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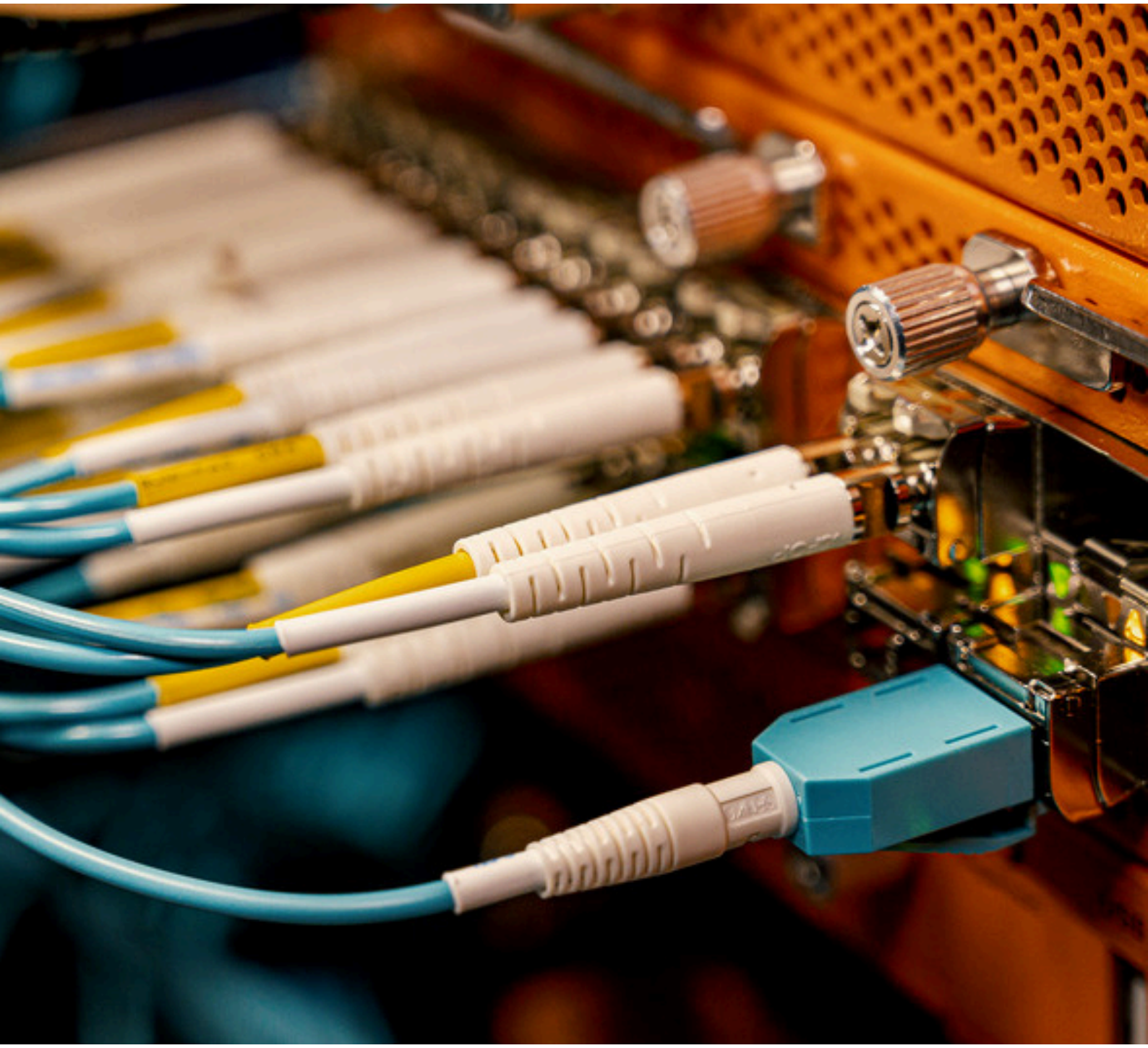

Cover Story:
Bangladesh's Digital Backbone: An In-Depth Analysis of Operator Ecosystems and Fiber Infrastructure
ECRL Thought:
The Digital Transformation of Revenue System: Breaking Colonial Legacies for a Sovereign Fiscal Future

EDITOR
Arifur Rahman, FCCA, FCA, CSAA
Chief Executive Officer

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Arifur Rahman, FCCA, FCA, CSAA
Chief Executive Officer (CEO)
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As Bangladesh accelerates its journey toward becoming a digitally empowered economy, few sectors carry as much strategic importance as telecommunications. Once viewed primarily as a provider of voice connectivity, the telecom industry has evolved into the backbone of commerce, innovation, financial inclusion, and digital transformation. In this issue of the ECRL Monthly Economic & Business Review, we place this vital sector at the center of our analysis.

Our cover story, "Bangladesh's Digital Backbone: An In-Depth Analysis of Operator Ecosystems and Fiber Infrastructure," explores the remarkable progress and emerging challenges shaping the industry. With over 187 million mobile subscriptions and more than 131 million internet users, Bangladesh has built one of the largest digital connectivity ecosystems in South Asia. The sector has become a critical enabler of economic activity, supporting everything from mobile financial services and e-commerce to education and public service delivery.

Yet, despite these achievements, the industry stands at a pivotal crossroads. Rising data demand, expanding digital services, and the promise of next-generation technologies present immense opportunities. At the same time, regulatory complexities, high operational costs, infrastructure gaps, and investment constraints continue to limit the sector's full potential. Our analysis examines how ongoing policy reforms, new submarine cable investments, and the push toward advanced digital infrastructure could reshape the future of connectivity and strengthen Bangladesh's position in the global digital economy.

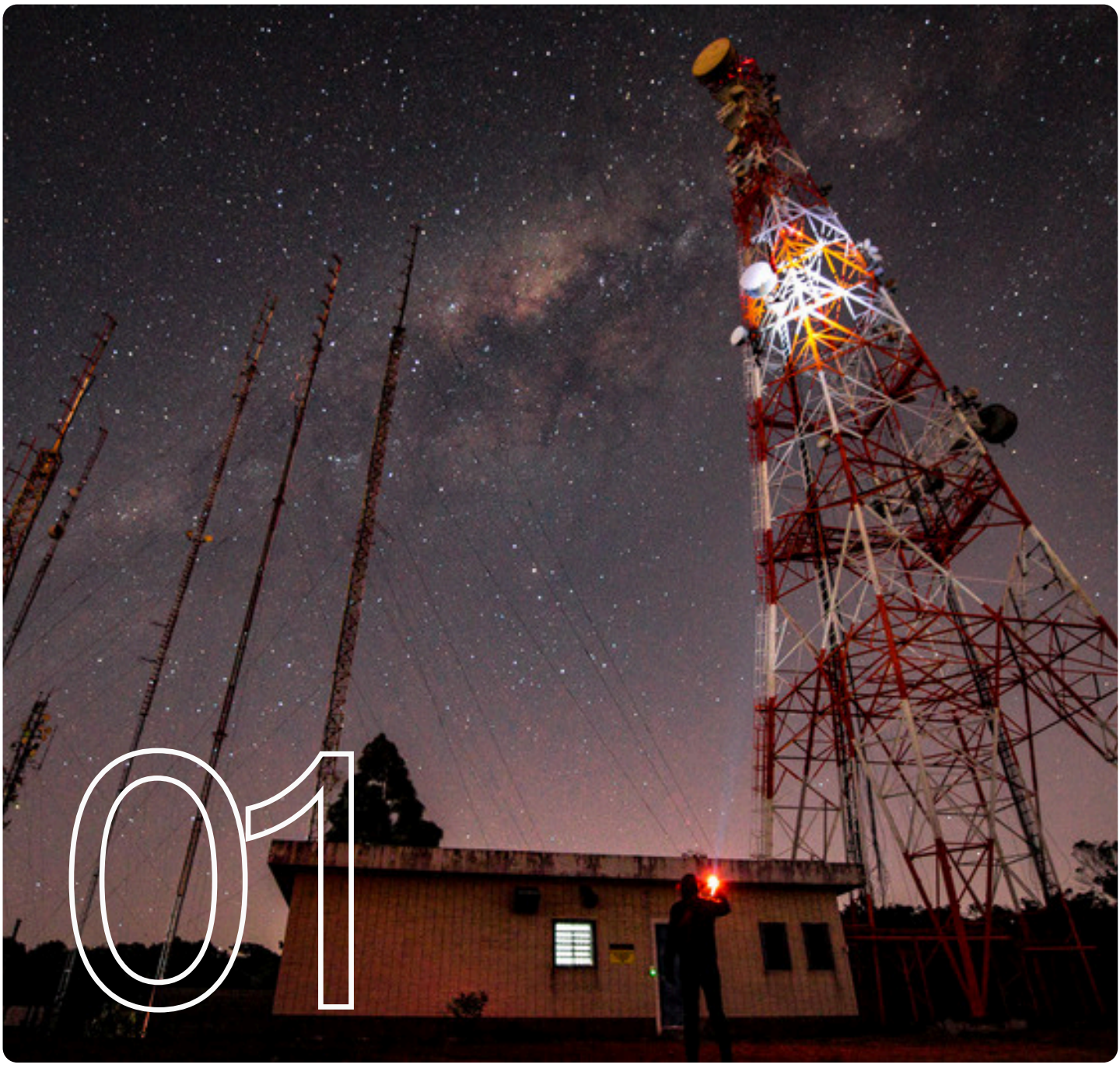
Beyond the cover story, this issue's ECRL Thought article, "The Digital Transformation of Revenue System: Breaking Colonial Legacies for a Sovereign Fiscal Future," explores how technology-driven reforms can modernize tax administration, improve transparency, and strengthen the country's fiscal capacity. As governments worldwide embrace digital governance, Bangladesh's revenue system must evolve to meet the demands of a rapidly changing economy.

We also feature an exclusive interview with Dr. A. Mannan Khan, Chairman of Mango Teleservices, who shares valuable insights into the opportunities and challenges facing the telecommunications industry. His perspectives on infrastructure investment, regulatory reform, taxation, and digital inclusion provide a practical lens through which to understand the sector's future direction.

Together, the articles in this edition highlight a common reality: digital infrastructure is no longer a supporting pillar of development—it is a defining one. The choices made today regarding connectivity, regulation, and technological investment will shape Bangladesh's competitiveness for decades to come.
At ECRL, we remain committed to delivering research-driven insights that help policymakers, business leaders, and investors navigate these transformative changes. We hope this issue offers a deeper understanding of the opportunities and challenges that lie ahead as Bangladesh builds the foundations of its digital future.

Cover Story

BANGLADESH'S DIGITAL BACKBONE: AN IN-DEPTH ANALYSIS OF OPERATOR ECOSYSTEMS AND FIBER INFRASTRUCTURE



Foreword

To achieve the goals of Smart Bangladesh, the country needs a strong telecom network and telecommunication can be the backbone. Bangladesh's telecom sector has grown rapidly with affordable internet, wide mobile coverage, and increasing use of mobile financial services. It is supporting e-commerce, online education, telemedicine, and digital payments, improving people's lives and creating more skilled jobs. In the future, investments in 5G, fiber networks, AI, and data centers will further boost economic growth and digital development.

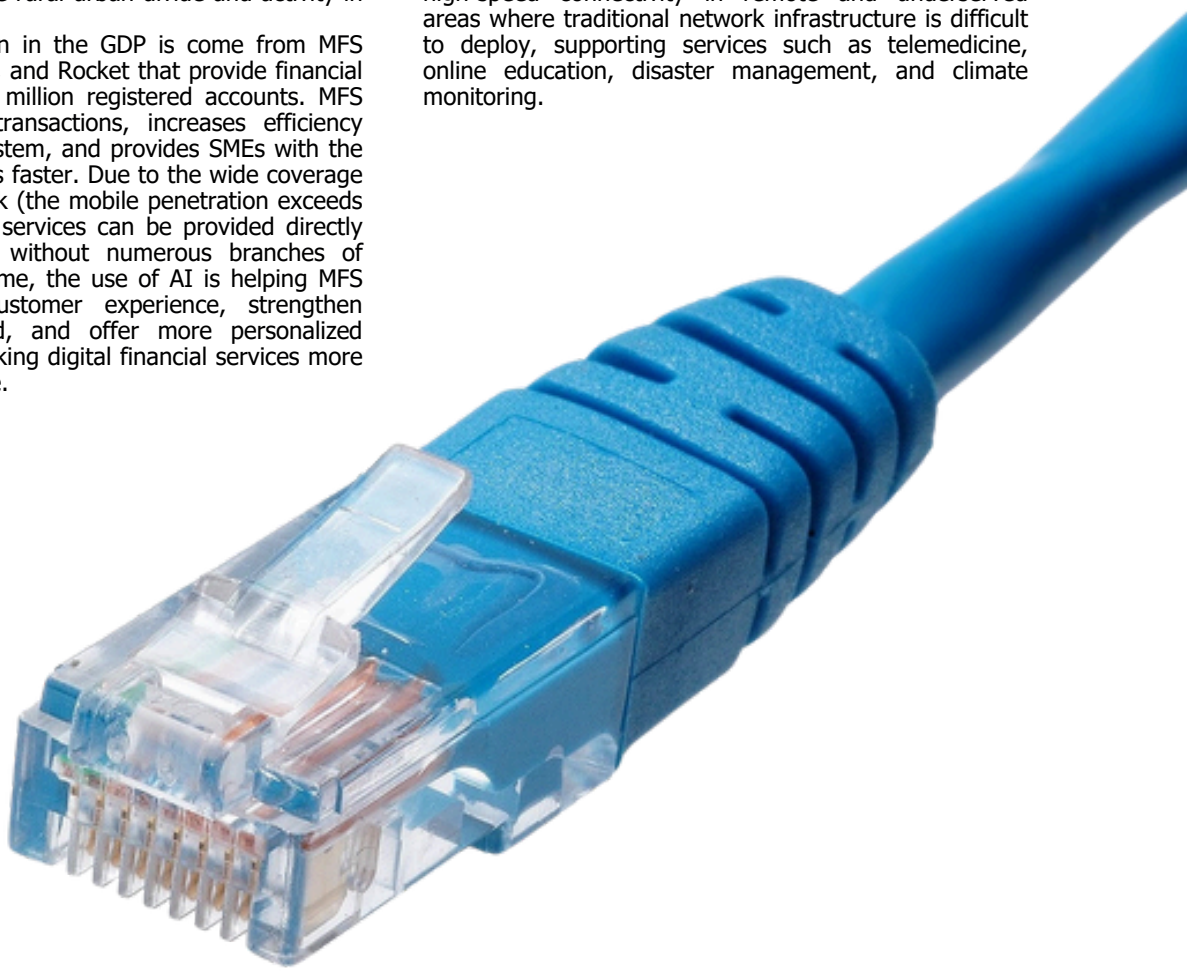
Mobile companies have invested around USD 1 billion for 4G/LTE service. A core concept of future investments is an AI-powered data solution for the "Smart Government" pillar with the use of centralized databases and AI technology for national planning, disaster management and crime prevention based on predictive analysis. Further investments will most probably be related to scalable cloud solutions, expansion of 5G network and new technologies such as robotics and blockchain to reach ICT industry target by 2041.

Bangladesh is advancing through AI-driven national planning and data-centric service models, yet operators face persistent regulatory barriers, such as licensing complexities and revenue-sharing obligations, which deter the pace of faster advancement.

Telecommunications will assist economic growth as they contribute to GDP and create jobs. It improves the economy through the creation of digital economy. Through the use of mobile technology, the manufacturing industry has been revolutionized due to the implementation of private 5G networks and the potential of an increase in exports. Telecommunications also supports MFS (Mobile Financial Services) that helps in digital payments, money transfers, and other financial services to the people who did not previously have any access and reduces the rural-urban divide and activity in underserved areas.

The major contribution in the GDP is come from MFS such as bKash, Nagad, and Rocket that provide financial inclusion to over 230 million registered accounts. MFS lowers the cost of transactions, increases efficiency within the financial system, and provides SMEs with the means to pay suppliers faster. Due to the wide coverage of the telecom network (the mobile penetration exceeds 90%), these financial services can be provided directly via phones to users without numerous branches of banks. At the same time, the use of AI is helping MFS providers improve customer experience, strengthen security, detect fraud, and offer more personalized financial solutions, making digital financial services more efficient and accessible.

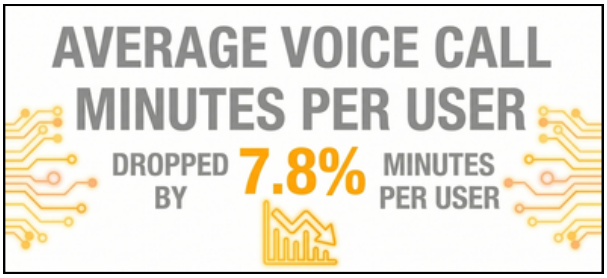
Despite its strong growth potential, the telecommunications industry continues to face several regulatory and investment challenges. A good example is Starlink, whose entry into the Bangladesh market highlights some of the barriers faced by new technology providers, including licensing requirements, revenue-sharing obligations, and regulatory compliance costs. While these challenges can slow investment and innovation, satellite internet remains an important technology for the future. It can help provide reliable high-speed connectivity in remote and underserved areas where traditional network infrastructure is difficult to deploy, supporting services such as telemedicine, online education, disaster management, and climate monitoring.



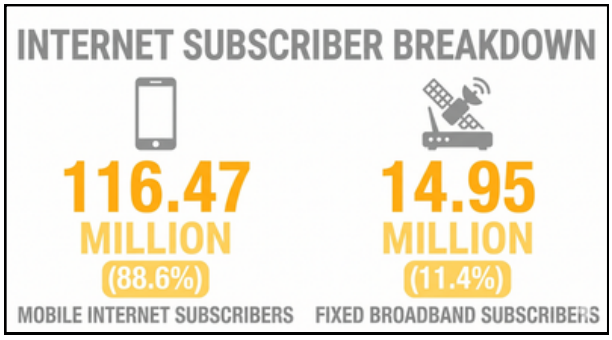
Introduction

With an estimated population of over 178 million people, Bangladesh is undergoing a profound economic transformation. The nation's economy is rapidly changing as it shifts toward a digital-first framework, driving citizens and businesses alike into the digital economy. The telecommunications industry operates as the central nervous system of this transformation. Connectivity is no longer limited to urban centers; today, high-speed internet is widely used across both rural and urban areas, becoming a daily dependency for people of all ages. Furthermore, the core function of telecommunication has fundamentally evolved; while the industry was historically built on serving traditional voice calls, it is now overwhelmingly driven by massive data usage that powers education, commerce, and modern governance. Consumers are rapidly shifting toward data-based applications; for instance, major operators have reported that average voice call minutes per user have dropped by nearly 7.8% as traffic moves to Over-The-Top (OTT) platforms, prompting operators to pivot their revenue models heavily toward data services. As of April 2026, the sector has achieved remarkable scale, serving a total mobile subscriber base of 187.07 million. This massive connectivity network is heavily supported by an expansive infrastructure grid comprising 46,286 telecommunication towers distributed nationwide.

The market is characterized by a strong shift toward mobile-first digital consumption. Out of 131.42 million total internet subscribers, over 88% (116.47 million) access the web exclusively through mobile networks. This has driven the national internet penetration rate to an impressive 74.52%, while overall teledensity sits at 106.24%.To sustain this data-driven growth, the physical and regulatory infrastructure is undergoing continuous evolution. Behind this physical infrastructure lies a complex, highly regulated licensing framework overseen by the BTRC, featuring over 2,681 active licenses (February 2026) ranging from Nationwide ISPs and IPTSPs to International Gateways (IGWs). The tower ecosystem is increasingly shifting toward a shared-infrastructure model, led by independent TowerCos like Edotco and Summit, which operate to optimize capital expenditures and reduce footprint duplication. Simultaneously, the device ecosystem is transitioning; while feature phones still represent the majority of locally manufactured units (60.96%), smartphone adoption (39.04%) and 4G handset integration are accelerating rapidly, paving the way for eventual 5G scaling. Crucially, to meet the surging demand for data, the nation is actively expanding its international bandwidth capacity. A landmark private submarine cable initiative by the Bangladesh Private Cable System (BPCS) consortium is currently underway to link Cox's Bazar directly to Singapore. Scheduled for activation in 2026/2027, this high-capacity subsea link will drastically reduce reliance on terrestrial imports and equip the country to handle the increased bandwidth demands.



Despite this remarkable progress, the telecom sector and mobile operators face severe structural and economic challenges. Operators are currently navigating one of the harshest fiscal tax regimes globally, where up to 55% of the cost of a consumer mobile package goes directly to the government via taxes, duties, and fees. Profitability is further squeezed by a critically low Average Revenue Per User (ARPU) of just USD 1.20 per month, compounded by macroeconomic pressures that inflate the cost of importing essential network hardware. Additionally, the industry has experienced recent contractions in its overall subscriber base due to strict BTRC SIM rationalization policies aimed at curbing cybercrime by limiting the number of SIM cards allowed per citizen. The subsequent sections of this report will explore the architectural foundation of Bangladesh's communication infrastructure, followed by an in-depth analysis of these systemic roadblocks. We will discuss critical bottlenecks such as the energy crisis, grid instability, and aggressive tax policies inflating the cost of doing business, while also highlighting the opportunities and strategic solutions required to build a resilient, future-ready 'Smart Bangladesh'.



Bangladesh's Communication Infrastructure

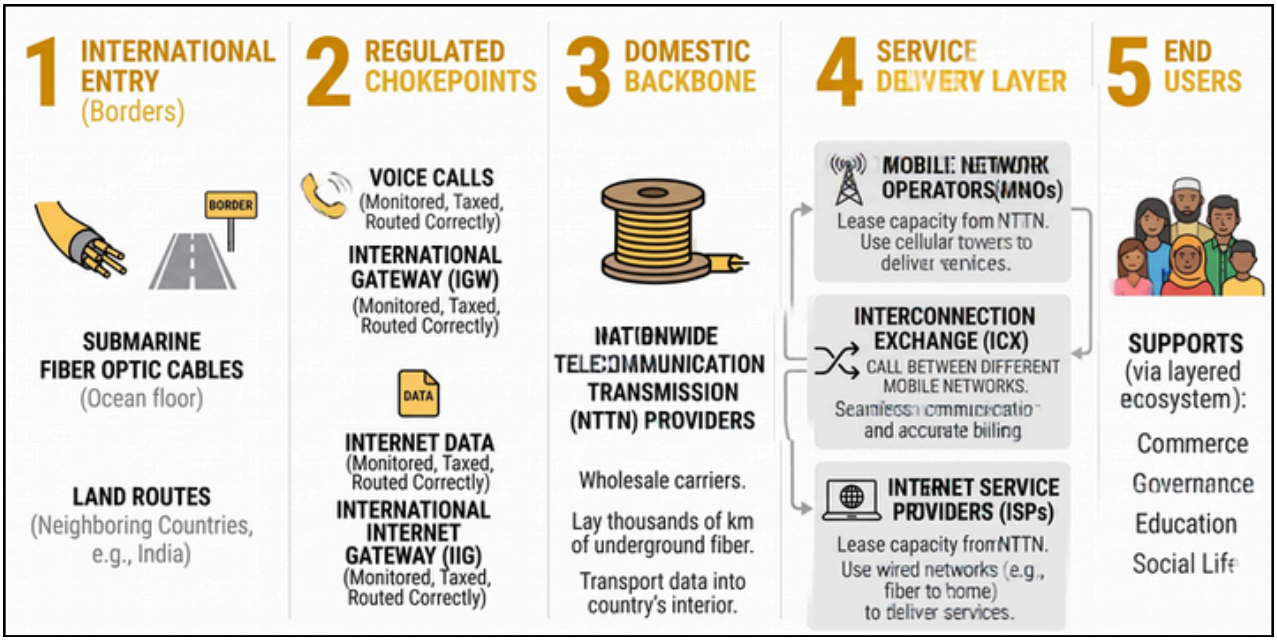
The telecommunications industry in Bangladesh functions as the central nervous system of the nation's digital economy, enabling the exchange of information that supports commerce, governance, education, and social life. To grasp the scale and complexity of this system, it helps to follow the path of a single packet of data. From the moment it enters Bangladesh's borders to the instant it appears on a smartphone in a rural village, that packet travels through a carefully coordinated ecosystem of specialized service providers.

This ecosystem is deliberately segmented. In earlier decades, a single state-owned telecommunications company might have attempted to build and control the entire pipeline, from international cables down to the local household telephone line. Today, however, regulatory frameworks separate the industry into distinct layers. This separation prevents monopolies, encourages private investment, and ensures national security oversight. Broadly, the system is divided between Infrastructure Providers, who build the physical networks, and Access Service Providers, who deliver services to end users.

The journey begins at the country's borders. International traffic enters through submarine fiber optic cables lying on the ocean floor or through land routes from neighboring countries such as India. Because this traffic must be monitored, taxed, and routed correctly, it passes through regulated chokepoints. For voice calls, these are International Gateways (IGWs), and for internet data, they are International Internet Gateways (IIGs).

Once cleared, the data moves into the domestic backbone. This stage is managed by Nationwide Telecommunication Transmission Network (NTTN) providers, who lay thousands of kilometers of underground fiber along highways and across districts. They act as wholesale carriers, transporting data from landing stations and border points into the country's interior.

Finally, the data reaches the service delivery layer. Mobile Network Operators (MNOs) and Internet Service Providers (ISPs) lease capacity from the NTTN backbone and use cellular towers or wired networks to deliver services directly to consumers. If a call is made between two different mobile networks, it must pass through an Interconnection Exchange (ICX), which ensures seamless communication and accurate billing across networks. In this way, Bangladesh's telecommunications system operates through constant collaboration and regulation, keeping the digital economy running every second of the day.



Regulatory & Licensing Ecosystem

Behind the physical infrastructure is a complex licensing framework overseen by the Bangladesh Telecommunication Regulatory Commission (BTRC). The BTRC controls market entry, dictating exactly which services a company is legally permitted to offer.

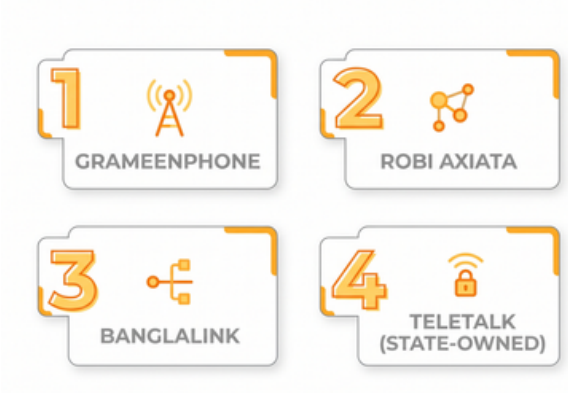
Instead of issuing a single, universal license that allows one massive corporation to control everything, the BTRC issues highly specific licenses. This compartmentalized approach fosters competition. As of late February 2026, the BTRC reports a total of 2,681 active licenses within the telecommunication sector. There are licenses for laying fiber, managing international calls, operating cell towers, and providing local internet. As a result, the market features a vast array of participants.

Category of License	Active Licenses
Internet Service Provider (ISP) - Thana/Upazila	1,876
Internet Service Provider (ISP) - Divisional & District	464
Internet Service Provider (ISP) - Nationwide	115
Internet Protocol Telephony Service Provider (IPTSP)	40
International Internet Gateway (IIG)	34
International Gateway (IGW)	24
Interconnection Exchange (ICX)	24
Nationwide Telecommunication Transmission Network (NTTN)	6
Cellular Mobile Telecom Operator	4
Submarine Cable	4
Tower Sharing	4

Service Operators in the Industry

At the service delivery layer, specialized Internet Protocol Telephony Service Providers (IPTSPs) handle corporate and fixed-line voice needs. Key operators like BTS Communication, Agni Systems, BDCOM Online, Link 3 Tech, and the state-owned BTCL dominate this space, allowing businesses to bypass expensive traditional phone lines by routing voice calls over the internet.

However, the primary driver of connectivity for the average citizen is the cellular mobile network. The market is managed by four operators:



Nevertheless, it has been observed in the BTRC report that the data usage has improved compared to voice, thus the subscribers are shifting towards using more data-based connectivity apps. Mobile operators like Grameenphone are adapting their business model to address a fundamental shift in subscriber behavior from voice to data. For instance, the total subscriber base of Grameenphone experienced a slight decline by 0.5% (83.9 million), but the company's active internet users reached 48.7 million, 58.1% of the base as per the 2025 annual report of Grameenphone. The report also mentions that the average minutes per user of GP for voice calls dropped by 7.8% due to the accelerated shift of voice traffic to Over-The-Top (OTT) platforms. Thus to manage the transition, GP is taking strategic initiatives like introducing innovative, higher-value data and bundled propositions, capital expenditure primarily toward network expansion, heavy promotion of the MyGP app, etc.

Recently, the mobile sector experienced a slight contraction in its subscriber base due to strict BTRC regulations aimed at curbing cybercrime. The government lowered the legal limit of SIM cards a single citizen can register, deactivating millions of redundant connections to create a more accurate reflection of unique human users. A subscriber is defined by the BTRC as a biometrically verified SIM that has recorded voice, data, or SMS activity at least once in the preceding 90 days.

Month	Grameenphone (Million)	Robi Axiata (Million)	Banglalink (Million)	Teletalk (Million)	Total Subscriber (Million)
April, 2026	84.96	57.8	37.49	6.82	187.07
March, 2026	84.48	57.39	37.37	6.82	186.06
February, 2026	84.36	57.3	37.35	6.82	185.84
January, 2026	84.33	57.24	37.4	6.83	185.8
December, 2025	84.16	57.4	37.52	6.8	185.89
November, 2025	85.01	57.57	37.7	6.78	187.06
October, 2025	85.39	57.54	37.81	6.72	187.46
September, 2025	85.85	57.52	37.93	6.67	187.97
August, 2025	86.47	57.41	38.05	6.64	188.57
July, 2025	86.64	57.54	38.08	6.61	188.87
June, 2025	86.51	57.4	37.95	6.59	188.45
May, 2025	86.17	56.98	37.88	6.58	187.61

Despite the overall market correction:

1. **Grameenphone** retains a dominant lead.
2. **Robi Axiata** remains a strong challenger
3. **Banglalink** has experienced the most noticeable contraction in its subscriber base.
4. **Teletalk** remains the smallest but serves a vital role in keeping remote areas connected.

Cellular Mobile Network Operators

84.96 million Grameenphone	**37.49** million Banglalink
57.80 million Robi Axiata	**6.82** million Teletalk (State-owned)

Decline by 0.5%

Total subscriber base of Grameenphone

Dropped by 7.8%

Average minutes per user of GP for voice calls

Tower Sharing Infrastructure Distribution

Historically, each mobile operator built its own physical cell towers. This led to massive inefficiencies, with multiple competing towers crowding the same urban rooftops. To optimize resources, the BTRC introduced Tower Sharing Licenses, shifting the industry to a shared model. Independent Tower Companies (TowerCos) like edotco, Summit, Kirtonkhola, and Frontier now manage the infrastructure, allowing multiple operators to lease space on a single tower.

Month	GP	Robi	Banglalink	Teletalk	edotco	Summit	Kirtonkhola	Frontier	BTCL	Total Number of Towers
April, 2026	11,788	2,191	3,915	3,457	16,941	5,432	1,110	939	514	46,286
March, 2026	11,788	2,179	3,915	3,425	16,941	5,392	1,082	940	514	46,176
February , 2026	12,250	2,203	3,986	3,323	16,943	5,355	1,053	940	514	46,567
January, 2026	12,250	2,203	3,986	3,323	16,946	5,345	1,044	940	514	46,551
December, 2025	12,250	2,203	3,986	3,323	16,938	5,333	1,043	941	514	46,530
November, 2025	12,250	2,203	3,986	3,323	16,929	5,255	1,008	938	514	46,685
October, 2025	12,250	2,203	3,986	3,323	16,922	5,197	995	996	514	46,579
September, 2025	12,250	2,203	3,986	3,323	16,904	5,155	977	990	514	46,488
August, 2025	12,250	2,203	3,986	3,323	16,904	5,121	965	962	514	46,361
July, 2025	12,250	2,203	3,986	3,323	16,776	5,104	953	937	514	46,046
June, 2025	12,250	2,203	3,986	3,323	16,776	5,088	953	937	514	46,030
May, 2025	12,250	2,203	3,986	3,323	16,776	5,072	953	937	514	46,014

This data shows a clear shift: the number of proprietary towers owned by mobile operators is plateauing or declining as redundant sites are decommissioned. In contrast, TowerCos like Edotco and Summit are rapidly expanding their operational footprints.

46,286

(April, 2026)

Total Number of Towers as on April 2026

Digital Connectivity & Device Ecosystem

The ultimate goal of Bangladesh's vast investment in fiber cables, licensing frameworks, and shared towers is to deliver high-speed internet to its people. At the core of this effort lies a mobile-first digital economy, where most citizens access the online world through their phones. To understand how the nation connects, it is essential to look not only at subscriber numbers but also at the hardware ecosystem that supports them.

Month	Mobile (Million)	ISP & PSTN (Million)	Total Subscribers (Million)
April, 2026	116.47	14.95	131.42
March, 2026	114.85	14.77	129.62
February, 2026	113.5	14.77	128.27
January, 2026	114.22	14.77	128.99
December, 2025	115.04	14.62	129.67
November, 2025	115.27	14.62	129.89
October, 2025	116.87	14.62	131.49
September, 2025	119.7	14.46	134.16
August, 2025	120.87	14.46	135.33
July, 2025	121.53	14.46	135.99
June, 2025	119.29	14.32	133.61
May, 2025	117.68	14.32	132

Month	Mobile (Million)	ISP & PSTN (Million)	Total Subscribers (Million)
April, 2025	116.54	14.32	130.86
March, 2025	116.22	14.25	130.47
February, 2025	116.03	14.04	130.07
January, 2025	116.02	14.04	130.06
December, 2024	117.07	14.04	131.1
November, 2024	119.06	13.74	132.8
October, 2024	123.44	13.74	137.18
September, 2024	124.88	13.74	138.62
August, 2024	126.97	13.53	140.5
July, 2024	127.52	13.53	141.05
June, 2024	129.17	13.53	142.17
February, 2024	117.46	12.88	130.35

The vast majority of the population relies on mobile networks for internet access. While the mobile internet subscriber base experienced a dip due to the SIM deactivation drives, fixed-line broadband (ISP & PSTN) has shown resilient, steady growth. While this depresses the headline subscriber figures, it creates a more accurate reflection of unique human internet users. Conversely, fixed-line broadband internet connections routed through ISPs and PSTN operators have remained incredibly resilient, showing steady, uninterrupted growth from 12.88 million users in early 2024 to 14.95 million users by April 2026. This indicates a gradual maturing of the market, where middle-class households and businesses are transitioning from metered mobile data toward stable, unlimited fixed-line broadband connections.

To understand how these absolute numbers translate to the general population, the industry utilizes 'Penetration' and 'Teledensity' metrics.

106.24%

(April 2026)

Teledensity

(Voice & Internet Subscription)

74.52%

(April 2026)

Internet Penetration (Total)

14.95
million as on April, 2026
ISP & PSTN Subscribers

116.47
as on April, 2026
Mobile internet Subscribers

103.79
million (April 2026)
Total Mobile Broadband

58.86%
(April 2026)
Mobile Broadband Penetration

Month	Teledensity (Voice & Internet Subscription)	Internet Penetration (Total)	Fixed Broadband	Mobile Internet	Total Mobile Broadband (3G internet + 4G internet) Subscribers (Million)	Mobile Broadband Penetration	3G Subscribers (Million)	4G Subscribers (Million)
April, 2026	106.24%	74.52%	8.48%	66.05%	103.79	58.86%	1.44	116.32
March, 2026	105.73%	73.55%	8.38%	65.17%	102.19	57.99%	1.46	114.75
February, 2026	105.67%	72.83%	8.39%	64.44%	100.79	57.22%	1.54	113.49
January, 2026	105.71%	73.28%	8.39%	64.89%	101.57	57.70%	2.12	113.49
December, 2025	105.82%	73.70%	8.31%	65.39%	101.86	57.90%	2.31	113.44
November, 2025	106.55%	73.88%	8.32%	65.56%	101.62	57.79%	2.47	113.52
October, 2025	106.83%	74.83%	8.32%	66.51%	102.68	58.43%	2.62	113.91
September, 2025	107.20%	76.39%	8.24%	68.16%	104.87	59.71%	2.64	115.03
August, 2025	107.60%	77.11%	8.24%	68.86%	105.55	60.14%	2.63	115.29
July, 2025	107.83%	77.53%	8.25%	69.28%	105.66	60.00%	2.67	114.85
June, 2025	107.68%	76.21%	8.17%	68.04%	103.07	59.00%	2.68	112.26
May, 2025	107.27%	75.33%	8.17%	67.16%	101.12	58.00%	2.83	110.26

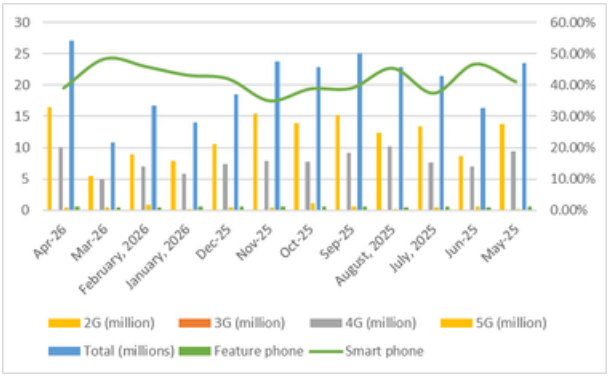
This teledensity data showcases a rapid technological migration. Consumers have overwhelmingly phased out older 3G networks in favor of high-speed 4G connectivity. The consumption of these digital 4G services is inextricably linked to the physical hardware in the hands of the population. Over the last five years, Bangladesh has transformed from a net importer of mobile devices to a robust domestic manufacturing hub. In the first two months of 2026 alone, local manufacturing and assembling plants produced 4.57 million mobile handsets, completely dwarfing the 0.87 million handsets that were imported commercially during the same period. This domestic production capacity reached an incredible 30.21 million units over the full calendar year of 2025. However, taking full advantage of these networks requires advanced hardware. Over the past five years, Bangladesh has become a robust domestic manufacturing hub for mobile devices.

3G Subscribers (Million)
1.44
million as on April, 2026

4G Subscribers (Million)
116.32
million as on April, 2026

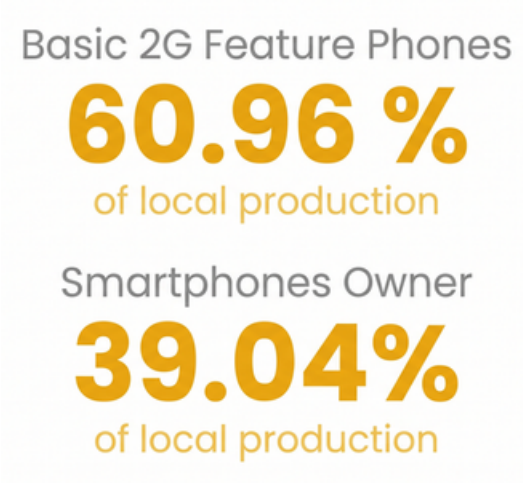
Local Manufactured Handsets
4.57
million (Year 2026)

Imported Handsets
0.87
million (Year 2026)



Despite the shift to 4G networks, the manufacturing data uncovers a stark reality: more than 60% of all locally manufactured devices are basic 2G feature phones with smartphones accounting for just 39% of production. Economic pressures and inflation have made advanced smartphones too expensive for many rural demographics, sustaining a digital divide. The integration of advanced 4G and 5G handsets has faced severe economic turbulence. For example, in November 2025, while total handset production rose month-on-month, domestic 5G handset production plummeted by 57%, halving to just 0.46 million units from over 1.08 million units the previous month. This extreme volatility in advanced smartphone production is symptomatic of broader macroeconomic pressures.

The devaluation of the Bangladeshi Taka against the US Dollar has drastically inflated the cost of importing the raw materials and advanced microchips required for smartphone assembly. Simultaneously, localized inflation has suppressed consumer purchasing power, forcing many buyers to opt for cheaper, traditional 2G feature phones.



National Internet Sector and International Gateways (IGWs)

The domestic internet ecosystem must securely connect to the global web. To ensure this connection is safe and taxable, the government mandates that all international communication flows through pre-approved chokepoints.

There are 34 licensed International Internet Gateways (IIGs) managing internet data. For voice communications, there are 24 International Gateways (IGWs). The BTRC requires all smaller, localized Voice Service Providers (VSPs) to "tag" or route their outbound international traffic exclusively through these IGWs. This strict hierarchy prevents illegal VoIP operations and ensures the state can audit international call volumes efficiently.

Submarine Cables, Terrestrial Fiber, and Tower Infrastructure

The final, foundational layer of the architectural matrix is the physical long-haul infrastructure that moves terabytes of data across oceans and landmasses every single second. Bangladesh relies on a strategic, redundant combination of undersea cables, cross-border terrestrial links, and a vast underground domestic fiber network.

The Ocean Gateways: Submarine Cables

Bangladesh's primary lifelines to the global internet superhighway are massive fiber-optic cables resting on the ocean floor. These cables function like underwater garden hoses, but instead of water, they carry rapid pulses of laser light over thousands of kilometers. The state-owned Bangladesh Submarine Cables PLC (BSCPLC) historically operated a total monopoly over these maritime links, participating in large international consortiums to fund the branches connecting Bangladesh to the main global communication trunks.

Currently, the nation is dependent on two active submarine cables:

- **SEA-ME-WE 4 (SMW4):** Launched in 2005, this legacy cable lands at the Cox's Bazar Cable Landing Station. While it established Bangladesh's first major high-speed connection to the world, it provides only a fraction of the nation's current needs, supplying roughly 800 Gbps of bandwidth capacity.
- **SEA-ME-WE 5 (SMW5):** Operational since late 2016, this newer system lands at the Kuakata station and serves as the heavy lifter for the nation's data, supplying approximately 1,700 Gbps of bandwidth.

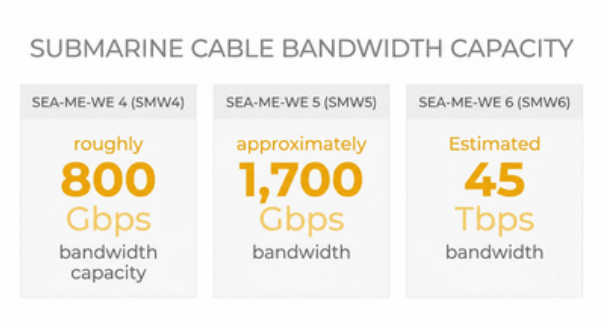
The critical vulnerability of relying on just two cables became alarmingly apparent in April 2024, when the SMW5 cable unexpectedly snapped near Singapore. The severance instantly disabled the Kuakata-Singapore directional traffic, causing severe nationwide internet disruptions and slowing business operations to a crawl, leaving the country heavily dependent on the older, lower-capacity SMW4 cable and terrestrial backups for days until deep-sea repairs were completed.

Future Upcoming Project

To build critical redundancy and prepare for exponentially growing future data demands, the nation is awaiting the integration of a third consortium system, SEA-ME-WE 6 (SMW6). Projected to become operational by 2026/2027, it will vastly expand bandwidth through the Cox's Bazar-Singapore and Cox's Bazar-Mumbai-France routes. Furthermore, in a landmark move to break the state monopoly and introduce private efficiency, the BTRC issued three private submarine cable licenses in 2022:

- Summit Communications Ltd (the country's largest fiber-optic network infrastructure provider)
- CdNet Communications Ltd (an International Terrestrial Cable operator)
- Metacore Subcom Ltd (a specialist domestic telecom licensee).

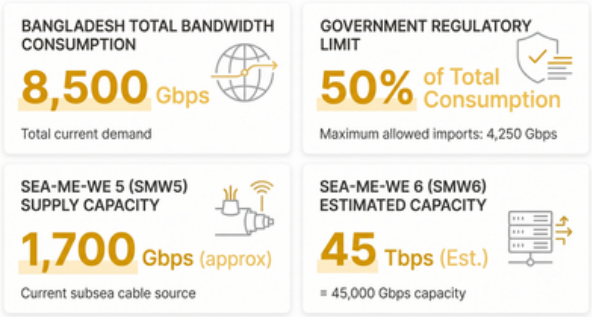
These licensees have formed the Bangladesh Private Cable System (BPCS) consortium, which is currently developing a privately-owned 1,300-km subsea cable designed to link Cox's Bazar directly to a major regional hub in Singapore, injecting an estimated 45 Tbps of desperately needed private capacity into the national grid[1]. This is expected to enhance the bandwidth use to 6 fold and consumption over 30,000 Gbps by 2030.



The Land Bridges: International Terrestrial Cables (ITC)

To hedge against the physical vulnerability of deep-sea cables, which are frequently damaged by maritime vessel anchors, fishing trawlers, or seismic activity Bangladesh imports a massive volume of bandwidth overland through India via International Terrestrial Cable (ITC) operators. This is often colloquially referred to as "submarine cable through India," but it is actually a terrestrial land bridge. India receives bandwidth via its own submarine cable landings in coastal cities like Chennai and Mumbai; the ITC companies then transmit that data via physical fiber optic links that cross the land border into Bangladesh at points like Benapole and Agartala, connecting domestic networks directly to the global internet.

Licensed in 2012, these ITC companies play a vital backup role. At present, Bangladesh consumes approximately 8,500 Gbps of total bandwidth, and nearly half of this capacity is imported from India through operators like Summit Communications, Fiber@Home, Mango Teleservices, Novocom Limited, 1 Asia Alliance Communication Limited, BD Link Communication Limited, and Bangladesh Telecommunications Company Limited (BTCL). To prevent an over-reliance on a single neighboring country for sovereign data security, the BTRC instituted a regulatory cap in early 2024, mandating that bandwidth imports from India cannot exceed 50% of the nation's total consumption.



The ITC sector, however, suffers from deep structural flaws stemming from its initial licensing phase. The regulatory framework originally intended for pure-play ITC operators to import bandwidth across the border and then hand it off to NTTN operators for domestic distribution. However, several companies that held NTTN licenses were subsequently also granted ITC licenses. This allowed them to vertically integrate importing bandwidth from India and distributing it directly across their own domestic fiber networks which effectively squeezed the smaller, pure-play ITC companies out of the market, leading to significant financial losses and the near-collapse of independent ITC operators.

The NTTN licensed operators include: Fiber@Home Limited, Summit Communications Limited, Bahon Limited, Bangladesh Telecommunications Company Limited (BTCL) -State-owned, Bangladesh Railway (State-owned), and Power Grid Company of Bangladesh Limited (PGCB).

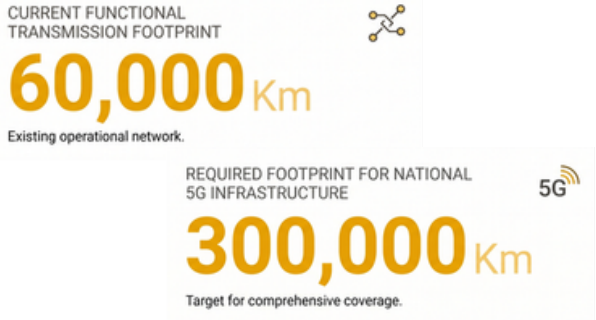
The Domestic Arteries: NTTN Operators

Once data successfully traverses the ocean or the Indian border, it enters the domestic backbone managed by the 6 licensed Nationwide Telecommunication Transmission Network (NTTN) providers. These entities are responsible for the physical fiber-optic cables that snake beneath city streets and along national highways, carrying data from the landing stations to the local cell towers.

The private NTTN sector is dominated by Summit Communications and Fiber@Home. Summit operates an expansive network comprising over 46,500 kilometers of fiber, while Fiber@Home manages an optical footprint exceeding 50,000 kilometers. These massive private networks are augmented by state-owned and institutional networks. The Power Grid Company of Bangladesh (PGCB) runs highly secure fiber optic lines along the tops of high-voltage electrical towers, creating an aerial backbone immune to the accidental cuts by municipal construction that frequently plague underground fiber. Similarly, Bangladesh Railway leases out thousands of kilometers of its internal optical fiber network, which runs securely alongside train tracks, to private operators, monetizing unused rail infrastructure to improve internet speeds nationwide.

Despite these vast networks, a critical infrastructure gap persists. Bangladesh currently possesses roughly 60,000 kilometers of functional, high-capacity transmission networks, yet industry projections suggest that nearly 300,000 kilometers of fiber are required to support a world-class, low-latency 5G ecosystem across the entire country.

Historically, mobile operators were barred from laying their own fiber or installing advanced Dense Wavelength-Division Multiplexing (DWDM) equipment on the lines they leased from NTTNs. This regulatory protection of the NTTN business model forced MNOs to pay extremely high leasing fees, depressing rural network expansion. However, in a recent strategic pivot to accelerate network capability, the BTRC has begun allowing MNOs to install DWDM technology on NTTN fibers. DWDM equipment is a revolutionary technology that can multiply the data-carrying capacity of a single optical fiber strand by 100 to 1,000 times. It does this by splitting the light into different color frequencies and transmitting them simultaneously, effectively reducing MNO data transmission costs by up to 39% without requiring anyone to dig new trenches to lay more cables.



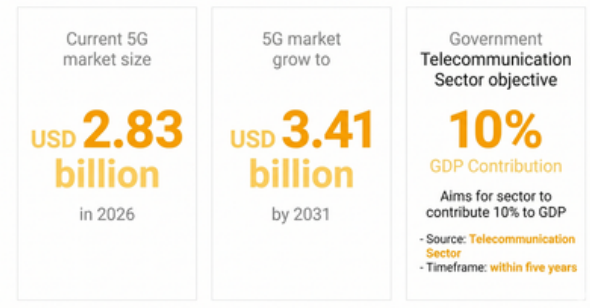
State of the Industry: Direction, Prospects, and Turbulence

Industry Direction in the Era of 'Smart Bangladesh'

Aligning with the Smart Bangladesh 2041 agenda, the telecommunications sector is shifting from basic bandwidth provision toward advanced digital public infrastructure. This transition is fueled by rising mobile data consumption and the rollout of 5G services. According to Mordor Intelligence, the market is projected to grow from USD 2.83 billion in 2026 to USD 3.41 billion by 2031, reflecting a CAGR of 3.76%. To meet this demand, operators are modernizing networks and using low band spectrum allocations to bridge the urban–rural divide, laying the groundwork for future AI and IoT integration.

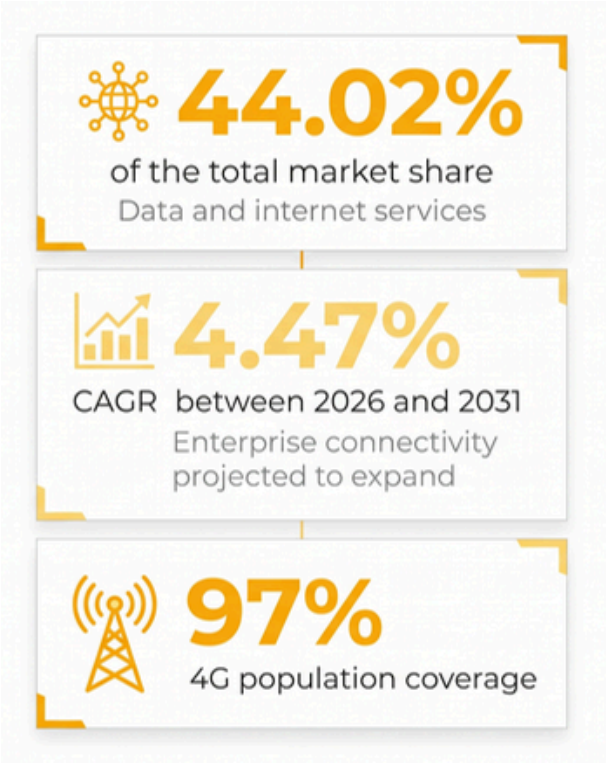
The government's ambition to expand the combined ICT and telecom footprint from 1–2% to 10% of GDP within five years is reflected in the FY 2026–27 budget. Allocations include Tk 2,049 crore for the ICT Division and Tk 2,141 crore for the Posts and Telecommunications Division. A long-term roadmap also plans tax reductions every two years over the next 5 to 10 years. For a sector historically burdened by a 57% cumulative tax rate, immediate relief measures include reducing withholding tax on mobile services from 12% to 10% and abolishing the 20% withholding tax on BTRC revenue sharing and fees. Tax incentives for local mobile manufacturing have been extended until June 2030, while hardware imports—such as laptops, desktops, servers, printers, flash memory, and high resolution monitors—now face a reduced advance tax of 2%, with import duties and VAT fully withdrawn.

Yet, policy contradictions remain. Removing import barriers for fully assembled laptops and servers undermines domestic assemblers, who struggle to compete against cheaper imports. More critically, the budget does not provide direct subsidies for green energy or guarantee uninterrupted power supply to IT parks. Given that an AI driven economy depends on power intensive GPU server rooms and local cloud infrastructure, operators will face steep costs for backup generation. These expenses risk erasing the financial benefits gained from duty free server imports, creating a structural challenge for the sector's long-term competitiveness.



Long-term Prospects and Opportunities for Digital Infrastructure

Bangladesh's digital infrastructure is entering a promising phase. Data and internet services already account for 44% of total market revenue, and enterprise connectivity is projected to grow at a 4.47% CAGR between 2026 and 2031. Spectrum reframing and 2.6 GHz allocations have boosted 4G coverage to 97%, while the upcoming SEA ME WE 6 submarine cable will double international bandwidth, enabling data exports and domestic data center expansion. Policy reform and preparations for the next spectrum auction signal renewed momentum, with 2026 positioned as a year of optimism, customer-centric innovation, and investor confidence.

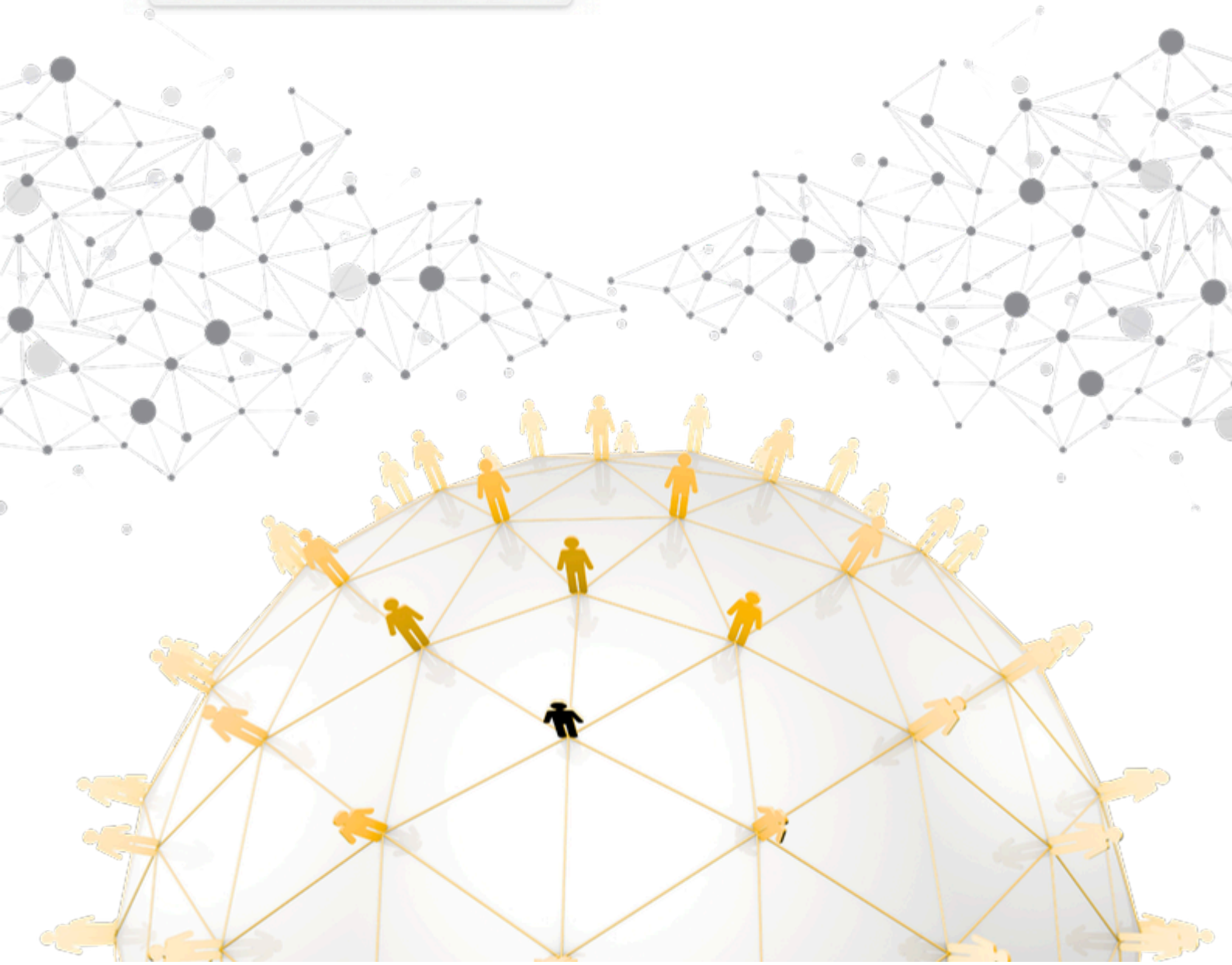


How Operators are Navigating Current Challenging Phases

Despite these opportunities, the sector faces structural hurdles: excessive taxation, declining voice revenue, restrictive regulations, and infrastructure bottlenecks. The fiscal regime is particularly harsh—when a consumer buys a mobile pack, 55% of the cost goes directly to the government through taxes, duties, and fees. Profitability is further constrained by a low ARPU of USD 1.2 per month, limited by the fact that only 38% of adults own smartphones.

To protect margins, operators are prioritizing data services, which now account for over 44% of revenue. Cost saving measures include joint tower deployments and radio access network sharing, though rollout remains blocked by permission constraints, leaving more than 200 coverage gaps in Dhaka alone. Regulatory instability has also hurt the sector; the July 2024 internet blackout erased USD 32 million in revenue and disrupted mobile banking, ride hailing, and logistics.

Recent reforms, however, offer hope. Continuous industry advocacy has led to a roadmap for periodic tax reductions, and the Bangladesh Telecommunication (Amendment) Ordinance 2025 now permanently prohibits internet shutdowns. These steps provide a more secure environment for long-term growth.



Barriers Facing the Telecom Sector

Regulatory Complexity and Administrative Delays

One of the most significant challenges facing the telecommunications industry is the complexity of the regulatory environment. Network operators, infrastructure providers, and internet service providers must navigate multiple layers of approvals and licensing requirements before commencing operations or expanding network infrastructure.

Obtaining licenses from the Bangladesh Telecommunication Regulatory Commission (BTRC), securing right-of-way permissions, and coordinating with various government agencies often involve lengthy procedures that delay project execution and increase administrative costs. The approval process for fiber deployment, tower construction, and network expansion frequently requires engagement with multiple authorities, resulting in prolonged implementation timelines.

Furthermore, regulatory uncertainty remains a persistent concern. Changes in sector policies, licensing requirements, and compliance obligations can alter the investment landscape and create challenges for long-term business planning. Investors often view policy unpredictability as a major risk factor, particularly in capital-intensive sectors such as telecommunications where investment horizons typically extend over several years.

Infrastructure Deficit and Network Expansion Constraints

Bangladesh continues to face a substantial telecommunications infrastructure gap. Industry estimates indicate that the country currently possesses only a fraction of the transmission network infrastructure required to meet international service standards and future data consumption demands.

The deployment of underground fiber optic networks remains particularly challenging due to difficulties in obtaining excavation permits and right-of-way approvals. In many cases, permissions are granted only for limited geographical areas, preventing operators from implementing integrated nationwide network expansion plans.

Consequently, many operators rely on overhead fiber deployment, particularly in rural and semi-urban regions. While this approach reduces initial capital expenditure, it increases exposure to environmental damage, accidents, and service disruptions. The resulting network vulnerability affects service quality and raises maintenance costs.

Private sector infrastructure providers have attempted to bridge these gaps through significant investment; however, coordination challenges with state-owned entities and regulatory bottlenecks often reduce operational efficiency and delay project completion.

High Entry Barriers and Investment Risks

The telecommunications sector requires substantial upfront capital investment in network infrastructure, spectrum acquisition, transmission systems, and technology upgrades. New entrants face significant challenges in achieving operational scale and profitability due to extended payback periods and intense market competition.

The time required to build customer bases, establish network coverage, and recover investment costs creates high barriers to entry. These factors naturally limit competition and can discourage both domestic and foreign investment, particularly during periods of economic uncertainty.

Additionally, rapid technological evolution requires continuous capital expenditure on network modernization, including fiber expansion, data center infrastructure, cloud services integration, and next-generation mobile technologies. Operators must therefore balance large investment requirements with increasing pressure on service pricing and profitability.

Impact of Electricity Price Hikes and Power Supply and Rural

Telecommunications infrastructure is highly dependent on uninterrupted electricity supply. Mobile towers, data centers, transmission networks, switching facilities, and internet gateways require continuous power to ensure network reliability and service continuity.

As digital services become increasingly integrated into daily economic and social activities, network downtime can result in substantial economic losses, reduced productivity, and customer dissatisfaction. Consequently, the reliability of Bangladesh's power infrastructure directly influences the performance of the telecommunications sector.

Impact of Rising Electricity Costs

Increasing electricity tariffs have emerged as a significant operational challenge for telecom operators and infrastructure providers. Energy expenses represent a substantial component of operating costs, particularly for large network operators maintaining extensive nationwide infrastructure.

Higher electricity prices increase the cost of operating mobile towers, transmission facilities, network operation centers, and data processing infrastructure. These additional costs reduce operating margins and place pressure on operators already facing significant capital expenditure requirements.

The impact is particularly pronounced in rural and remote regions where infrastructure utilization rates are lower, making it more difficult for operators to recover rising operational costs through customer revenues.

Grid Reliability and Operational Vulnerabilities

The telecommunications backbone in Bangladesh is closely linked with the national power infrastructure. The Power Grid Company of Bangladesh (PGCB) utilizes transmission corridors to support fiber optic connectivity between major commercial and population centers, providing a relatively secure pathway for long-haul communications.

While this arrangement offers operational advantages, it also creates dependencies on the reliability and geographical coverage of the national power grid. Power outages, grid disruptions, and infrastructure failures can indirectly affect telecommunications services and increase operational risks.

To mitigate these vulnerabilities, operators often maintain backup power systems, including generators and battery banks. However, these solutions significantly increase capital and maintenance costs while also exposing operators to fluctuations in fuel prices and supply chain disruptions.

Factors Inflating the Cost of Doing Business

Increasing Fiscal Burden on Operators

The telecommunications industry is among the most heavily taxed sectors in Bangladesh. Operators are subject to a range of taxes, duties, regulatory fees, and mandatory contributions that collectively increase the cost of service delivery.

In addition to corporate taxation and value-added tax obligations, telecommunications companies are required to contribute a portion of their revenue to sector-specific funds, including the Social Obligation Fund (SOF). Such levies increase the effective cost burden on operators and reduce funds available for infrastructure investment.

Currency Depreciation and Import Dependence

The sector remains highly dependent on imported equipment and technology. Core network components, optical fiber materials, transmission systems, routers, switches, and data center equipment are largely sourced from international suppliers.

The depreciation of the Bangladeshi Taka against major foreign currencies, particularly the US Dollar, has significantly increased procurement costs. As a result, operators face higher capital expenditure requirements for network expansion and modernization projects.

Currency volatility also complicates financial planning, as many infrastructure contracts and equipment purchases are denominated in foreign currencies. This exposes operators to exchange-rate risk and increases uncertainty regarding future investment costs.

Financing Constraints and Limited Access to Capital

Smaller telecommunications operators and local internet service providers frequently encounter difficulties in obtaining financing for network expansion. Commercial banks often require substantial collateral and extensive documentation, creating barriers to accessing credit.

These financing challenges are especially acute in rural infrastructure projects, where capital requirements are high but revenue generation potential remains relatively limited. In some cases, the cost of deploying fiber infrastructure can substantially exceed expected returns, discouraging private investment.

The limited availability of affordable financing slows infrastructure development and restricts the ability of smaller operators to compete effectively with larger market participants.

Impact on Industry Growth and Consumer Costs

The cumulative effect of taxes, regulatory fees, import duties, currency depreciation, and financing constraints is a significant increase in the overall cost of doing business. These pressures can reduce profitability, delay infrastructure investments, and ultimately affect service affordability for consumers.

As operators seek to maintain financial sustainability, rising costs may limit investment in network quality improvements, rural expansion initiatives, and emerging technologies. This creates a risk that Bangladesh's digital infrastructure development may lag behind growing demand for high-speed connectivity and advanced digital services.

Conclusion

The architectural foundation of Bangladesh's telecommunications sector demonstrates a robust and highly segmented ecosystem capable of supporting millions of daily users. While the physical infrastructure —spanning deep-sea cables, terrestrial fiber, and shared cell towers—has reached impressive scale, achieving the vision of a 'Smart Bangladesh' requires more than just hardware. The industry's future success now hinges on resolving critical systemic bottlenecks. As the subsequent chapters will detail, navigating severe energy constraints, addressing the high costs of digital devices, and reforming an aggressive fiscal tax regime are the urgent next steps required to transform this physical foundation into a fully inclusive, high-speed digital economy.

ECRL Thought

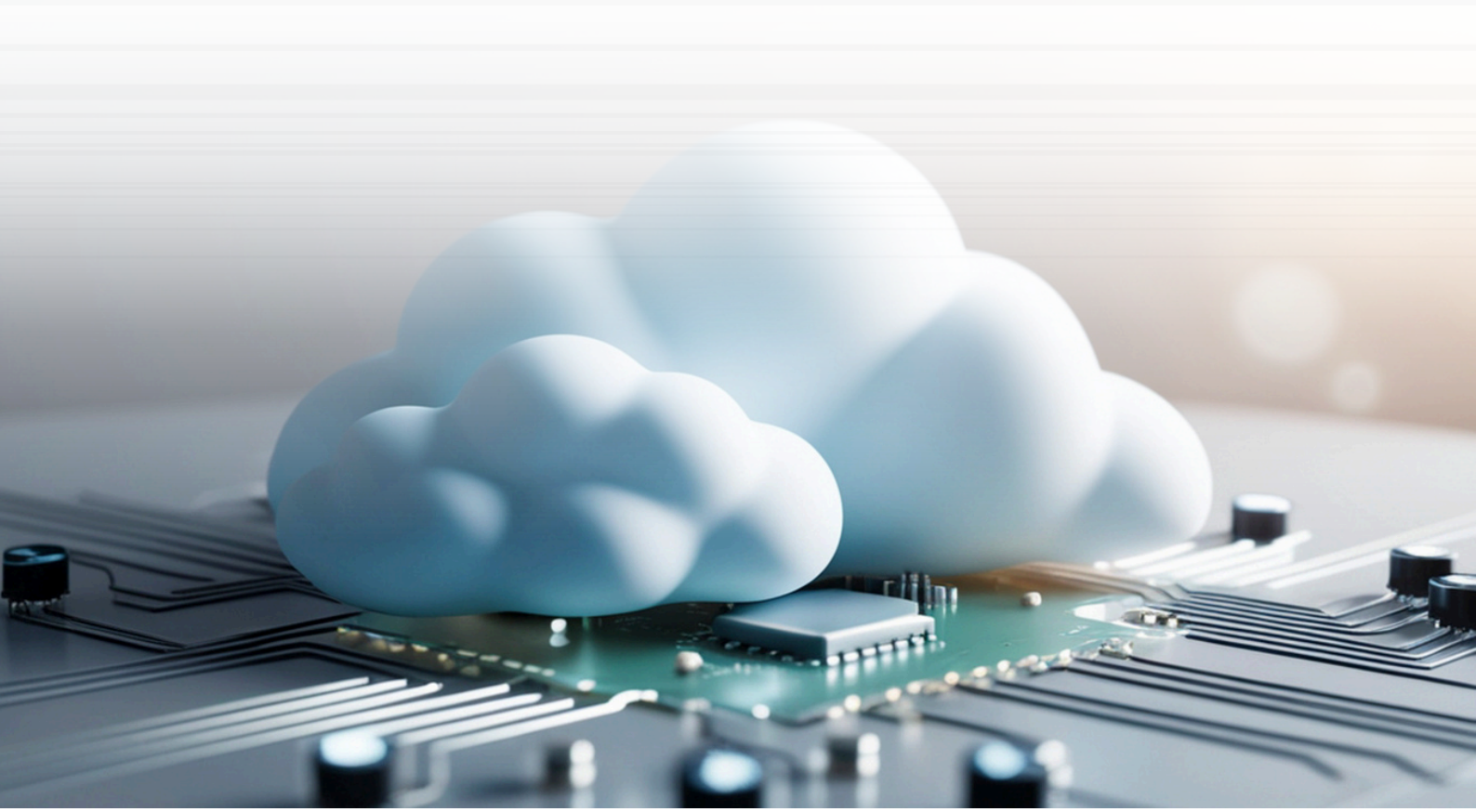
THE DIGITAL TRANSFORMATION OF REVENUE SYSTEM: BREAKING COLONIAL LEGACIES FOR A SOVEREIGN FISCAL FUTURE

The Weight of History on Modern Revenue Systems

In the contemporary global economy, the digital transformation of a national tax administration is frequently mischaracterized as a simple IT upgrade or a procurement exercise for new software. From a strategic public policy perspective, however, this evolution is a fundamental necessity for national sovereignty and economic justice. For many emerging economies, the existing fiscal framework is not a native tool designed for domestic prosperity; rather, it is a "transplanted" collection of colonial legacies. Moving from these outdated, paper-heavy systems to a modern digital infrastructure is the only way to ensure that a nation's revenue laws serve its own citizens rather than the extractive interests of historical external powers. To modernize the future, we must first face the structural weights of the past that continue to obstruct fiscal autonomy. The historical lineage of the current tax structure in the region is a complex context of external imposition. The roots trace back to the revenue systems of the 15th-century Mughal emperor Akbar in Bengal, which were later replaced and structured by British rulers in the 1922 tax laws. Following the end of British rule in 1947, the Pakistani era (1947–1971) adapted these frameworks, which were eventually inherited by an independent Bangladesh. These laws were originally crafted by colonial masters as instruments for resource exploitation, designed to drain financial wealth to protect the interests of the rulers. Consequently, these inherited regulations were never intended to foster equitable development or social welfare. The current wave of digitalization represents a critical opportunity to finally break these colonial traditions, replacing exploitative, manual structures with transparent, modern systems that align with the requirements of a sovereign, 21st-century state.

Moving Beyond the "Foreign Loan Syndrome"

For developing nations, internal revenue mobilization is the primary pillar of economic independence. Relying on domestic tax collection allows a country to finance its own development projects and social programs, thereby reducing an unstable and often weak dependence on external financing. When a nation fails to modernize its revenue systems to capture domestic wealth efficiently, it necessarily falls into what is known as "foreign loan syndrome." This condition creates a cycle of debt where the strategic focus shifts from national growth to the exhausting requirements of debt servicing. The risks associated with heavy external borrowing are multifaceted and increasingly severe in a volatile global market. A primary danger is the consistent annual devaluation of local currency, which often ranges between 5% and 10%. This devaluation creates a compounding financial burden: for every outstanding foreign exchange (FX) installment, the government must pay an escalating amount of local currency just to satisfy the same debt obligation. This "excess" payment represents a massive drain on the national funds, resources that should be directed toward education, healthcare, or infrastructure are instead lost to currency fluctuations and interest. By leveraging technology to increase the efficiency and reach of internal revenue collection, a nation can fund its own progress from domestic sources, insulating itself from the high-interest traps and systemic risks inherent in foreign debt.



Equity, Efficiency, and Social Justice

The digital transformation of a tax system serves a dual purpose: it achieves technical efficiency while simultaneously advancing the cause of social equity. This shift is not simply about digitizing old forms; it is about rethinking the entire social contract between the state and the taxpayer. By transforming every administrative process through the application of the latest hardware and software, tax authorities can finally demolish the traditional paper-based documentation systems that are naturally slow, cloudy, and downward to manipulation. The core technical objectives of this transformation are highly specific:

- **Reducing the Cost of Collection:** Automation and e-services minimize the administrative overhead and human intervention required to gather revenue.
- **Minimizing Processing Time:** Digital systems allow for immediate transactions, drastically reducing the time both tax officers and citizens spend on compliance and filing.
- **Replacing Physical Documentation:** Moving to digital alternatives—specifically a manual-free return process—creates a transparent and searchable audit trail that paper can never provide. The strategic "So What?" behind these technical changes is their direct impact on social justice. The ultimate goal of a digital tax system is to foster a society rooted in equity. By creating a transparent and efficient system, technology reduces the opportunity for fraudulent payments and tax evasion, which in turn reduces social inequality. When the tax burden is distributed fairly and collected transparently, the resulting revenue can be used as a mechanism for justice rather than a tool of exploitation.

A Framework for Assessment

To successfully navigate the transition from analog to digital, an institution must possess a clear roadmap and a framework to assess its current standing. Digital transformation is a journey of increasing maturity, and understanding the specific stage of an organization is vital for effective policy intervention. A Digital Maturity Model provides the necessary criteria to evaluate the institutional framework, its human capital, and its readiness for a full-scale digital leap. The prevailing maturity model identifies four distinct clusters that define a nation's status:

- **Unaware:** The earliest stage, characterized by a lack of recognition regarding the need for digital integration and a continued reliance on manual, colonial-era habits.
- **Awakening:**A stage where the need for change is acknowledged by leadership, and the first steps toward strategy formulation are being taken.
- **Self-control:** A stage where the infrastructure, policy manuals, and initial regulatory frameworks are in place for a significant institutional shift.
- **Solid:** The most advanced stage, where digital processes, professional accounting standards, and e-services are fully integrated and functional. These levels are assessed based on rigorous criteria, including the depth of understanding among political and bureaucratic leadership and the specific "tax culture and habits" of the populace. Crucially, the model evaluates the state of modern financial-banking standards and the existing regulatory status of the nation. Without a harmonious understanding between the political, bureaucratic, and Law-making arms of government—and a workforce equipped with the necessary digital skill sets—a country cannot effectively progress through these stages.

Bangladesh in the Global and Regional Context

Comparative analysis is an essential tool for driving policy reform, as it highlights a nation's performance relative to regional peers and global standards. Benchmarking allows policymakers to identify specific gaps in their digital infrastructure and adopt best practices from neighboring economies that have successfully modernized. Data from the ESCAP (2022) study of 35 countries provides an absolute look at the digital tax performance of nations in the Asia-Pacific region. When comparing digital tax performance percentages, a significant disparity is revealed:

Maldives 72.7% | **India 66.3%** | **Sri Lanka 46.3%** | **Bangladesh 13%**

These figures demonstrate that Bangladesh currently occupies a much lower level of digital maturity than its neighbors. With a performance rate of only 13%, it is clear that the nation has a "long way" to travel to reach its digital destination. This gap is not just a technical deficiency; it is a strategic vulnerability. The low performance underscores the urgency of implementing a comprehensive digital roadmap to catch up with regional leaders and achieve a modernized, high-performing tax administration that can support national development goals.

The Building Blocks of a Digital Tax Ecosystem

A truly digital tax system is a complex architecture of interconnected services and work streams, not a standalone software fix. This ecosystem is designed to manage the entire lifecycle of taxation—from the initial filing of a return to the final assessment—while ensuring the highest levels of data integrity. The essential building blocks of this architecture include:

- **E-Services and Work Streams:** This involves the deployment of e-filing, e-accounting, e-matching, e-auditing, and e-assessment. These tools enable a manual-free return process and automated tax audit selection.

- **Operational Tools:** Intelligent risk analysis and e-invoicing are critical for empowering the modern digital economy. E-invoicing, coupled with electronic tickets and certificates, brings transparency to transactions and enables digital asset transaction tracking.

- **Infrastructure and Data Management:** A robust system requires state-of-the-art data centers and standardized tax rule management. High-quality infrastructure is necessary to mitigate "storage failures" and weakening service outages, such as the 72+ hour outages that have historically disabled revenue collection and undermined public trust. The implementation of these tools is a direct attack on the "shadow economy." By comparing the shadow economy reduction strategies of Europe and Bangladesh, it becomes evident that digitalizing transaction processes is the most effective way to bring informal economic activity into the formal, taxable sector. Furthermore, these digital tools enable "enterprise transformation," allowing businesses to integrate their own digital platforms with the national tax infrastructure for seamless compliance.

Beyond the Technology

The shift from an analog to a digital example involves significant organizational and human challenges that go beyond simple hardware installation. Managing this "paradigm shift" requires a fundamental change in governance and institutional capability. The "Traditional Vicious Cycle" of paper-based systems is notoriously difficult to break because it is reinforced by long-standing habits, a lack of stakeholder awareness, and entrenched bureaucratic interests. Key hurdles that must be managed include:

- **Large ICT Project Management:** Coordinating a national-scale digital rollout is an enormous administrative challenge that requires specialized project management skills.

- **The Intensity of Performance Challenges:** As transformation deepens, the tax administration faces intensified performance challenges. The speed and volume of digital data require a governance framework that can handle real-time processing and complex risk analysis.

- **Adaptive Institutional Capability:** Success depends on the ability of the organization to be "adaptive"—developing new skill-sets in the workforce and fostering an environment where technology is seen as a value-add rather than a threat.

- **Stakeholder Awareness:** Launching a digital administration is only successful if taxpayers and internal personnel are fully aware of the new systems and understand the benefits of moving away from paper bills and manual filing.

A Roadmap for Sovereign Growth

The evolution of taxation from its colonial roots to a modern digital ecosystem is an essential requirement for any nation seeking true financial independence. This document has detailed the necessity of a comprehensive digital roadmap that addresses technology, institutional capability, and law-making alignment. The findings indicate that while the path forward is complex, the transition to a value-added, digital tax administration is the only viable way to escape the "foreign loan syndrome" and the extractive legacies of the past. Successful implementation of this vision requires more than just technical expertise; it requires a harmonious understanding between political, bureaucratic, and law-making leadership. A nation must be committed to building robust infrastructure—such as resilient data centers—and deploying sophisticated tools like e-matching and intelligent risk analysis. By bridging the current performance gap, notably the 13% performance rate identified in the regional context, a country can transform its tax administration into a transparent, efficient, and equitable force for growth. Ultimately, digital taxation is the key to unlocking a sovereign fiscal future, ensuring that internal revenue is collected justly to fund the thriving of the nation and its citizens from its own domestic resources.

Asking the Expert

AN EXCLUSIVE CONVERSATION WITH THE CHAIRMAN OF MANGO TELESERVICES

Mr. A Mannan Khan, Chairman

(Mango Teleservices)

Interviewed by Nabihatul Afrooz, Senior Research Associate, and Muhammad Labib Talibuddin, Research Analyst

Meet the Expert

As part of our comprehensive industry analysis on Bangladesh's telecommunications and gateway infrastructure sector, we spoke with the Founder and Chairman of Mango Teleservice Ltd., Mr. A Mannan Khan. He is a pioneering entrepreneur with diverse ventures in technology, manufacturing, and banking, and a Computer Engineering graduate from Tianjin University, he is also a dedicated philanthropist driving inclusive educational access through institutions like Baira College and Playpen Center.

Emerging Credit Rating Ltd.

How would you evaluate the current operational landscape and overall maturity of the telecommunication infrastructure sector in Bangladesh?

Mr. Mannan:

The telecommunications sector has evolved into a collaborative, deeply segmented ecosystem that serves as the central nervous system of Bangladesh's digital economy. Broadly split between Infrastructure and Access Service Providers, the market is actively shifting toward a shared-asset model. Independent Tower Companies now manage over half of the nation's 46,286 physical cell towers totaling 24,936 shared towers which significantly optimizes capital expenditures and reduces resource duplication.

However, a massive structural gap remains in the transmission network backbone. Bangladesh currently possesses around 60,000 km of total transmission network across private and public players, but the ideal national requirement to support world-class services as of 2026 is closer to 300,000 km. Full optimization of the tower lease model is also expected to take another 2–3 years to roll out nationwide.

International connectivity is highly secure, relying on a resilient blend of ocean and land infrastructure. The country is anchored to the global internet via the active SEA-ME-WE 4 and SEA-ME-WE 5 submarine cables, with SEA-ME-WE 6 integration currently underway. Land-based International Terrestrial Cable (ITC) lines crossing into India provide critical fail-safe redundancy against underwater disruptions. Once traffic clears the 24 licensed International Gateways (IGWs) and 34 International Internet Gateways (IIGs), domestic distribution is handled by 6 licensed Nationwide Telecommunication Transmission Network (NTTN) operators via underground fiber.

This infrastructure supports a dense, hyper-connected retail market governed by 2,681 active licenses for different telecommunication services, infrastructure and connection providers. The network efficiently serves a massive domestic mobile subscriber base of 187.07 million, led by Grameenphone (84.96 million) and Robi Axiata (57.80 million).

Bangladesh is a definitively mobile-first market, with over 88% of the 131.42 million total internet subscribers accessing the web exclusively via mobile networks. This widespread reliance has driven national internet penetration to 74.52% and teledensity to 106.24%. While the local handset manufacturing ecosystem is still transitioning with basic feature phones making up 60.96% of monthly production compared to a 39.04% smartphone share the underlying network infrastructure is fully mature, redundant, and capable of supporting high-capacity, low-latency digital demands.

Emerging Credit Rating Ltd.

What do you consider the most critical operational and financial challenges currently restricting the growth of the industry, and what specific difficulties are the service providers facing under these economic conditions?

Mr. Mannan:

Macroeconomic pressures are highly restrictive right now. The continuous devaluation of the Bangladeshi Taka against the US Dollar has significantly inflated the cost of infrastructure deployment, given that core components like optical fiber glass must be imported. Operationally, laying underground fiber to remote sub-districts (Thanas) is highly capital-intensive, often costing up to BDT 1 crore while generating minimal immediate monthly revenue. This has forced many players in remote areas to rely on vulnerable overhead hanging cables instead of building robust, stable underground infrastructure.

Emerging Credit Rating Ltd.

Technology and data centers require continuous, high-volume power. To what extent has the energy situation impacted your operating expenditures?

Mr. Mannan:

Gateway operations and core transmission hubs demand uninterrupted power supply. Rising energy prices combined with the necessity of maintaining backup power systems and alternative fuel sources significantly elevate monthly operating expenditures. For capital-intensive tech companies, these utility shocks directly squeeze core margins, making cost-stabilization a daily operational struggle.

Emerging Credit Rating Ltd.
How are current national tax policies affecting your overall cost of doing business?

Mr. Mannan:
The high corporate tax rates, layered VAT structures, and hefty import duties on telecommunication equipment substantially increase the total cost of doing business. Because a significant portion of our technology lifecycle depends on imported hardware and continuous upgrades, the current fiscal and customs frameworks leave very little room for smaller operators to reinvest profits into network expansion.

Emerging Credit Rating Ltd.
What immediate strategic pivots or cost-optimization measures can gateway and telecom service providers implement to absorb these shocks?

Mr. Mannan:
The industry must move away from resource duplication. Greater infrastructure and transmission network sharing is essential to keep capital expenditure low. Furthermore, there is vast potential in the government's Social Obligation Fund (SOF), which collects 1% of total revenue from all telecom operators. If these funds are efficiently and exclusively channeled into building rural backbone infrastructure, it could mitigate the financial burden on private entities.

Emerging Credit Rating Ltd.
Looking ahead, what do you view as the single biggest threat to survival, and how do the industry's high entry and exit barriers dictate the playing field?

Mr. Mannan:
Policy instability and unpredictable regulatory shifts complicate long-term investment strategies for both domestic and foreign investors. The gateway sector is notoriously capital-intensive and bound by rigid government licensing frameworks, which creates exceptionally high entry barriers. When sudden regulatory or macroeconomic shifts occur, exit barriers are equally high because of the massive sunk costs in physical fiber networks. Policy predictability is what will ultimately ensure industry survival.

Emerging Credit Rating Ltd.
Despite current hurdles, where do you see the next big opportunity for Mango Teleservices in line with the 'Smart Bangladesh' digital transformation?

Mr. Mannan:
The ongoing surge in nationwide bandwidth demand presents an incredible long-term growth prospect. As an International Terrestrial Cable (ITC) operator with cross-border land-based fiber lines, our biggest opportunity lies in offering critical data redundancy. When submarine cables face outages or maintenance issues, land-based terrestrial paths ensure uninterrupted global connectivity. Expanding our terrestrial capacity and integrating deeply with localized data infrastructure will be the keys to our growth.

Stock Analysis

IT CONSULTANTS PLC. (ITC)

Company Business Overview

Aspect	Information
Name	IT Consultants PLC. (ITC)
Establishment	Incorporated in 2000 as a Private Limited Company; registered as a Public Limited Company in 2016.
Key Business Activity	Functions as a licensed Payment System Operator (PSO) providing end-to-end electronic payment services, including online switching solutions, software development, and managing the 'Q-Cash' shared ATM and POS network
Sector	Information Technology Enable Service (ITES), primarily serving the Banking, Financial Technology (Fintech), and Automated Transaction Processing industries
About the Company	ITC is a local leader in Bangladesh's digital infrastructure and the owner of the country's largest payment platform, 'Q-Cash'. It serves as a technical partner for the National Payment Switch Bangladesh (NPSB) and was the first organization in the country to achieve PCI DSS certification. Beyond the financial sector, it provides automation and payment solutions for government entities, telecommunications, and retail segments.

Stock Statistics

Stock Price	41.6
Authorized Capital - BDT (mn)	2,000.00
Paid Up Capital - BDT (mn)	1,285.93
Total Shares	128,592,664.00
Market Capitalization - BDT (mn)	5,349.45
P/E (Interim) as on 10-Jun-26	11.56
P/E (Audited) as on 10-Jun-26	11.49
Market Category	A
Market Lot	1
Last Dividend Declaration Date	27-Oct-25
AGM Date	7-Dec-25
Credit Rating	LT: "AA1" & ST: "ST-2"
52 Week's Moving Range	33.90 - 51.00
Beta	1.37
CAGR of Revenue in 2025 (2020-2025)	3.46%
CAGR of EPS in 2025 (2020-2025)	25.56%
CAGR of NAV in 2025 % (2020-2025)	7.86%
5 Year Average ROE	13.90%

Investment Thesis:

IT Consultants PLC (ITC) offers a compelling investment opportunity as one of Bangladesh's most strategically positioned digital financial infrastructure companies, benefiting from the long-term expansion of electronic payments, fintech adoption, and financial sector digitalization. Through its role as a licensed Payment System Operator (PSO) and operator of the Q-Cash network, the company has successfully transformed from a traditional IT solutions provider into a recurring-revenue transaction processing platform. This transition has materially improved earnings quality, with transaction processing charges now contributing approximately 80% of total revenue and driving consistent margin expansion, strong cash flow generation, and double-digit earnings growth. As digital payment volumes continue to rise across ATM, POS, internet banking, QR payments, and mobile financial services, ITC remains well positioned to capture increasing transaction throughput within Bangladesh's rapidly evolving payments ecosystem.

Beyond its core payment processing business, ITC is entering a new growth phase through the development of the ITC Tower and associated data center infrastructure. The project is expected to transform the company into a broader digital infrastructure provider offering cloud hosting, Software-as-a-Service (SaaS), Platform-as-a-Service (PaaS), and disaster recovery solutions to financial institutions and government agencies. This strategic expansion diversifies revenue streams beyond transaction processing while strengthening the company's role within Bangladesh's digital economy. Concurrently, initiatives such as Bangla QR, TakaPay, internet banking fund transfers, and SMS aggregation services provide additional avenues for transaction volume growth and ecosystem expansion.

Financially, the company exhibits several attractive characteristics. Revenue has grown at a CAGR of approximately 15.5% between FY2022 and FY2025, while net profit has expanded at over 24% CAGR during the same period. Margin expansion has been equally impressive, with net profit margins improving from 23.7% to 29.7% as recurring transaction-based revenue increasingly replaces lower-margin hardware sales. Despite significant investments in data center infrastructure, ITC continues to generate strong operating cash flows, maintains healthy liquidity, and possesses a manageable leverage profile, supported by an interest coverage ratio of 27.2x. The company's participation in nationally significant projects such as the National Payment Switch Bangladesh (NPSB) further reinforces its strategic importance and creates meaningful barriers to entry.

From a technical perspective, the stock appears to be emerging from a prolonged consolidation phase that followed a major rally and subsequent correction during 2025. Since mid-October 2025, ITC has traded within a well-defined accumulation range between BDT 36.00 and BDT 42.00, successfully defending support on multiple occasions. Although a recent breakout attempt above BDT 42.00 was rejected due to insufficient momentum, the broader technical structure remains constructive. The 14-week RSI stands at 60.10, indicating healthy bullish momentum without overbought conditions, while the MACD continues to generate a positive signal following its April 2026 bullish crossover. Most importantly, the August 2025 Golden Cross, where the 50-week EMA moved above the 200-week EMA, remains intact and continues to support a favorable long-term trend.

Collectively, these indicators suggest that the stock retains a positive risk-reward profile, with the current consolidation potentially serving as a base for a future breakout should buying momentum strengthen.

ITC at a Glance: Key Institutional Metrics

Metric	Details
Year of Establishment	2000
Legal Status	Public Limited Company (Listed on DSE & CSE)
Primary Network Brand	Q-Cash
Banking Partners	36 Commercial Banks
Multinational Certifications	Visa, MasterCard, Union Pay International, AMEX
Regulatory Standing	Licensed PSO by Bangladesh Bank
Security Accreditation	PCI Associate Participating Organization

Industry and Macroeconomic Context

Bangladesh's Information Technology Enabled Services (ITES) industry is emerging as a critical pillar of the country's digital economy, driven by accelerating adoption of digital financial services, payment automation, cloud infrastructure, and enterprise technology solutions. The sector is estimated to be worth approximately USD 9.4 billion by 2026 and continues to benefit from government-led digitalization initiatives, expanding internet penetration, and increasing demand for technology-enabled financial services. Within the broader ITES ecosystem, transaction processing, payment infrastructure, fintech enablement, and cloud-based services have become some of the fastest-growing segments, creating a favorable operating environment for infrastructure providers such as IT Consultants PLC (ITC).

The most significant industry tailwind for ITC is the rapid digitization of Bangladesh's financial sector. Mobile Financial Services (MFS) transactions exceeded USD 158 billion in 2024 and continue to grow at an estimated annual rate of nearly 28%, reflecting increasing consumer preference for digital payments over cash transactions. Simultaneously, card issuance, ATM usage, internet banking transfers, and QR-based merchant payments continue to expand as financial institutions invest in interoperability and customer convenience. As the operator of the Q-Cash shared payment network, ITC directly benefits from these trends through higher transaction volumes, greater card penetration, and increased utilization of its payment processing infrastructure. Unlike traditional software vendors that depend on one-off implementation projects, ITC's transaction-driven revenue model enables the company to participate in the long-term secular growth of Bangladesh's digital payments ecosystem.

The development of Bangladesh's fintech sector provides an additional avenue for growth. Financial institutions and fintech companies are increasingly deploying embedded finance solutions, digital lending platforms, automated fund transfer systems, and merchant payment networks. These innovations require reliable transaction-switching infrastructure, real-time processing capabilities, fraud management systems, and secure connectivity between financial institutions.

Consequently, payment infrastructure providers occupy a strategically important position within the fintech value chain. ITC's recent expansion into internet banking fund transfers, bKash transaction processing, Bangla QR services, and the domestic TakaPay payment scheme positions the company to capture a growing share of fintech-related transaction volumes as adoption increases across both retail and SME segments.

Another structural trend supporting ITC's long-term growth is the increasing demand for domestic digital infrastructure. Financial institutions, government agencies, and large enterprises are accelerating investments in data storage, cybersecurity, disaster recovery, and cloud computing capabilities as digital transaction volumes increase. Regulatory emphasis on data localization and secure financial infrastructure further strengthens the investment case for locally hosted solutions. Against this backdrop, ITC's ongoing development of the ITC Tower and associated data center facilities represents a strategic move beyond transaction processing into higher-value infrastructure services, including cloud hosting, Software-as-a-Service (SaaS), and Platform-as-a-Service (PaaS) offerings. This expansion aligns closely with global ITES trends, where cloud infrastructure and managed services have become major growth drivers.

The adoption of automation, artificial intelligence, and advanced analytics is also reshaping the ITES landscape. Financial institutions are increasingly utilizing robotic process automation (RPA) to improve transaction efficiency, while AI-powered fraud detection systems have become essential as digital payment volumes rise. As one of Bangladesh's key financial technology infrastructure providers, ITC is well positioned to benefit from these trends through enhanced transaction processing capabilities, value-added services, and deeper integration with financial institutions seeking automated and secure payment solutions.

Despite favorable industry fundamentals, several challenges remain. Cybersecurity risks continue to rise as transaction volumes increase, with fraud attempts, phishing attacks, and identity theft requiring continuous investment in security infrastructure. Regulatory compliance requirements, particularly surrounding anti-money laundering (AML) and combating the financing of terrorism (CFT), are becoming more stringent and may increase compliance costs for industry participants. Additionally, currency depreciation and inflationary pressures have increased the cost of imported technology equipment, software licensing, and infrastructure development, which may place pressure on margins across the sector.

Nevertheless, the long-term outlook remains highly attractive. Over the next five years, continued growth in mobile payments, card transactions, digital banking, QR-based merchant payments, and fintech adoption is expected to drive sustained expansion in transaction-processing volumes. Beyond 2030, increasing adoption of cloud infrastructure, artificial intelligence, digital identity systems, and potentially blockchain-enabled financial services could further strengthen Bangladesh's position as an emerging ITES hub in South Asia. Within this evolving landscape, ITC occupies a uniquely advantageous position due to its role as a licensed Payment System Operator, operator of the Q-Cash network, and participant in several nationally significant digital infrastructure projects. These structural industry trends provide a strong foundation for the company's continued revenue growth, margin expansion, and strategic evolution into a broader digital infrastructure platform.

Financial Analysis

IT Consultants PLC's investment proposition is centered on its successful transition from a hardware-focused IT company into a transaction-driven digital payments infrastructure provider. Over the last several years, management has strategically reduced reliance on cyclical hardware sales and shifted toward recurring transaction-based revenues generated through the Q-Cash ecosystem. This transformation has materially improved earnings visibility, margin stability, and the overall quality of the company's revenue base.

The Q-Cash network remains ITC's most valuable asset, connecting approximately 37 member banks, over 13,000 ATMs, and more than 120,000 POS terminals nationwide. Through this network, the company generates recurring revenue from card issuance and renewals, transaction processing, software maintenance, connectivity services, and emerging fintech applications. As Bangladesh continues its transition toward a digital economy, increasing transaction volumes create a structurally favorable environment for ITC's high-margin transaction processing business.

Revenue Growth and Profitability

Particulars	FY2025	FY2022
Revenue	1,564.49	1,014.61
CAGR		15.53%
Net Profit	465.02	240.23
CAGR		24.63%

The company has delivered consistent growth since FY2022, with revenue expanding at a 3-year CAGR of approximately 15.53%, while net profit has grown at a significantly faster CAGR of approximately 24.63%, reflecting improving operating leverage and a favorable shift in revenue mix toward transaction-based income. More importantly, profitability has improved steadily as transaction processing revenues have become an increasingly dominant share of total sales. Gross margins expanded from 49.17% in FY2022 to 52.46% in FY2025, while net margins improved from 23.68% to 29.72% over the same period.

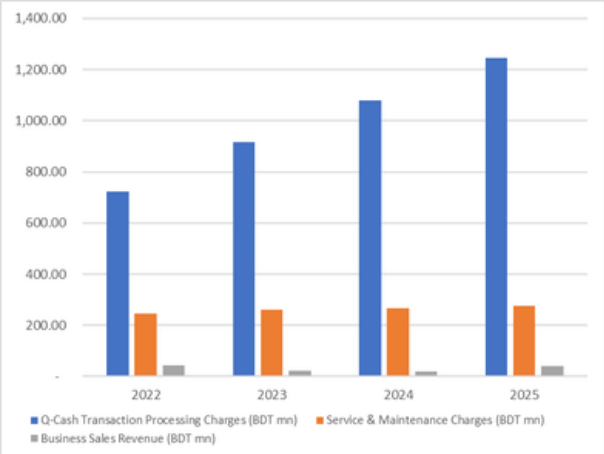
Particulars	FY2025	FY2024	FY2023	FY2022
Revenue (BDT in Millions)	1,564.49	1,366.66	1,199.31	1,014.61
Revenue Growth (%)	14.48	13.95	18.2	-24.06
COGS (BDT in Millions)	743.77	664.4	634.08	515.7
COGS Growth (%)	11.95	4.78	22.96	-41.2
Gross Profit Margin (%)	52.46	51.39	47.13	49.17
Operating Profit Margin (%)	36.37	34.59	30.27	29.3
Net Profit Margin (%)	29.72	28.06	26.27	23.68
Current Ratio (x)	2.54	2.75	1.91	3.77
Debt to Equity Ratio (x)	0.51	0.33	0.26	0.21
ROA (%)	10.29	10.77	10.25	9.01
ROE (%)	15.55	14.37	12.9	10.89

The improvement reflects the scalability of the transaction-processing business model. Unlike hardware trading operations, transaction processing generates recurring revenues with relatively limited incremental costs, allowing earnings growth to outpace revenue growth. This operating leverage is reflected in the steady expansion of ROE from 10.89% in FY2022 to 15.55% in FY2025.

The most recent unaudited 9M FY2026 results indicate a temporary moderation in profitability as the company progresses through a heavy investment cycle. Revenue remained broadly stable year-on-year, but higher service delivery, infrastructure, and financing costs compressed margins, resulting in a 10% decline in EPS. Given the ongoing construction of the ITC Tower and associated infrastructure investments, the weaker interim performance appears more reflective of elevated expansion-related expenditures than any deterioration in the underlying transaction-processing franchise.

Revenue Mix Evolution

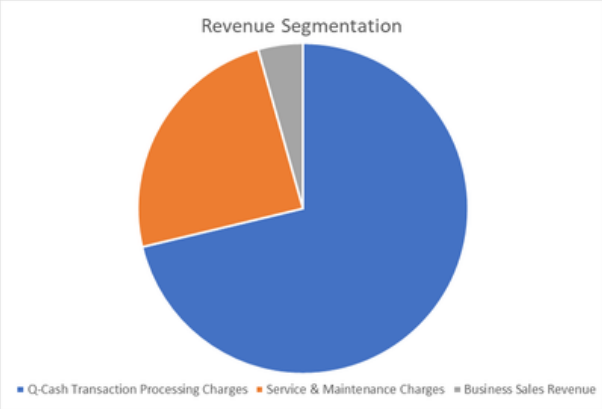
A defining feature of ITC's transformation has been the increasing dominance of transaction-based revenues.



Transaction processing charges have emerged as the company's dominant earnings engine, accounting for nearly 80% of total revenue in FY2025. Revenue from this segment increased from BDT 723.05 million in FY2022 to BDT 1,246.88 million in FY2025, significantly outpacing overall company growth and highlighting the increasing dependence of Bangladesh's financial system on digital transactions.

Service and maintenance revenues provide a stable secondary income stream supported by long-term contracts with banks, financial institutions, and government agencies. In contrast, business sales remain more volatile and sensitive to procurement cycles within the banking sector, although FY2025 saw a meaningful recovery following management's revised strategic business plan.

The increasing contribution of transaction-based revenue has strengthened earnings resilience. During periods of economic uncertainty, hardware procurement decisions are often delayed, while transaction volumes tend to remain relatively stable due to the growing reliance on digital financial services. This characteristic has allowed ITC to maintain growth despite inflationary pressures, currency depreciation, and broader economic challenges.



Q-Cash: The Core Growth Engine

The Q-Cash ecosystem remains the primary driver of the company's growth and profitability.

Particulars (BDT mn)	FY2025	FY2024	FY2023	FY2022
Transaction Processing Fees	547.6	452.1	407.7	325.5
Card Charges	527.5	466	356.6	299.1
Software Support & Maintenance	96.5	89.3	103.1	69.8
Connectivity Charges	39.5	36.6	31.1	22.8
SMS Aggregator (uLKa)	35.8	36.7	17.9	5.7
Total Q-Cash Revenue	1,246.90	1,080.70	916.4	723.1

Card-related revenues remain the largest contributor to Q-Cash earnings, particularly recurring card renewal charges. These renewal fees provide a highly stable, annuity-like revenue stream that is generated through annual agreements with member banks, enhancing earnings visibility and reducing revenue volatility.

Transaction processing fees have also exhibited strong growth as digital payments continue to penetrate the Bangladeshi economy. Beyond traditional ATM and POS transactions, ITC has successfully diversified into several fintech-related transaction categories. Revenue generated from bKash transactions, internet banking fund transfers, and OTP services has increased rapidly over the past several years, demonstrating management's ability to leverage the existing Q-Cash infrastructure to capture new payment flows.

The company has also benefited from the successful rollout of its licensed SMS aggregation platform (uLKa), which has evolved into a meaningful contributor to transaction-related revenue. Looking forward, newer initiatives such as Bangla QR payments, internet banking integration, and the TakaPay domestic payment scheme are expected to support continued transaction volume growth while deepening the company's role within Bangladesh's digital payments ecosystem.

Cost Structure and Operating Leverage

Particulars (BDT mn)	FY2025	FY2024	FY2023	FY2022
Cost of Goods Sold	743.77	664.4	634.08	515.7
Total Operating Expenses	251.76	229.52	202.21	201.61

The company's cost structure increasingly reflects its transition toward a service-oriented business model. More than 90% of total costs are now associated with service delivery rather than hardware procurement, underscoring the shift away from traditional IT equipment sales.

Personnel expenses remain the largest cost component, reflecting the specialized technical workforce required to operate payment infrastructure, maintain banking integrations, and develop software solutions. Infrastructure-related expenses such as network maintenance, ATM servicing, software licensing fees, and communication costs have also increased alongside transaction volumes and service expansion.

Despite inflationary pressures and currency depreciation, ITC has demonstrated strong operating leverage over the past four years. Revenue growth has consistently exceeded cost growth, allowing operating margins to expand from 29.30% in FY2022 to 36.37% in FY2025. This margin expansion highlights the scalability of the transaction-processing business, where incremental transaction volumes generate disproportionately higher profits.

Selling and distribution expenses increased significantly during FY2025, primarily due to merchant onboarding initiatives, QR payment expansion, plastic card issuance, training programs, and promotional activities. Management has indicated that these investments are part of a broader strategic effort to accelerate adoption of digital payment solutions and increase ecosystem penetration. Although these expenditures have increased near-term operating costs, they are intended to support higher transaction volumes and recurring revenue growth over the longer term.

Particulars (BDT mn)	FY2025	FY2024	FY2023	FY2022
Total Assets	4,518.90	3,561.70	3,074.80	2,798.90
Shareholders' Equity	2,989.90	2,667.90	2,442.70	2,028.00
Debt-to-Equity (x)	0.51	0.33	0.26	0.21
Current Ratio (x)	2.54	2.75	1.91	3.77

The balance sheet reflects a company undergoing a significant infrastructure investment cycle. Total assets increased by more than 60% between FY2022 and FY2025, driven primarily by the construction of the ITC Tower and related data center infrastructure.

Capital work-in-progress reached approximately BDT 1,280 million by FY2025, representing the largest single investment initiative in the company's history. The project forms the foundation of management's long-term strategy to evolve beyond transaction processing and establish a domestic digital infrastructure platform offering cloud hosting, SaaS, PaaS, disaster recovery, and data center services.

The expansion has also altered the company's financing profile. Rather than relying heavily on short-term overdrafts, management has increasingly utilized long-term term loans to finance infrastructure development. Consequently, debt-to-equity increased from 0.21x in FY2022 to 0.51x in FY2025. While leverage has risen, it remains manageable given the company's profitability, cash generation capabilities, and strong interest coverage.

The latest unaudited 9M FY2026 results indicate that the investment cycle remains ongoing. Total assets surpassed BDT 5,000 million during the period, while capital work-in-progress increased further to approximately BDT 1,620 million. Long-term borrowings also increased as construction activity continued. Nevertheless, shareholders' equity continued to grow through retained earnings, and NAV per share improved, indicating that shareholder value creation remains intact despite the capital-intensive expansion phase.

A notable balance-sheet risk remains the approximately BDT 132.9 million of deposits held in several financially distressed banks that have faced withdrawal restrictions. While these funds remain inaccessible, the amount is not currently large enough to materially impair the company's liquidity position or ongoing investment plans relative to its overall asset base and liquidity buffers.

Cash Flow and Financial Strength

Particulars	FY2025	FY2024	FY2023	FY2022
CFO (BDT mn)	572.84	585.64	654.73	429.49
Interest Coverage (x)	27.2	102.24	34.55	25.66

One of ITC's strongest financial attributes is its ability to consistently generate operating cash flow. Operating cash flow has remained above BDT 500 million for three consecutive years despite substantial investments in infrastructure and technology. This reflects the recurring nature of transaction-processing revenue and the company's strong position within Bangladesh's payment ecosystem.

Interest coverage remains exceptionally strong despite rising debt levels, indicating ample capacity to service existing obligations. Although leverage has increased to support the ITC Tower project, financing costs remain manageable relative to operating earnings.

The 9M FY2026 results showed some moderation in operating cash generation, with net operating cash flow per share declining due to lower customer collections and higher project-related payments. However, this appears largely attributable to the ongoing expansion cycle rather than any deterioration in the company's underlying business model.

Technical Analysis

Source: Amarstock

The weekly price movement and volume action over the past year of IT Consultants Limited indicates a distinct distribution phase in mid-2025 following a significant bullish rally. Upon completion of the subsequent corrective phase, the stock entered a period of consolidation, trading within a well-defined horizontal range between BDT 36.00 and BDT 42.00 from mid-October 2025 through early June 2026. During this accumulation framework, the price successfully tested and validated the BDT 36.00 support floor on two separate occasions. Most recently, in early June 2026, the asset attempted a bullish breakout above the BDT 42.00 resistance ceiling; however, the move lacked sufficient buying momentum, resulting in a failed breakout and a subsequent rejection from that key structural level.

However, three major indicators including 50-week & 200-week EMA are generating bullish signals. First, the 14-week RSI currently stands at 60.10, indicating moderate bullish momentum. The indicator is comfortably above the neutral level of 50, suggesting that buyers currently have the upper hand. At the same time, the RSI remains below the overbought threshold of 70, leaving scope for additional upside. Second, the MACD generated a bullish crossover on 5 April 2026 when the MACD line moved above the signal line. Since then, both the MACD and histogram have continued to move upward, indicating strengthening positive momentum. The persistence of a positive histogram suggests that buying pressure remains dominant and that the bullish trend remains intact. The MACD signal is further reinforced by the subsequent Golden Cross and rising trading volume, providing multiple confirmations of improving market sentiment.

The price trend reveals that the 50-week Exponential Moving Average (EMA) crossed above the 200-week EMA on August 24, 2025, triggering a significant long-term bullish "Golden Cross" signal. This pivotal crossover confirms that the stock's medium-term momentum has strengthened sufficiently to outpace its long-term structural trend. Furthermore, the 50-week EMA has successfully maintained its position above the 200-week EMA since the initial crossover, validating sustained bullish structural health and establishing a strong macro foundation for continued upward bias.

In conclusion, the following mid-2025 distribution and a corrective phase, the asset consolidated between BDT 36.00 and BDT 42.00 from mid-October 2025 to June 2026, twice testing support. An early June breakout failed at resistance. Concurrently, the 14-week RSI is at 60.10, the MACD holds an April bullish crossover, and a August 2025 50/200-week EMA Golden Cross persists.

ECRL KEY PERSON

Mr. Ahsan Parvez, FCA

Chairman

Mr. Ahsan Parvez is one of the sponsor directors of Emerging Credit Rating Ltd. (ECRL). He is also the Chariman of the company. He is a fellow member of ICAB and possesses a strong academic background and was an articled student of Rahman Rahman Huq, Chartered Accountants (member firm of KPMG). He obtained First Class both in B.com (Honors) and Masters in Accounting with distinction and secured First Class 1st Position from University of Dhaka. His considerable knowledge and vast experiences in the field of financial accounting, financial planning & budgeting, project planning & implementation, investment decision making, credit management, taxation, VAT, foreign remittances and company regulatory affairs brought great success in his long professional career. Mr. Parvez also is an active OLSA member and secured 2nd position (Commerce group) in the SSC examination from Dhaka Board. He has a prolific career of 25 years of service in Senior Management positions namely Dhaka Match Industries Co. Ltd. (Swedish Match), Duncan Brothers BD. Ltd. and DHL Worldwide Express (Bangladesh) Ltd. Prior to joining ECRL he served as the National Financial Controller (CFO) at DHL. He worked as consultant and took active part in Accounting System Design and implementation in a number of large companies.

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

Dr. Jamaluddin Ahmed, FCA

Director

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. 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).

Nabihatul Afrooz

Senior Research Associate

Ms. Nabihatul Afrooz is a Senior Research Associate at ECRL, where she conducts financial and economic research on various industries and projects. She has more than six years of experience in data analysis, report writing, credit rating assessments, and survey design. She also handles special assignments from the management and collaborates with other team members to achieve common goals. Ms. Afrooz holds two Master of Social Science degrees in Economics, one from City University London, UK, and another from East West University. She also completed her Bachelor of Business Administration in Finance and Economics from East West University. She has a strong academic background and a keen interest in financial markets and economic development.

Md. Asaduzzaman

Business Analyst

Mr. Md. Asaduzzaman has been working as a research associate at Emerging Credit Rating Limited since 2022. He has more than three and half years of experience in various projects, financial research, and credit rating assessments. He is responsible for industry research, financial infographics and video making, data visualization, and macroeconomic analysis for ECRL monthly magazine. Other than that, he is involved in ECRL's special projects. He completed his BBA and MBA in Finance and Banking from Manarat International University, Bangladesh.

Ms. Shahela Nasrin

Business Analyst

Ms. Shahela Nasrin has served as a Business Analyst at Emerging Credit Rating Limited since 2023. In this role, she fulfills crucial responsibilities, including data collection, visualization, and analysis, as well as industry analysis and preparation of working papers and monthly magazines. Additionally, she actively contributes to ECRL's special projects, which encompass feasibility studies, project profiles, company valuations, distributor assessments, supplier verification, and financial loan assessments for suppliers. Ms. Shahela holds a Bachelor of Social Science in Economics from East West University and a Master of Science in Economics from North South University. Her academic background and professional interests are centered around development economics and business research, with a specific emphasis on market and financial analysis.

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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ECRL Research provides insights, opinions, and analysis on Bangladesh and International Economies. ECRL Research conducts surveys and produces working papers and reports on Bangladesh's different socio-economic issues, industries, and capital market. It also provides training programs to professionals from financial and economic sectors on a wide array of technical issues.

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Dhaka Office

Tropical Molla Tower, Level - 10, 15/1-15/4 Pragati Sarani, Middle Badda, Dhaka - 1212

Phone : +880 2 2226 602 915, +880 2 2226 602 916
Hotline : +880 1833 330200
Email : ecrlinfo@emergingrating.com

Chattogram Office

Al Madina Tower, 6th Floor 88-89, Agrabad C/A, Chittagong
Tel: +880 1833 330059,
+880 1833 330061

Bogura Office

MA Complex, 3rd Floor, East Side. Tin Matha Railgate. Bogra- 5800

Khulna Office

Mollick Shopping Complex 99 Khan –a- Sabur Road, Khulna-9100
Tel: +880 1833 330060

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