC
150-165

Single most prioritized factor

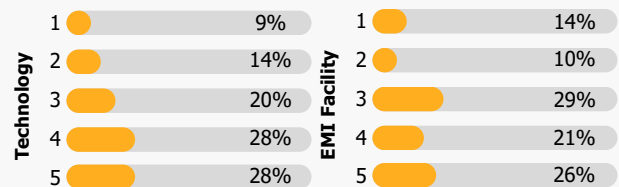
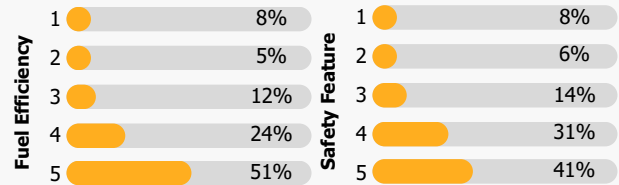
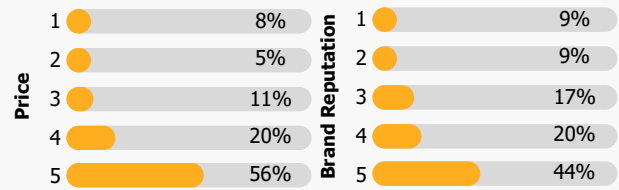
While asking to choose one single factor for Buying a motorcycle



Major Correlated Variables

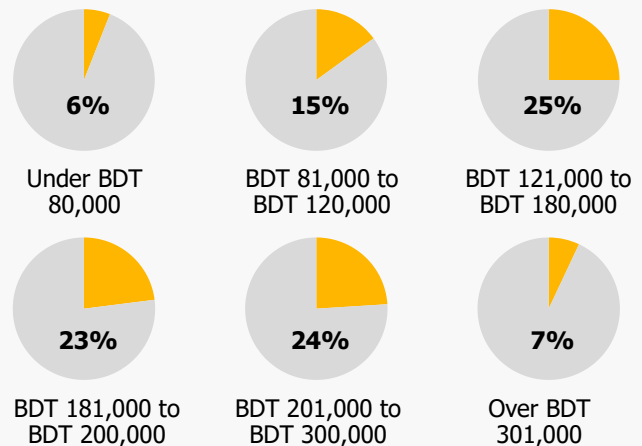
Variables	Pairwise Correlation
Fuel efficiency -Price	0.7652
Safety-Brand	0.7081
Safety-Performance	0.7077
Safety-Comfort	0.831
Comfort-Fuel efficiency	0.7039
Technology-Safety	0.7457
Spare parts availability-Fuel efficiency	0.7471
Spare parts availability-Warranty	0.747
Design-Brand	0.7499
Design-Performance	0.706
Design-Safety	0.7122
Design-Technology	0.7131

Features Consumers prefer

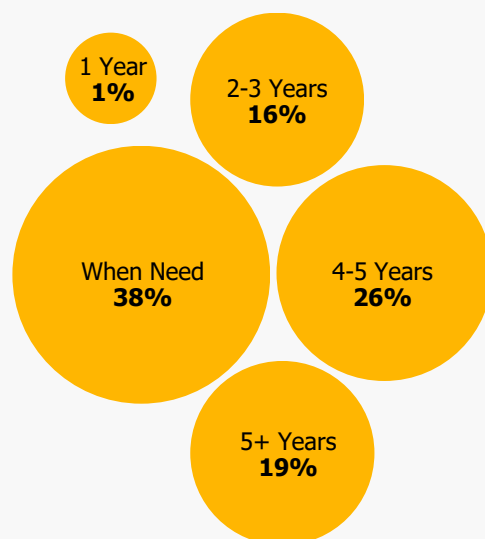


Note: Scale of 1-5, where 1 = Not Important, 2= Less Important, 3= Indifferent, 4= Important and 5 = Very Important

Budget



Frequency of Purchase



Feedback and interviews

Expert Opinion

Manufacturers and dealers have provided valuable insights into the current state of the motorcycle market in Bangladesh, highlighting significant shifts in consumer preferences and the challenges faced by the industry. Over the past few years, there has been a noticeable shift in consumer priorities, with an increasing emphasis on quality, performance, and brand reputation when purchasing motorbikes. This trend is particularly evident in the growing demand for bikes in the 150CC to 165CC range, which are favored for their lower maintenance costs and superior reliability.

The availability of loan financing has emerged as a crucial factor influencing consumer behavior. Many consumers prefer to purchase motorbikes through EMI or loan options, and cheaper loans or easier access to personal financing could potentially drive higher sales. This trend underscores the importance of financial accessibility in the purchasing decisions of motorbike users.

Brand preferences also play a significant role in the market dynamics. According to dealers, Japanese-origin bikes, although assembled in India, dominate sales in Bangladesh. However, there is a gradual shift towards Bangladeshi-assembled bikes, with consumers increasingly valuing stability and safety features. Despite a decline in market share, Bajaj remains the industry leader, followed by Suzuki and Yamaha, with TVS also being a strong player in terms of sales volume.

The competitive landscape is evolving, with Indian bike manufacturers facing increased competition from local assembly plants established by global players, particularly Japanese manufacturers. These new entrants offer bikes at similar prices but with higher perceived quality, which is shifting consumer demand away from Indian brands. This shift highlights the importance of perceived quality and brand reputation in influencing consumer choices.

Dealers report that their commissions are satisfactory, and they believe that an effective integration of advertising, after-sales service, and distribution channels will further enhance market presence for both manufacturers and dealers. There is also a high demand for second-hand bikes over new ones, except for bikes of Chinese origin or e-bikes, which are less popular in the used market. This demand for second-hand bikes indicates a market segment that values affordability and practicality.

A major challenge for both assemblers and suppliers is the disruption in the supply chain, particularly due to the ongoing dollar crisis, which directly impacts consumer purchasing power. Economic and political factors also play a critical role in shaping the industry's landscape. The current economic situation has reduced people's purchasing power, forcing them to prioritize spending on necessities rather than luxuries such as personal transport. Inflation and political uncertainty, especially in an election year, further exacerbate these challenges.

Manufacturers and dealers are working to navigate these evolving consumer demands and market challenges, balancing product offerings with logistical and economic constraints. By understanding and addressing these factors, brands can better align their strategies with consumer needs, ultimately driving growth and competitiveness in the motorcycle industry in Bangladesh.

Motorbike Price Comparison

Price comparison across different engine capacities (CC) reveals a competitive landscape. In the under 125 cc segment, Bajaj's Pulsar Ns125 is priced at BDT 1,89,750, while Yamaha's Salute 125 UBS and TVS Raider are priced at BDT 158,000 and BDT 158,999 respectively. Honda offers the SP 125 and CB Shine SP at BDT 165,000 and BDT 151,000. Hero's Ignitor variants range from BDT 156,000 to BDT 160,000, with Suzuki's GSX 125 at BDT 141,950 and Runner's Turbo models at BDT 129,000. In the under 160 cc category, Honda's CBR 150R ABS leads at BDT 600,000, followed by Suzuki's GSX R Dual ABS at BDT 465,950. Runner's Knight Rider series offers more affordable options ranging from BDT 135,000 to BDT 146,000. The under 250 cc class features Bajaj's Pulsar N250 at BDT 329,999 and Hero's Karizma XMR at BDT 399,990, catering to a niche market segment seeking robust performance and advanced features.

CC	Bajaj Auto	Yamaha	TVS Motor	Honda	Hero MotoCorp	Suzuki	Runner
Under 125 cc	Pulsar Ns125 BDT 1,89,750	Yamaha Salute 125 UBS BDT 158,000	TVS Raider BDT 158,999	Honda SP 125/ Honda CB, Shine SP BDT. 165,000/ 151,000	Hero Ignitor - FV XTEC Refresh/ Ignitor FV XTEC BDT 156,000/ 160,000	Suzuki GSX 125 BDT 141,950	Runner Turbo 125 Matte/ Runner Turbo v2 BDT 129,000/ 129,000
Under 160	Bajaj Pulsar N160 – BDT 264,900	Yamaha FZS v2 (150 CC) BDT 235,000	TVS Apache RTR 160 SD BDT 177,999	Honda CBR 150R ABS BDT 600,000	Hero Hunk 150R BDT 181,000/ Hero Hunk 150R ABS BDT 192,000	Suzuki GSX R Dual ABS (150 cc) BDT 465,950	Runner Knight Rider (150 cc) BDT 135,000/ Runner Knight Rider v2 (150 cc) BDT 146,000
	Bajaj Pulsar 150 Twin Disc ABS BDT 225,000	Yamaha FZS V3 ABS (BS6) (150 CC) BDT 269,000	TVS Apache RTR 160 RACE EDITION ABS BDT 186,999/ TVS Apache RTR 4V ABS (160 cc) BDT 229,999	Honda SP 160 ABS BDT 225,000/ Honda X Blade ABS (160 cc) BDT 222,000 Honda CB Hornet 160R CBS BDT 212,000	Hero Thriller 160R 4V BDT 254,990/ Hero Thriller 160R Fi ABS DD BDT 202,000	Suzuki Gixxer Classic Matte (150 cc) BDT 201,950	Runner Bolt 165R Dual Tone BDT 179,000
Under 250	Bajaj Pulsar N250 BDT 329,999				Hero Karizma XMR 210 BDT 399,990		

Impact of Policy Changes

The Road Transport and Highways Department, along with representatives from BRTA, BUET, the police, and the Roads and Highways Department, has drafted the "Motorcycle Movement Policy, 2023," which is expected to receive ministry approval soon. Some committee members have indicated that the policy will be carefully revised, though it is not yet decided who will undertake this task.

The policy aims to reduce road accidents by regulating motorcycle movement, encourage the use of safer motorcycles, and raise awareness among motorcyclists. It includes provisions such as :



Restrictions on motorcycles with less than 126cc capacity on highways.



Prohibiting pregnant women, elders, and children under 12 from traveling as passengers.



Banning the use of earphones or mobile phones while riding.



Restricting the unsafe carriage of goods without a carrier.



Drivers must also wear safety gear.



Motorcycles will be banned from highways 10 days before and after major festivals, and passengers will not be allowed on highways.

Finalizing the policy will take time once the entire process is completed.

The policy also suggests a speed limit of 30 km per hour in urban areas, which may demotivate motorcyclists who rely on faster travel. Industry experts have mixed reactions, noting that the policy only restricts motorcycle speeds and not other vehicles, which might cause road anarchy. They recommend that the government should establish a 30 km per hour speed limit for all vehicle classes in urban areas. Notably, at this speed, there is an 80% chance of surviving motorcycle accidents.

Major Findings of the survey and Analysis

To ensure the reliability of our data, ECRL conducted thorough statistical tests, especially **Cronbach's alpha reliability and Kaiser-Meyer-Olkin Measure of Sampling**, confirming that all data points are reliable and valid for analysis. This section presents the major findings from our survey and analysis, offering actionable insights for business leaders, brands, dealers, and policymakers.

In Dhaka, the rising population and severe traffic congestion have driven office-going males, including Uber and Pathao bikers, to favor motorbikes for their efficiency and speed. According to the ECRL survey, these motorbike owners are predominantly young to middle-aged adults (25-44 years) with tertiary education, primarily servicemen. With approximately 70% of respondents earning between BDT 20,000 to BDT 80,000, motorbikes are seen as a convenient and affordable transport option, often financed through EMI or loan options.

Regression Analysis for Motorbike Purchase Frequency

$$Y^{\wedge}=3.72+0.07 X1+0.11 X2-0.07 X3+0.02 X4-0.16 X5+0.20 X6+0.09 X7+0.07 X8-0.20 X9-0.35 X10^{*}+0.05 X11+0.26 X12+0.04 X13-0.06 X14+0.12 X15-0.19 X16$$

Where, X1= Price, X2=Brand, X3=Monthly Income, X4=Fuel Efficiency, X5=Performance, X6=Design, X7=Comfort, X8=Safety Features, X9=Technology and Connectivity, X10=Resale Value, X11=Warranty and After-sales service, X12=Availability of spare parts, X13=EMI facility, X14=country of origin, X15= Budget Range and X16=CC preference

Significant Variables:

Resale Value: A lower resale value discourages frequent purchases. If customers feel they won't get a good resale price, they will buy less often.

Availability of Spare Parts: When spare parts are easy to find, people buy motorbikes more frequently. Customers are likely to buy again if they know they can maintain the bike easily.

CC Preference: Customers who prefer bikes with a larger engine size (higher cc) tend to buy less frequently, possibly because these bikes are more expensive or last longer.

Technology and Connectivity: This shows that advanced tech features, while desirable, might reduce how often people buy new bikes, potentially because tech-heavy models are more expensive or complex to maintain.



The regression analysis identified several significant factors affecting how often consumers purchase motorbikes. Notably, resale value and the availability of spare parts emerged as critical determinants. A lower resale value discourages frequent purchases, as customers are less likely to buy new bikes if they feel they won't get a good resale price. Conversely, easy access to spare parts encourages more frequent purchases, as consumers are more likely to buy again if they know they can maintain their bikes easily. Additionally, customers who prefer bikes with larger engine sizes (higher cc) tend to buy less frequently, possibly due to the higher cost and longer lifespan of these bikes. Advanced technology and connectivity features, while desirable, might also reduce purchase frequency due to their higher costs and maintenance complexity.

Regression Analysis for Motorbike Budget Range

$$Y = 0.46 + 0.11X_1 - 0.07X_2 + 0.09X_3 + 0.10X_4 - 0.21X_5 + 0.02X_6 + 0.20X_7 + 0.03X_8 + 0.08X_9 + 0.04X_{10} + 0.17X_{11} + 0.00014X_{12} - 0.05X_{13} - 0.03X_{14} + 0.04X_{15} + 0.56X_{16} + \epsilon_i$$

Where, X₁=Purchase Frequency, X₂=Price, X₃=Brand, X₄=Monthly Income, X₅=Fuel Efficiency, X₆=Performance, X₇=Design, X₈=Comfort, X₉=Safety Features, X₁₀=Technology and Connectivity, X₁₁=Resale Value, X₁₂=Warranty and After-sales service, X₁₃=Availability of spare parts, X₁₄=EMI facility, X₁₅=Country of origin, X₁₆=CC preference.

Significant Variables:

Fuel Efficiency: Customers who prioritize fuel efficiency tend to have a lower budget. This likely reflects the fact that people looking to save on fuel also look for more affordable bikes.

Design: A good design increases the budget range. Customers are willing to pay more for bikes that are visually appealing or have unique designs.

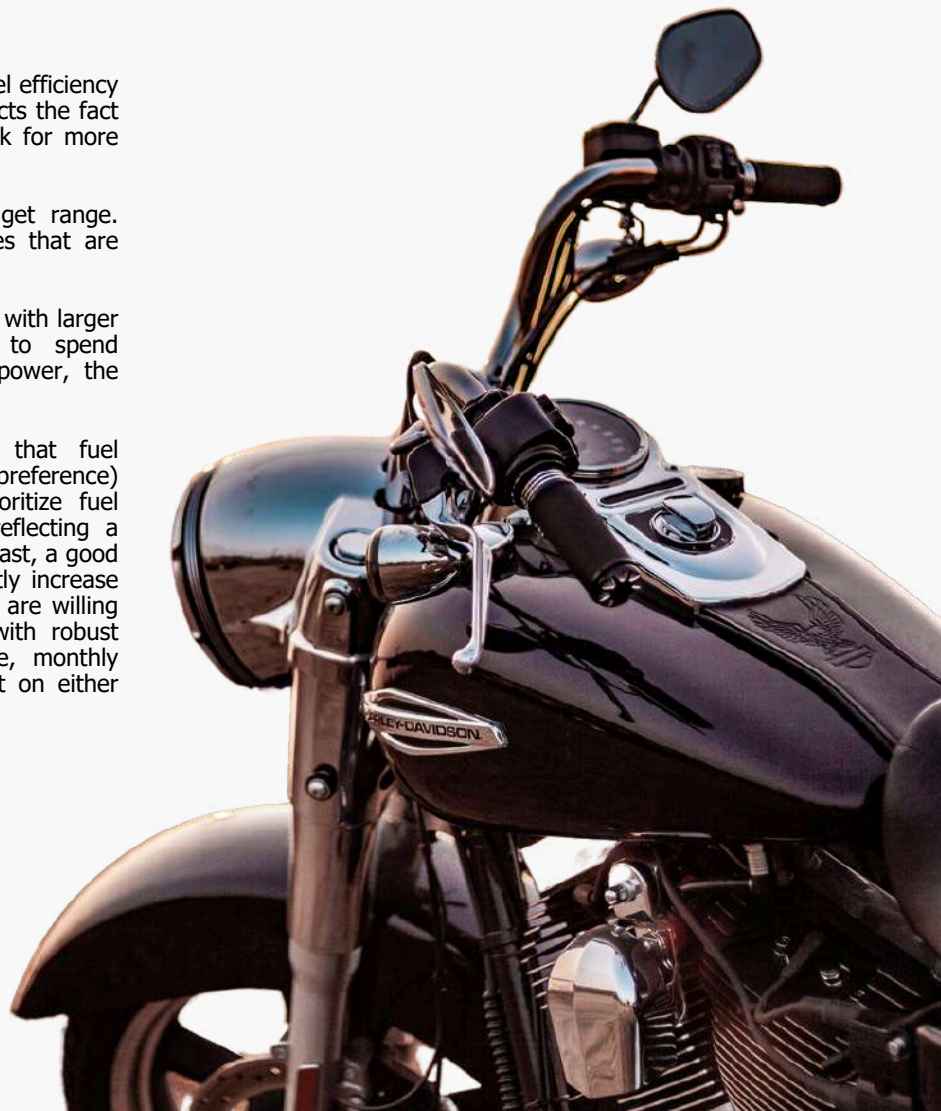
CC Preference: Customers who prefer bikes with larger engine capacity (higher cc) are ready to spend significantly more. The higher the engine power, the bigger the budget.

The analysis of budget range revealed that fuel efficiency, design, and engine capacity (cc preference) are significant factors. Customers who prioritize fuel efficiency tend to have a lower budget, reflecting a preference for more affordable bikes. In contrast, a good design and higher engine capacity significantly increase the budget range, indicating that consumers are willing to pay more for visually appealing bikes with robust performance. Surprisingly, factors like price, monthly income, and brand loyalty have little impact on either purchase frequency or budget range.

Findings Summary and recommendation

The regression analysis of the motorcycle market in Dhaka highlights critical factors influencing consumer behavior. For purchase frequency, the availability of spare parts and resale value are paramount; easy access to spare parts encourages frequent purchases, while lower resale value discourages them. Additionally, advanced technology and larger engine capacities tend to reduce purchase frequency due to higher costs and maintenance complexities. On the other hand, budget range is significantly influenced by fuel efficiency, design, and engine capacity. Consumers with a focus on fuel efficiency tend to have lower budgets, whereas those prioritizing design and higher engine capacities are willing to spend more. Surprisingly, factors such as price and monthly income have minimal impact on both purchase frequency and budget range.

To capitalize on these insights, brands should enhance their resale value propositions and ensure the availability of spare parts to encourage repeat purchases. Investing in fuel-efficient and well-designed bikes can attract budget-conscious consumers, while integrating advanced technology can appeal to those seeking premium features. Offering flexible financing options, such as EMI, can further attract a broader customer base. By aligning their strategies with these consumer preferences, brands can drive growth and maintain competitiveness in Bangladesh's dynamic motorcycle industry.



Global Motorbike Industry's Future and Technology:

In recent times, the shift towards electric and hybrid motorcycles is gaining momentum as manufacturers prioritize eco-friendly solutions that offer both performance and sustainability. Advances in battery technology have made electric motorcycles more efficient and practical, providing longer ranges, faster charging times, and improved performance (Jamesjordan, 2024). This shift not only reduces environmental impact but also caters to the growing demand for cleaner transportation options. Safety is also a major focus, with modern motorcycles featuring systems like traction control, ABS, and adaptive cruise control to enhance stability and rider confidence in various conditions (Jamesjordan, 2024).

Additionally, motorcycles are becoming more connected, with GPS, Bluetooth, and smartphone integration offering riders real-time information and customization. Companies like Bajaj Auto are exploring new fuel options, including CNG motorcycles, aiming to appeal to consumers focused on fuel efficiency. The use of AI, vehicle-to-vehicle (V2V) communication, and improved ergonomic design is transforming the riding experience, while government incentives and tax benefits for electric models encourage the adoption of eco-friendly vehicles, shaping the future of the motorcycle industry (Fortune Business Insights, 2024).

The growing focus on connectivity and sustainability is further driving the adoption of electric bikes, with the market valued at USD 30.11 billion in 2022 and projected to grow at a 19% CAGR from 2023 to 2030. This expansion is supported by advancements in charging infrastructure, decreasing battery costs, and innovations in battery management and telematics, all enhancing the overall user experience. Rising demand for energy-efficient commuting, coupled with concerns over carbon emissions from traditional internal combustion engine (ICE) vehicles and increasing fossil fuel prices, is pushing consumers toward electric options (Grand View Research, 2023). Government initiatives, such as Indonesia's USD 455.88 million subsidy for electric motorcycles and India's increased subsidies under the FAME India phase II scheme, are making electric bikes more accessible. Leading brands like Zero Motorcycles and Lightning Motorcycles are setting the pace with cutting-edge models, and Zero's significant improvements in lithium-ion battery energy density by 20% further elevate performance, making electric bikes a compelling choice for diverse riders (Sheld, 2023).

Conclusion

The motorcycle industry in Dhaka, Bangladesh, is a dynamic and evolving market, shaped by a variety of economic, demographic, and technological factors. Our comprehensive analysis has highlighted the critical elements influencing consumer preferences, providing valuable insights for brands, dealers, and policymakers. The preference for motorbikes among office-going males, driven by severe traffic congestion and the need for efficient transportation, underscores the importance of understanding the specific needs and behaviors of this demographic.

Key findings from our regression analyses reveal that factors such as resale value, spare parts availability, fuel efficiency, and design significantly impact consumer purchasing decisions. Brands that focus on enhancing these aspects are likely to see increased consumer loyalty and market share. Additionally, the integration of advanced technology and flexible financing options can further attract a broader customer base, catering to both budget-conscious consumers and those seeking premium features.

The demographic insights, highlighting a young and educated consumer base with a significant portion earning between BDT 20,000 to BDT 80,000, emphasize the need for affordable and accessible financing solutions. The strong correlation between comfort and safety features also indicates that these aspects should be prioritized in product development and marketing strategies.

Looking forward, brands must prepare for future market shifts by investing in research and development, exploring the potential of electric motorcycles, and adapting to new government regulations. Emphasizing sustainability and innovation will be crucial in meeting the evolving demands of consumers and maintaining competitiveness in this dynamic industry.

By aligning their strategies with these consumer preferences and market trends, brands can drive growth, enhance customer satisfaction, and achieve long-term success in Bangladesh's motorcycle industry. This report serves as a guide for business leaders and policymakers to make informed decisions that will shape the future of this vital sector.





ECRL Thought

FEASIBILITY STUDIES: A STRATEGIC TOOL FOR INFORMED BUSINESS DECISION-MAKING

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Abstract

A feasibility study is a critical tool in evaluating the potential success of a project or business venture. This research paper explores the purpose, significance, and benefits of feasibility studies, differentiating them from business plans. The paper outlines the methodology for conducting a feasibility study, including financial modeling and risk analysis. The practical application of these concepts is illustrated through a brief case study, concluding with insights into the importance of feasibility studies in business decision-making.

Introduction

Are you a prospective investor in a new project? Or perhaps you're considering taking loan to grow your business? The business landscape is increasingly complex and investors as well as financiers requires assurance regarding returns on their investments. If you don't evaluate your business proposal from all angles, you may inadvertently put your investment at risk. This is where a feasibility study comes in.

A feasibility study provides a comprehensive evaluation of a project's potential for success, offering a multi-perspective analysis to inform decision-making. This article dives into the components of a feasibility study and how they can guide critical business choices.

Purpose of Feasibility Study

The core objective of a feasibility study is to assess the practicality of a proposed project or business venture. It examines economic, technical, legal, and scheduling factors to forecast the project's future performance and identify potential challenges. At its heart, the study aims to determine whether the venture is worth the investment of time and resources.

The project feasibility study is usually done at the planning stage. It provides a foundation for evaluating performance under various assumptions related to market conditions, technology, and financial factors. It is also essential in identifying new business opportunities, mitigating risks, and attracting investors by validating the project's potential for success (Hofstrand & Holz-Clause, 2009). Although the analysis is done at the beginning stage, it is very important to update the assumptions all along so that the viability of the project can be monitored continually with new available information (Bennet, 2003).

Feasibility Study vs. Business Plan: Understanding the Difference

A feasibility study and a business plan are essential documents in project development, but they serve distinct purposes:

- **Feasibility Study:** This is conducted during the early stages of project planning. It focuses on assessing whether the project is viable by evaluating various factors such as financial projections, market conditions, and technical requirements. It provides a "go/no-go" decision basis.

- **Business Plan:** This document is developed after the feasibility study and assumes that the project will proceed. It outlines the strategy for bringing the project to fruition, including marketing, operations, and financial planning. The business plan serves as a roadmap for project implementation and management.

In essence, the feasibility study determines whether the project should proceed, while the business plan outlines how it will move forward.

Benefits of a Feasibility Study

A well-executed feasibility study gives numerous advantages, including:

- **Risk Management:** By identifying risks early, companies can develop strategies to mitigate potential challenges. This includes analyzing factors such as market conditions, profit margins, and regulatory requirements.
- **Informed Decision-Making:** The comprehensive analysis provided enables business leaders to make evidence-based, strategic decisions.
- **Efficient Resource Allocation:** A feasibility study helps pinpoint the required resources—such as capital, manpower, and technology—ensuring their optimal use.
- **Investor Confidence:** A detailed study boosts project credibility, making it easier to secure financing and attract equity investors.
- **Evaluation of Alternatives:** By comparing the financial performance and risks of different strategies, decision-makers can choose the most viable option.

Methodology: How to Conduct a Feasibility Study

Conducting a feasibility study involves a systematic process, typically including the following steps:

- **Preliminary Analysis and identifying objectives:** This step involves an initial screening to determine whether the project idea is worth pursuing further. It considers basic market demand, potential obstacles, and resource requirements.
- **Market Research:** Detailed analysis of the market environment, including competition, demand, target audience, and potential market share.
- **Identifying Key Variables and Assumptions:** These are based on market research, historical data, and expert judgment. This includes market size, pricing strategies, cost structures, revenue projection, investment requirements, and expected growth rates.
- **Model Building:** Financial modeling is a critical part of a feasibility study. It is crucial for an analyst to choose appropriate model. It involves making assumptions and inputting data to project the financial outcomes of the project.



- **Cost Analysis:** Assessing the project's initial investment requirement and ongoing cost. This includes estimating the cost of land, construction or production, equipment, marketing and working capital. It also considers operating costs such as labour, utilities and maintenance.
- **Profitability analysis:** Evaluating the project's potential profitability which includes calculation of key financial metrics such as gross margin, net profit margin, return on investment and payback period.
- **Cash flow Analysis:** Assesses the project's ability to generate sufficient cash flows to cover operating expenses, debt services and return on investment. It includes estimating the project's cash inflows and outflows, analyzing the time of cash flows, net present value (NPV) and Internal Rate of Return (IRR).
- **Organizational Feasibility:** Determining the human resources, skills, and management structure needed to execute the project.
- **Financing:** This involves analyzing potential funding sources, determining the capital structure, and selecting the most appropriate financing options, creating income statement, cash flow projection and balance sheet for the project.
- **Technical Feasibility:** Assessing the technical requirements of the project, including the necessary technology, resources, and expertise.
- **Risk Analysis:** Identifying and analyzing potential risks, including conducting sensitivity analysis, scenario analysis, and simulation.
 - **Sensitivity Analysis:** This involves examining how changes in key assumptions (e.g., costs, revenue, interest rates) affect the project's financial outcomes. It helps in identifying the most sensitive variables.
 - **Scenario Analysis:** This method evaluates the impact of different scenarios (e.g., best-case, worst-case, and most-likely case) on the project's outcomes. It provides a range of possible results based on varying assumptions.
 - **Simulation:** Simulation uses statistical models to generate a range of possible outcomes, providing a more comprehensive risk assessment. Monte Carlo simulation is a commonly used technique in this context.

Financial Statements

Creating financial statements is essential for evaluating the financial feasibility of a project. The three key financial statements include:

- **Income Statement:** This statement projects the revenue, expenses, and net income of the project over time. It helps in understanding the profitability of the project.
- **Balance Sheet:** The balance sheet provides a snapshot of the project's financial position at a specific point in time, including assets, liabilities, and equity.

- **Cash Flow Statement:** This statement tracks the cash inflows and outflows, highlighting the project's liquidity and ability to meet financial obligations.

Financial Analysis

Key financial metrics are used to assess the project's viability:

- **Ratio Analysis:** This involves calculating financial ratios such as profitability ratios, liquidity ratios, and solvency ratios to evaluate the financial health of the project.
- **Internal Rate of Return (IRR):** The IRR measures the profitability of the investment, representing the discount rate at which the net present value of cash flows equals zero.
- **Net Present Value (NPV):** NPV calculates the present value of future cash flows, helping to determine the project's profitability. A positive NPV indicates that the project is likely to be profitable.
- **Payback Period:** This metric determines the time required to recover the initial investment. A shorter payback period is generally preferred as it reduces the investment risk.

Risk Analysis

A robust risk analysis is crucial for identifying potential threats to a project's success. Techniques such as sensitivity analysis, scenario analysis, and Monte Carlo simulations provide insights into how different variables impact project outcomes.

Challenges

Conducting a financial feasibility analysis is essential for assessing the viability of a project, but it often comes with challenges. Here are some common obstacles and strategies to address them effectively:

Data Accuracy is often a major concern, as gathering reliable information can be difficult. Without precise data, projections may be flawed. Taking the time to collect data from multiple reputable sources and verifying its accuracy is essential to avoid costly mistakes.

Uncertainty in Forecasting is another challenge. Future market conditions and customer behavior are hard to predict. To mitigate this, combining solid market research with expert opinions and analyzing historical trends can make assumptions more accurate and forecasts more reliable.

Market Instability is a constant risk. Fluctuating prices and demand can derail projections. Conducting sensitivity analysis allows for the testing of various market conditions, preparing for potential volatility. Having a backup plan in place can ensure quick adaptation to market changes.

The presence of **Risks and Uncertainties** further complicates the analysis. Identifying risks early and building strategies to manage them is key. Regularly reassessing these risks ensures that the project stays on track and is prepared for unforeseen challenges.

Complex Financial Concepts can also make feasibility analysis daunting. Simplifying complex calculations or seeking help from financial experts can make the process more manageable, ensuring thorough and accurate evaluations.

Finally, **Limited Resources** can constrain the analysis. With time and expertise often in short supply, focusing on the most critical areas and seeking external help when necessary ensures the analysis is both comprehensive and efficient.

By proactively addressing these challenges, businesses can make better-informed decisions and improve the likelihood of project success.

Case Study: Launching a New Consumer Electronics Product

Background

A startup is planning to launch an innovative product in the consumer electronics market. The product has the potential to capture a substantial market share, but the company needs to assess feasibility before moving forward.

Steps Taken

- **Preliminary Analysis:** Strong market demand, but high production costs and competition raise concerns.
- **Market Research:** The target market shows a willingness to pay a premium for innovation.
- **Technical Feasibility:** The company has the expertise but needs to address production scalability.
- **Financial Feasibility:** The product can be profitable if economies of scale are achieved.
- **Risk Analysis:** Profitability depends heavily on controlling production costs, and scenario analysis highlights risks from market saturation.

Decision

The company decides to proceed with a phased market entry and a focus on cost control to manage risks effectively.

Conclusion

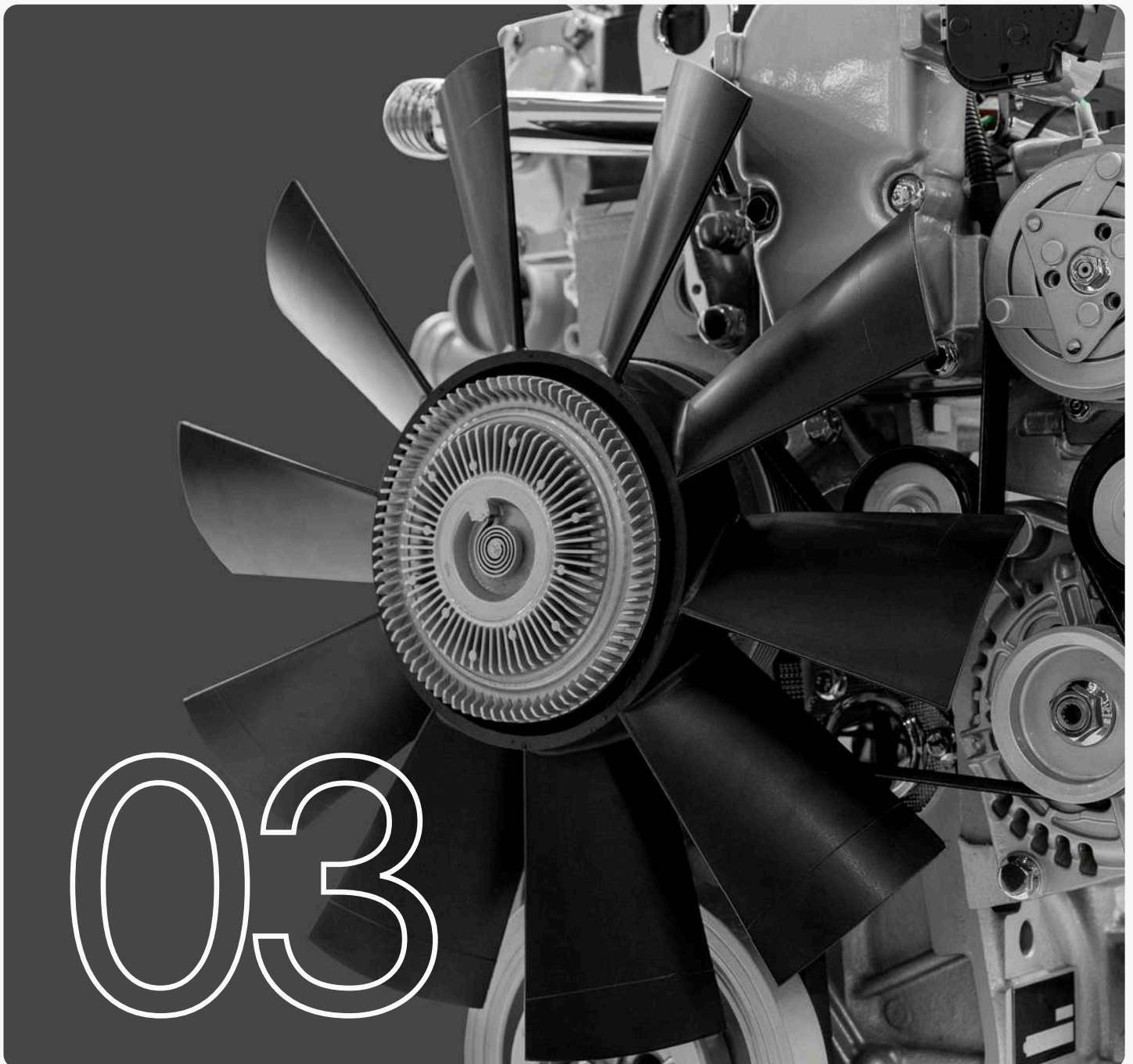
A feasibility study is an invaluable tool in project planning, providing a comprehensive analysis of the project's potential for success. By evaluating the financial, technical, and market-related aspects, as well as conducting risk analysis, decision-makers can make informed choices and increase the likelihood of project success. The case study illustrates how a feasibility study can guide strategic decisions, ultimately contributing to the long-term success of the project.





Asking the Expert

**INTERVIEW WITH
THE MANUFACTURER AND DEALER**





ECRL: Over the past five years, how has consumer choice changed regarding the purchase of new bikes?

Manufacturer: Consumer preferences have shifted noticeably in recent years. While the 100 cc to 125 cc segment used to be the primary focus, there has been a growing interest in 150 cc bikes. This trend reflects a shift towards bikes that offer greater power and performance.

ECRL: What are the most important factors consumers consider when buying a new bike?

Manufacturer: When choosing a bike, consumers primarily focus on new features and performance. These aspects play a crucial role in their decision-making process, as they seek bikes that offer both innovative technology and reliability.

ECRL: Are Indian bike manufacturers becoming less competitive in Bangladesh's motorcycle industry? If so, why?

Manufacturer: Yes, Indian bike manufacturers are becoming less competitive in Bangladesh. This shift is largely due to the emergence of local manufacturing and assembly plants by other global players, particularly Japanese manufacturers. The price advantage that Indian manufacturers once enjoyed has diminished, as these new entrants offer similar pricing but with a perceived higher quality. Consequently, Bangladeshi consumers are now more inclined to choose Japanese brands over Indian ones.

ECRL: Who do you think is currently the market leader in the motorbike industry?

Manufacturer: Despite losing some market share, Bajaj remains the market leader in the motorbike industry, followed by Suzuki and then Yamaha.

ECRL: In terms of acquiring new customers, what do you believe is the best way to capture more market share in the motorcycle industry? Is it through more advertising, better after-sales service, or an improved distribution channel?

Manufacturer: None of these options alone can be considered a definitive catalyst for capturing market share. Instead, it is the effective integration of all these factors—advertising, after-sales service, and distribution channels—that can help achieve greater market presence. Each element complements the others in building a strong market position.

ECRL: What do you see as the biggest challenge currently facing bike manufacturers or sellers in Bangladesh?

Manufacturer: The most significant challenge is the depreciating exchange rate. This economic factor directly affects consumer purchasing power, leading to a reduced willingness to buy new bikes.



ECRL: What are the most important factors consumers consider when buying a new bike?

Dealer: Based on our observations, the two most important factors driving consumer choices are the quality of the product and safety concerns. These key trends in the market are shaping the way people select their bikes.

ECRL: Are Indian bike manufacturers becoming less competitive in Bangladesh's motorcycle industry? If so, why?

Dealer: Yes, they are. The main reason is that Bangladesh has started manufacturing or assembling Japanese bikes locally, which allows them to benefit from significant tax advantages. This has made Japanese-origin bikes less expensive and more affordable to consumers, thus making Indian bikes less competitive in comparison.

ECRL: Who are your major competitors, and how is your technology and innovation contributing to the market?

Dealer: Our major competitors are Yamaha and Bajaj. When it comes to technology and innovation. The advancements we bring to the market largely depend on the new technologies that Suzuki introduces. Our focus is on integrating these innovations into our products to stay competitive.

ECRL: In terms of acquiring new customers, what is the best way to capture more market share in the motorcycle industry?

Dealer: We are concentrating on maintaining market stability and meeting the demands of our consumers.

ECRL: What is the biggest challenge currently faced by bike manufacturers or sellers in Bangladesh?

Dealer: There are two major challenges. First, the supply chain issue, particularly the dollar crisis. To manage this situation, we issued a zero-coupon bond in December to secure the working capital requirement at a fixed interest rate. This move has safeguarded us against the impacts of the dollar crisis. Second, there are economic and political factors to consider. Motorbikes remain a popular and affordable mode of transportation, and despite these challenges, there is still strong demand from consumers.

ECRL: How has consumer choice changed over the last five years regarding the purchase of new bikes?

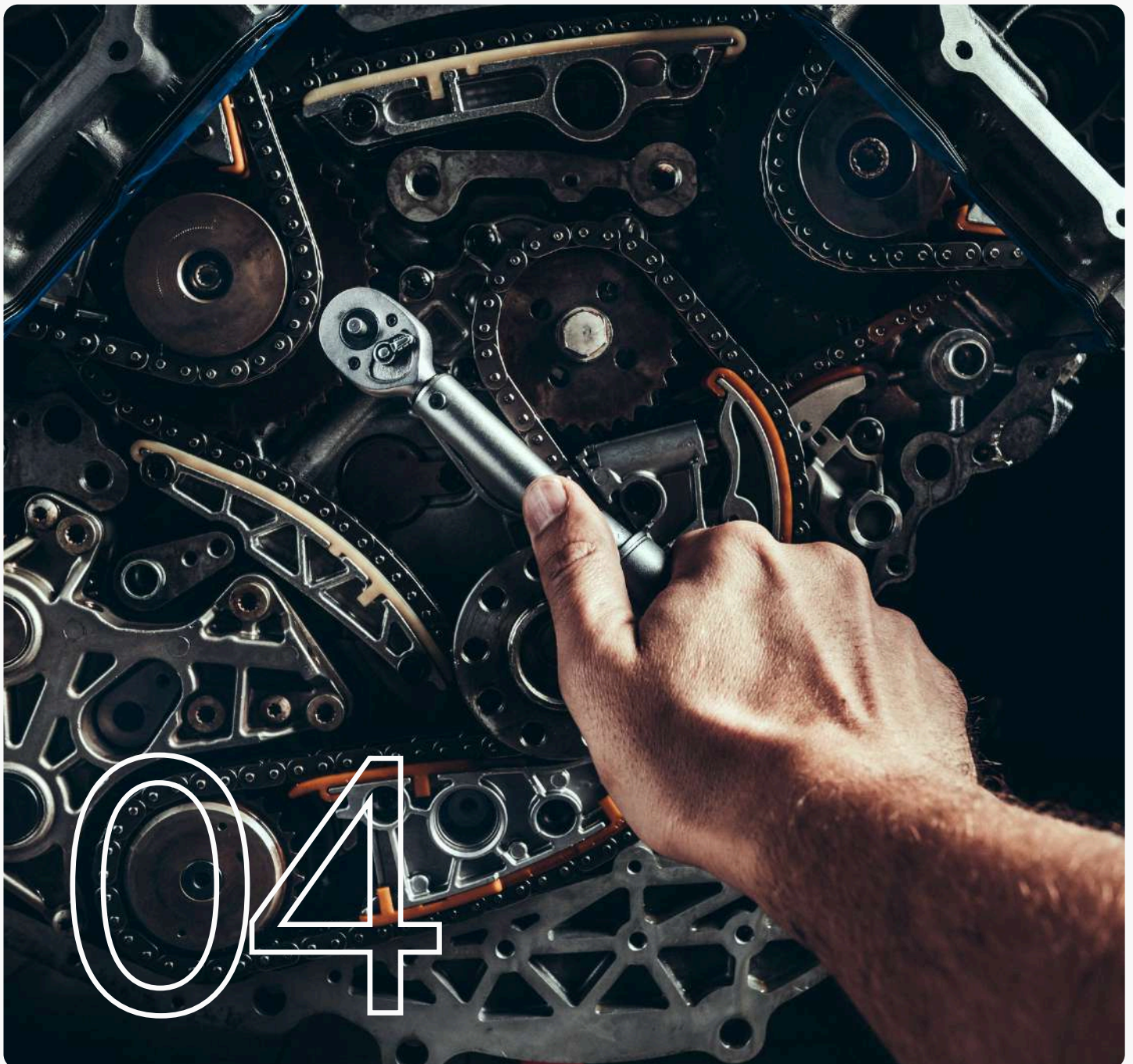
Dealer: Consumers are now looking for motorbikes that they can use for more than five years, with minimal maintenance costs. Bikes with smaller engines, such as 80cc or 120cc, tend to have higher maintenance costs due to faster engine deterioration. Additionally, consumer demand is influenced by access to finance or loans. If personal loans become cheaper, it could significantly impact purchasing patterns, as many consumers prefer to buy bikes with loan financing. There has also been a noticeable shift in preference from Indian-origin bikes to Bangladeshi-assembled bikes, as consumers prioritize stability and safety features.





Stock Analysis

IFAD AUTOS PLC.





Company Business Overview

Aspect	Information
Name	IFAD Autos PLC.
Establishment	1985
Key Business Activity	The key activities of IFAD Autos Limited include importing, marketing and body-building of different Models of Ashok Leyland's vehicles in Bangladesh through its own marketing staffs, dealers and selling agents in different districts of the country. Engineering
About the company	IFAD Autos Plc engages in importing, marketing, and body building of models of Ashok Leyland's vehicles. Its products include buses, open trucks, covered vans, light commercial vehicles, special application vehicles, and tractors.

Stock Statistics

Stock Price	28.00
Authorized Capital -BDT(mn)	3,000.00
Paid Up Capital -BDT(mn)	2,655.98
Total Shares	265,597,932
Market Capitalization -BDT(mn)	7,436.74
P/E (Interim) as on 4-Sep-2024	414
P/E (Audited) as on 4-Sep-2024	0
Market Category	A
Market Lot	1
Last Dividend Declaration Date	29-Oct-23
AGM Date	28-Dec-23
Credit Rating	"AA2" & "ST-2"
Number of shares outstanding	265,597,932
52 Weeks' Moving Range	25.80 - 44.10
CAGR of EPS in 2023 % (2019-2023)	-1.855
CAGR of NAV in 2023 % (2019-2023)	-0.016
Dividend Yield	2.27%
Free Float Share (%)	45.13%



Key Takeaways

IFAD Autos PLC, established in 1985, plays a pivotal role in Bangladesh's commercial vehicle industry, focusing on the import, marketing, and customization of Ashok Leyland vehicles. The company's product portfolio is comprehensive, ranging from buses and trucks to specialized vehicles and tractors, catering to a diverse market. Over the years, IFAD Autos has built a strong brand presence in Bangladesh, supported by its long-standing relationship with Ashok Leyland, one of the most trusted names in the commercial vehicle sector.

Financially, IFAD Autos has faced some headwinds recently, reflected in its negative earnings per share (EPS) of -0.58. This suggests the company has encountered profitability challenges, possibly due to rising costs, market competition, or economic conditions impacting the automobile industry. However, the company's credit rating of "AA2" and short-term rating of "ST-2" signify strong creditworthiness and financial stability, which are crucial indicators for investors concerned with the company's ability to meet its obligations.

The company's low beta of 0.03 is particularly noteworthy. A beta close to zero indicates that IFAD Autos' stock price is largely insulated from market volatility, making it a potentially safer investment during periods of economic uncertainty. This stability can be appealing to risk-averse investors who prioritize steady returns over high-risk, high-reward scenarios.

While the current financial figures might not seem immediately attractive, IFAD Autos' established market position, strong brand association, and diverse product offerings provide a solid foundation for long-term growth. The company's ability to navigate the challenges within the commercial vehicle market, coupled with its financial resilience, suggests that it is well-positioned to capitalize on future opportunities as economic conditions stabilize or improve.

For investors looking for a long-term investment in a stable company with potential for recovery and growth in Bangladesh's expanding commercial vehicle sector, IFAD Autos offers a compelling proposition. Despite current challenges, the company's strong market presence, low volatility, and sound credit ratings indicate it remains a solid choice for those willing to invest with a longer-term perspective.

Shareholding Position

The shareholding pattern of IFAD Autos PLC over the past four years highlights significant changes driven by key transactions. The reduction in the shareholding by sponsors and directors, from 62.77% to 54.87%, was primarily due to the sale of 7.98% of shares by Mr. Iftekhar Ahmed Tipu, the sponsor director and chairman. Notably, the other sponsors and directors retained their shares during this period. The corresponding increase in institutional holdings, from 20.34% to 27.98%, suggests that these shares may have been acquired by institutional investors. This shift points to a strategic transfer of ownership while maintaining overall confidence in the company's prospects. Public shareholding saw a slight increase, from 16.89% to 17.15%, reflecting steady interest from individual investors. Overall, these changes offer a clear view of the evolving ownership structure of IFAD Autos PLC in Bangladesh's dynamic economic environment.

Figure 1. Share Holding Position as of Jun 30, 2024

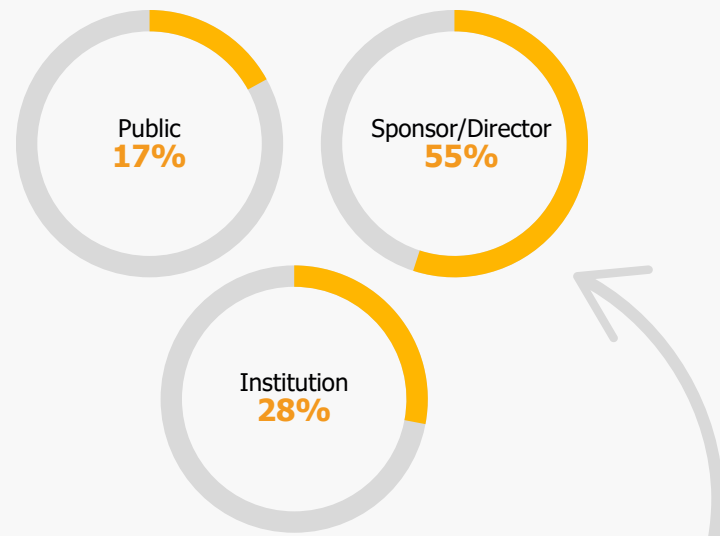
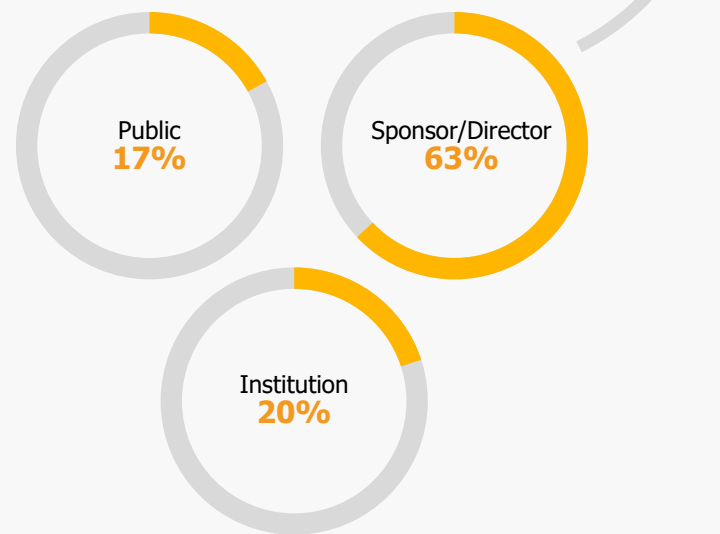


Figure 2. Share Holding Position as of Jun 30, 2020





Historical Financial Performance

The company's financial performance over the past four years highlights both challenges and strategic adjustments in navigating the competitive landscape of Bangladesh's automobile industry. While the total asset turnover remained steady at around 0.23, indicating consistent asset utilization, the decline in net fixed asset turnover from 2.25 in 2020 to 1.60 in 2023 points to a decrease in the efficiency of capital investments.

The company's operating cash flow to sales ratio, which turned negative at -0.08 in 2023 after positive figures in previous years, raises concerns about cash flow management. The inventory turnover ratio has also seen a decline from 4.61 in 2021 to 3.04 in 2023, alongside an extended inventory processing period to 118.15 days, reflecting slower inventory movement and potential challenges in inventory management.

Despite these challenges, the company has maintained stable liquidity, as evidenced by its consistent current and quick ratios, which reflect its ability to meet short-term obligations. However, the significant increase in the debt to equity ratio from 1.10 in 2020 to 3.05 in 2023 suggests a higher reliance on debt financing, which could increase financial risk if not managed prudently. The rise in financial leverage further underscores the growing borrowing levels relative to equity.

Profitability metrics have seen a downturn, with the gross profit margin decreasing from 18.20% in 2021 to 15.93% in 2023, and the net profit margin turning negative at -1.70% in 2023, indicating a period of financial losses. This decline is also reflected in the negative return on equity (ROE) and return on assets (ROA) in 2023, showing challenges in generating returns on investments and assets.

Overall, the company's financial performance during this period reflects its struggle to maintain profitability amidst increasing operational and financial pressures. The rising debt levels, coupled with declining profitability, highlight areas that require strategic focus. Despite these challenges, the company's consistent liquidity ratios indicate its ability to manage short-term obligations, and the steady asset utilization suggests a commitment to maintaining operational stability in a competitive and evolving market environment.

Ratio	2023	2022	2021
Asset Management & Asset Quality			
Total Asset Turnover	0.23	0.24	0.23
Net Fixed Asset Turnover	1.60	2.10	2.07
Equity Turnover	0.88	0.91	0.84
Cash Flow & Capital Adequacy			
Operating Cash Flow to sales	-0.08	0.10	0.01
Efficiency & Productivity & Capital Strength			
Receivable Turnover	0.34	0.36	0.33
Inventory Turnover	3.04	3.59	4.61
Inventory Processing Period (Days)	118.15	101.64	79.21
Payables Turnover	8.87	2.60	5.04
Cash Conversion Cycle	118.15	101.64	79.21

Liquidity & Leverage			
Current Ratio	2.24	2.20	2.37
Quick Ratio	2.06	2.06	2.26
Cash Ratio	0.08	0.19	0.22
Debt to Equity	3.05	1.26	1.24
Debt to Total Capital	0.60	0.56	0.55
Debt to Total Assets	0.75	0.34	0.35
Financial Leverage	4.05	3.73	3.59
Interest Coverage	5.20	4.00	3.16
Profitability & Investment Return			
Gross Profit Margin	22%	19%	19%
Operating Profit Margin	10%	7%	7%
Net Profit Margin	7%	7%	6%
Return on Equity (ROE)	21%	21%	19%

Particulars	2023	CAGR
Balance Sheet		
Total Assets	40,752,747,233	7%
Total Equity	10,069,339,841	3%
Total Current Liabilities	15,699,331,140	5%
Total non-current liabilities	14,984,076,252	13%
Income Statement		
Turnover	9,037,302,468	-10%
Gross Profit	1,439,429,437	-13%
Profit After Tax	-153,753,542.00	-163%
Cash Flow Statement		
Net Cash from Operating Activities	-733,256,485.00	-21%

Financial Highlights

Figure 3. Earning Per Share

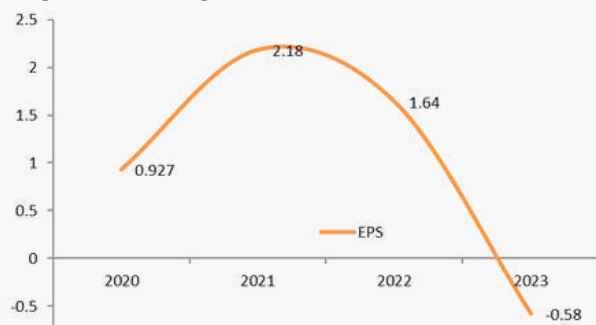


Figure 4. Dividend %



Figure 5. Net Asset Value

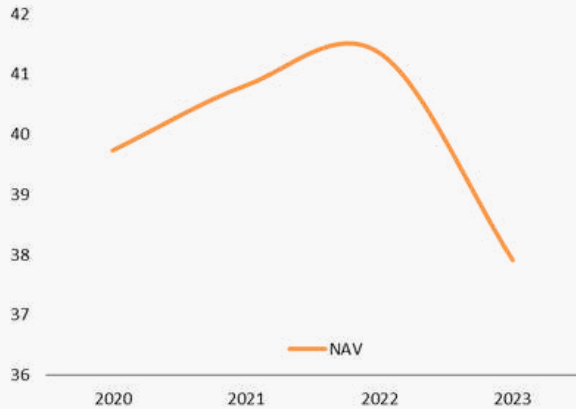
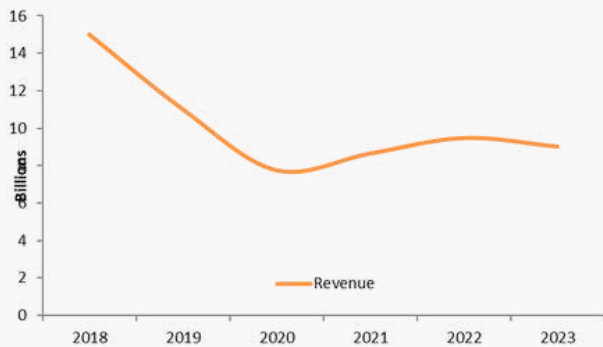


Figure 6. Revenue



Peer Comparison

Symbol	IFADAUTOS	AFTABAUTO
Market Capital(mn)	7118.03	3599.08
PE Interim	409.50	-
PE Audited	-	812.50
NAV	36.96	49.65
Turnover	5327.62	321.56
Dividend Yield(%)	3.73	2.93
Current Ratio	2.20	1.35
Quick Ratio	2.06	1.35
Cash Ratio	0.19	0.03
Debt to Equity	1.26	0.90
Debt to Total Capital	0.56	0.47
Debt to Total Assets	0.34	0.21
Financial Leverage	3.73	4.31
Interest Coverage	4.00	-
Operating Cash Flow to sales	0.10	0.50
Gross Profit Margin	0.18	0.25
Operating Profit Margin	0.11	-0.18
Net Profit Margin	0.04	0.00
Return on Equity (ROE)	4.00%	0.08%
Return on Assets (ROA)	1.10%	0.02%
Total Asset Turnover	0.24	0.03
Net Fixed Asset Turnover	2.10	0.37
Equity Turnover	0.91	0.13
Receivable Turnover	0.36	0.38
Inventory Turnover	3.59	1.50
Payables Turnover	2.60	0.50

*All the data collected as on 4th September 2024

Aftab Automobiles Ltd., established in 1967, assembles vehicles under the Toyota and Hino brands. It operates through its assembling unit, motorcycle unit, and body unit. Both IFAD Autos and Aftab Autos are major players in Bangladesh’s commercial vehicle sector, making them comparable in market position.

However, Aftab has faced significant challenges in recent years, particularly due to the declining demand for Hino buses. Hino’s diminishing popularity stems from the emergence of more affordable alternatives and rising operational costs, which have eroded Aftab's revenue and profitability. As a result, Aftab Automobiles reported massive losses recently, exacerbated by an overall decline in demand for its vehicles. The company’s total turnover has dropped to Tk321.56 million, showing further proof the extent of its struggles.

In contrast, IFAD Autos has shown stronger financial performance, with a turnover of Tk5, 327.62 million, far higher liquidity ratios, and better debt management, boasting an interest coverage ratio of 4.00 compared to Aftab’s negative figures. IFAD Autos is better positioned in terms of both market capitalization and operational resilience, making it a more reliable choice for investors seeking stability and long-term growth.





DR. JAMALUDDIN AHMED, FCA

Chairman

Dr. Jamaluddin Ahmed is one of the sponsor directors of Emerging Credit Rating Ltd. (ECRL). He is also the Chairman of the company. Professionally a Chartered Accountant and a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB) since 1990; he has been awarded PhD in Accounting from Cardiff Business School, University of Wales, under Commonwealth Scholarship in 1996, and secured First Class in Masters Degree and Bachelors with Honours from Accounting Department of Dhaka University.

He has many years of experience in the financial sector of Bangladesh and has used his expertise and experience to carry out numerous research work and publications. He is the Audit Engagement Partner of 10 banks and leasing companies, 4 energy companies, 10 listed non-bank companies, and a tax advisor for many local and multinational companies. He also performs the following responsibilities:

- The Board of Directors of Janata Bank Limited (2008-2013), Essential Drugs Limited, Power Grid Company of Bangladesh Limited.
- The Chairman of the Board Audit Committee of Janata Bank Limited (2008-2013) and Power Grid Company of Bangladesh Limited.
- The Member of the Board of Directors and Chairman of the Audit Committee of Grameen Phone Limited, Advisor to the Board and Audit Committee of Bangladesh Bank.
- Previously He had been the representative of ICAB to the Board of Dhaka WASA, Dhaka Stock Exchange Ltd., Consultative Committee at the Security and Exchange Commission, Bangladesh Telecommunication Company Limited.
- From 1999 to 2013 he was a partner at Hoda Vasi Chowdhury & Co., An Independent Firm of Deloitte Touche & Tohmatsu. He has taken several training courses in the power and energy sector and has completed assignments at numerous banks.

MR. N K A MOBIN, FCS, FCA

Executive President

Mr. N K A Mobin is a veteran businessman and skilled in a broad range of trade ventures. He is one of the 4 sponsor Directors of the Emerging Credit Rating Ltd, the eminent credit rating agency in Bangladesh. Mr. Mobin has completed his Bachelor of Business Administration & Master of Business Administration from the University of Dhaka majoring in Finance with first class results. He has been a Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB) & Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) since 1992 & 1998, respectively. He is also a Member of the Institute of Financial Consultants (IFC) of the USA since 2002.

Mr. Mobin has working experience of more than 34 years in different corporate arenas financial management systems including the budgeting and reporting system, Tax management and optimization in tax expenses, involved in different projects cost optimization/efficiency and revenue maximization areas, etc. He has been Director of Projects and administration Director Finance and Company Secretary in Grameenphone Ltd. (GP). He has also been the Director of Finance and Company Secretary at Novartis (Bangladesh) Limited. He also performs the following responsibilities:

- People's Leasing and Financial Services Limited – Court appointed as the Director of People's Leasing and Financial Services Limited.
- Dhaka Chamber of Commerce and Industry (DCCI) – Appointed as one of the Board members for 2020-2022 and Senior Vice President for 2021.
- Institute of Chartered Accountants of Bangladesh (ICAB) – Elected Council member for 2019-21 and Ex-Vice President (Education and Examination) for 2019.
- Unique Hotel And Resort - Appointed as the Independent Director of Unique Hotel And Resort

MR. ARIFUR RAHMAN, FCCA, FCA, CSAA

Chief Executive Officer (CEO)

Mr. Arifur Rahman is a dynamic professional representing the Emerging Credit Rating Limited as the Chief Executive Officer (CEO), the distinguished credit rating agency in Bangladesh. He has completed his B.Sc. (Hons) in Civil Engineering with first class result from Bangladesh University of Engineering & Technology (BUET) and also completed BSc (Hons) achieving higher second class honors (2:1) in Applied Accounting from Oxford Brookes University.

Mr. Rahman has 21 years of expertise in the various sectors like Civil Engineering, Auditing, Financial Consultancy, Feasibility Studies, and Tax Advisory and Planning etc. He is also a Certified Sharia Adviser & Auditor (CSAA). He is actively involved in taking charge of the technical and organizational interests and advising the company in articulating current business strategies as well as future growth potentials. He is responsible to administer different departments and plays an important role in taking the managerial and operational decisions of the organization. Mr. Rahman is also the Fellow Member of the Association of Chartered Certified Accountant. Mr. Rahman is qualified as a chartered accountant from the institute of the Institute of Chartered Accountants of Bangladesh (ICAB).



About ECRL

Emerging Credit Rating Limited (hereinafter referred to as ECRL) began its journey in the year 2009 with the motive to deliver credible superior & quality credit rating opinions in various industry segments around Bangladesh. ECRL obtained a credit rating license from Bangladesh Securities and Exchange Commission (BSEC) in June 2010 as per Credit Rating Companies Rules 1996 and also received Bangladesh Bank Recognition as an External Credit Assessment Institution (ECAI) in October 2010 to do the rating of Banks, Financial Institutions and their borrowers and also from Insurance Development & Regulatory Authority (IDRA) in 2015 to do the rating of Insurance Companies & affiliated with Malaysian Rating Corporation Berhad.


Emerging Credit Rating Limited's team is oriented towards the continuous improvement of processes, striving for an important role in the leadership of the business world. Every individual in ECRL is committed to providing topmost ingenious Credit Rating Services and Comprehensive Research Services in Bangladesh. ECRL's rating services and solutions reflect independence, professionalism, transparency, and impartial opinions, which assist businesses in enhancing the quality of their decisions and helping issuers access a broader investor base and even smaller known companies approach the money and capital markets. The Credit Rating process is an informed, well-researched and intended opinion of rating agencies on the creditworthiness of issuers or issues in terms of their/ its ability and willingness to discharge its financial obligations in a timely manner. Issuers, lenders, fixed-income investors use these risk assessments for the purpose of lending to or investment in a corporation (such as a financial institution, an insurance company, a non-banking corporation or a corporate entity) as well as evaluating the risk of default of an organization's financial obligations in terms of loan or debt.

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