An Internship Report on

Pioneering Islamic Export Credit Agency (ECA) Financing in Bangladesh: The Case of Akij Food and Beverage Ltd.

By

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ID: 21304008

An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of
Bachelor of Business Administration.

BRAC Business School
BRAC University
May 2025

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Supervisor's Full Name & Signature:

Riyashad Ahmed
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Supervisor Full Name
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Letter of Transmittal

Riyashad Ahmed
Assistant Professor,
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Kha 224 Pragati Sarani, Merul Badda , Dhaka 1212

Subject: Submission of Internship Report on

Dear Sir,

I am pleased to provide you with my internship report, fulfilling the requirements to obtain the Bachelor of Business Administration degree from BRAC Business School, BRAC University.

Throughout my report-writing process, I tried to reflect on my internship experience and my knowledge. I am humbled and grateful that I was assigned under your guidance to complete my report. I thank you for providing me with the space, guidance and information to complete my report. In order to complete the report, I tried to use and incorporate as much pertinent information and suggestions possible in the most useful and comprehensive way. I believe the report will meet all the requirements.

Sincerely yours,

____

Shaffat Ahmed
21304008
BRAC Business School
BRAC University
Date: 27 April, 2025

Non-Disclosure Agreement

This agreement is done between Akij Venture Ltd. and the undersigned student Shaffat Ahmed at BRAC University that the report does not contain any confidential information of the organization.

Shaffat Ahmed

ID: 21304008

BRAC Business School

BRAC University

Acknowledgement

I express my heartfelt gratitude to Akij Venture Ltd. Amit Saha sir, Senior Manager of Finance and Accounts at Akij Food and Beverage Ltd and my on-the-job supervisor, Mahmud Al Muktadir sir, who helped me throughout my internship period giving me the opportunity to learn and grow as an individual. They also offered supportive suggestions and helpful perspectives in fulfillment of this report.

Secondly, I would like to thank my academic co-supervisor, Mr. Saif Hossain, Assistant Professor and Director of the BBA Program at BRAC Business School, and my academic supervisor, Mr. Riyashad Ahmed, Assistant Professor and Director of the MBA and EMBA Programs at BRAC Business School. They consistently went over my report, fixing my errors and providing me with advice and guidance on how to make the report more presentable.

Lastly, I would like to thank my family, most notably my father, Kafil Uddin Ahmed and mother, Salma Akter, for their unwavering support as well as my friends, especially the ones from my department, for helping me throughout my academic journey and making it a memorable one.

Executive Summary

The case of AFBL's Islamic ECA Loan, which is also the first ECA loan in Bangladesh and its pioneering impact in Bangladesh's loan market has been discussed comprehensively in this report. Data and parameters used were collected first hand from the company, however authentic data could not be presented due to confidentiality purposes.

My internship experience and details is discussed in the report's first section which includes information regarding my duties and contributions to the company. It also includes the difficulties I faced and my suggestions for the organization and internship candidates.

I have also analyzed the organization's functional departments- HRM, Operations, Marketing, Finance and Accounting- along with their methods and results. Moreover, a SWOT Analysis and Porter's Five Forces Theory have also been conducted. Recommendations for the departments are also provided.

In Chapter 3, the project section, AFBL's Islamic ECA loan and its effects on pioneering ECA loans in Bangladesh. Data was collected first hand from AFBL. I discussed in details, the global ECA market, the difficulties encountered by corporate businesses, the current situation of the ECA financing, the surge of Islamic ECA financing, AFBL's ECA loan details and a detailed comparison of the global ECA market and Bangladesh's ECA market.

Chapter 1

Overview of Internship

1.1 **Student Information**

Name: Shaffat Ahmed

ID: 21304008

Program: Bachelor of Business Administration (B.B.A)

Major: Finance

1.2 Internship Information

1.2.1 Period, Company Name, Department/Division, Address

Starting my professional journey at a large conglomerate had always been one of my top priorities for which I decided to pursue my internship at Akij Venture Limited. (AFBL), the parent company of companies such as Akij Food and Beverage Ltd. (AFBL) and Akij Dariy Ltd. (ADL). My internship period was from 21 January, 2025 to 21 April, 2025. I was assigned to the banking division of AFBL, more specifically the banking division of AFBL. Akij Venture Ltd. is located at Akij House, 198 Bir Uttam Mir Shawkat Sarak, Tejgaon, Dhaka.

1.2.2 Internship Company Supervisor's Information

My workplace supervisor for my internship period at Akij Venture Ltd. was Mr. Mahmud Al Muktadir. He currently serves as the Assistant Manager for AFBL Finance and oversees its banking activities. He is a DU-Finance (BBA) and IBA-DU (MBA) graduate. Along with him I had other colleagues as well.

1.2.3 Job Responsibilities

As an intern, I was assigned to conduct multiple banking tasks which ranged from consisting of preparing Real Time Gross Settlement (RTGS) and online banking transfers, preparing customs duty for AFBL, to consisting of updating the Letter of Credit Schedules of other sister companies such as Akij Dairy Ltd, etc, keeping a track of AFBL's daily revenue and payments and maintaining other intercompany documents. Moreover, I was given the responsibility of creating and maintaining an Intercompany Loan Schedule document, Group Loan Schedule document where I also calculated liability, finance cost and tracked its performance.

1.3 Internship Outcomes

1.3.1 My contribution to Akij Venture Ltd.

I was responsible for preparing the documents for daily bank transfers, and maintaining other important documents such as AFBL's Payment Planner which was supervised by my superiors. Along with these tasks I was assigned to maintain a new document for the Inter Company Transfers sheet which has been of significant importance for the company. The document was used to track the intercompany loan balances of every single sister concern and it provided deeper insights to the companies' monthly performance. Moreover, I also prepared the documents of customs duty and other payments along with following them and confirming the status. I also maintained an important Outstanding Liability Schedule where I tracked and informed my supervisor regarding payment and due dates. I tried to leverage my skills to incorporate better efficiency and reduce time and stress within the team.

1.3.2 Benefits

Completion of my internship in the banking division of AFBL has been immensely beneficial. To begin with, working at such a large conglomerate and getting first hand insights has provided me with a detailed understanding of the company's financial operations and decision-making processes which are simultaneously integrated with the corporate banking sector of

Bangladesh. Additionally, working with a dynamic team in a high paced environment enhanced my problem-solving abilities and attention to detail, as I was tasked with maintaining and updating important financial documents and reports. In addition, being a part of team where strategic decisions were taken based on the state of the economy and cost-saving opportunities has given me a chance to notice, grow and understand the process of handling the finances of a company. Moreover, I also had the opportunity to work with other division and departments of the company such as, Accounts Payables Department and Commercial Department which further honed my collaboration and communication skills and helped me to know how those departments function, broadening my knowledge about the operations of a large company. Furthermore, I also acquired new skills such as creating vouchers and navigating through the cash management server of ORACLE database system. Lastly, I would like to talk about the personal benefits that this internship has provided me such as emphasizing work-life balance and incorporating discipline into my lifestyle. I once again realized the importance of family, spirituality and hard work which are the most important benefits that my first phase of professional journey has taught me.

1.3.3 Problems

During my internship, I encountered few difficulties such as waking up early at 6A.M as my office started at 7:30 A.M, adjusting myself into a corporate space as I was completely unaware of the practices and environment and battling self- doubts at times due to the high paced environment and thin margin of error. Moreover, the pressure of maintaining important documents for the company made me immensely cautious which drained up my energy even though with time I was able to adjust.

1.3.4 Recommendations

I would fully recommend AFBL as a great place to start one's professional journey as it provides a great learning environment where knowledge won't be limited to the assigned department. Moreover, the values and additional benefits provided by the company such as subsidized lunch, free transport, etc. are immensely helpful. However, I do believe the environment for interns could be improved by setting up a dedicated internship program where interns will be assigned to experienced supervisors to ensure better learning and efficient environment.

Chapter 2

Organization Part

2.1 Introduction

2.1.1 Objective

The objective of this segment of the report is to emphasize the key marketing campaigns, management practices, and financial performances implemented by AFBL. Furthermore, it also aims to assess the integration and impact of information systems within the organization. Additionally, this chapter also aims to highlight trends, strengths, and other potential areas. Lastly, a comprehensive industry and competitive analysis is conducted to evaluate AFBL's current market position and to identify opportunities and challenges within its business environment.

2.1.2 Scope

This segment may be read more thoroughly to get a detailed understanding of the organization's various facets as a thorough analysis is done.

2.1.3 Methodology

In this section, the company's overview is done by studying its core values, vision and mission statements along with the goods and services provided by AFBL. Subsequently, the management practices are briefly discussed by assessing leadership and management style, remuneration system, assessment techniques and how recruitment is confirmed.

The marketing campaigns are also assessed by their brand promotions, advertising campaigns along with their process of market and product development methods. The information systems and operations management are also discussed briefly.

The conclusions in this section are derived from publicly available information starting from the company's website along with other reliable sources to provide insights about the company and the industry.

Information which was not available publicly has been gathered by questioning AFBL's employees from all the departments such as marketing, human resource, supply chain etc.

2.1.4 Limitations

Due to confidentiality restrictions from the organization, several conclusions were drawn without conducting proper research and results along with data may vary for this reason. The study does not represent any specific period's performance or practices. Furthermore, the dynamic environment of the organization results in frequent changes in decisions, a large part of which could not be addressed in this study.

2.1.5 Significance of the Study

This report is of immense significance for me and the company. By completing this report, I was able to acquire knowledge about the operations of a large company focusing on retail products and services and the strategies they use to remain competitive and profitable. Moreover, I also learned about the restrictions the organization and its competitors encounter while developing their plans, as well as the restrictions brought by external sources and governing authorities affecting the company's operations. The biggest takeaway from my experience would be getting to know the whole process of how a large FMCG company operates in full scale and the steps and decisions taken to achieve the desired goals.

My study may be reviewed by the company to learn more about its strengths, weaknesses, opportunities and challenges. I am willing to contribute my personal inputs for betterment of its operations. This study will also help to determine which facets the company should focus and take necessary actions on to improve and ride its way to success.

2.2 Overview of the Company

Akij Food and Beverage Ltd (AFBL) is a subsidiary of the conglomerate Akij Venture Ltd, a prominent and diversified conglomerate based in Bangladesh. It was founded as a part of the Akij Group one of the country's largest and respected conglomerates. Akij Group was established by Late Mr. Sheikh Akijuddin in 1974. Akij Group has been at the helm of country's economic development brining in Foreign Direct Investments, creating job opportunities and contributing emphasizing strong corporate social responsibility. It has been awarded the Best Employer Award in 2019. Initially focusing on the tobacco and jute industry, the group has expanded its operations to various sectors including FMCG, textiles, plastic, cement, glass and much more. AFBL is known for its extensive involvement in the FMCG, electrical, hygiene, dairy and food products. Some of the concerned companies under AFBL are listed below: 1) Akij Food and Beverage Ltd. 2) Akij Dairy Ltd. 3) Akij Healthcare and Hygiene Ltd. 4) Akij Electrical and Electronics Ltd.

AFBL has a established a strong presence in the FMCG sector, most notably with their beverage products such as Mojo, Clemon, Speed, Frutika and dairy products such as Farm Fresh flavoured milk, Farm Fresh UHT Milk, Farm Fresh Powder Milk. It has also been successful in exporting its products to over 47 countries driving international success. The company is committed to operational excellence keeping its stakeholders satisfied.

2.2.1 Vision Statement

AFBL thrives to be the most valuable and respected brand in the food and beverage sector of Bangladesh while keeping its founder, Mr. Late Sk. Akijuddin's "Quality First" motto at the helm of development as it is reflected in their vision statement " To be the most respected food and beverage company in Bangladesh through our commitment to quality."

2.2.2 Mission Statement

AFBL's mission is driven in the growth of diversified and sustainable business through 3 steps: 1) Ensuring products' quality and services by adapting state of the art technologies . 2) Enabling work environment where employees are empowered and motivated. 3) Committing to society through ethical practices and respect to environmental growth.

2.2.3 Core Values

Core values of AFBL include Innovation, Teamwork, Integrity, Customer Focus, Trust and Respect.

2.3 Management Practices of AFBL.

AFBL has always been committed to recruit qualified candidates based on their qualifications of knowledge and skills regardless of their race, religion, sex, and disability. The company has always been one of the most sought after companies by qualified candidates due to its reputed corporate governance.

Organizational Chart of AFBL

2.3.1 Management Team of Akij Venture Ltd.

The chairman of AFBL is Mr. Sk. Shamim Uddin.

The director and chief officials include, the Director of Operations, Mr. Syed Johurul Alam, the Chief Financial Officer, Mr. Moklesur Rahman Akhtar, the Chief People's Officer, Mr. Md. Emadul Haque, the Chief Marketing Officer, Maidul Islam, Chief Supply Chain Officer, Mr. Saifullah Sayem.

There are about 12000+ employees including the head office and factory.

2.3.2 Recruitment Process

AFBL uses both internal and external sourcing methods for recruitment.

The internal recruitment sources involve: 1) Offering permanent job opportunities to interns. 2) Promoting existing employees using KPI metrics. (Generally, every 3 years but based on performance promotion may be given earlier)

The external sourcing methods include: 1) Recruitment of fresh graduates for entry level positions.
2) Publishing job recruitment posts/circulars in bdjobs, linkedin, newspapcrs etc.
3) Through networking.
Both processes involve a written examination followed by an interview.

2.3.3 Compensation System

1) Basic Salary
2) Yearly Increment
3) Festival Bonuses
4) Provident Fund
5) No interest bearing loans
6) Gratuity
7) WPPF

2.4 Marketing Strategies

The marketing campaigns and promotions are carried out by the Brand and Marketing department and its members. The strategies highlight a nationalistic approach showcasing the products of AFBL as a Bangladeshi product. Promotions and campaigns include both ATL and BTL strategies ranging from TVC, OVC, Influencer Marketing etc. which will be explained in details.

2.4.1 Products of Akij Food and Beverage Ltd.

AFBL offers a variety of food and beverage products, focusing mainly on the beverage sector. The products are categorized and mentioned below

1) Carbonated Soft Drinks- a) Mojo (250ml, 500ml, 1L, 2L) 2) Clemon, Clemon Zero, Clemon Mojito (250ml, 500ml, 1L, 2L) 3) Lemu (250ml, 500ml)

2) Energy Drink- Speed, Speed Green Apple, Speed Ginger (250ml)

3) Fruit Drink- Frutika (250ml, 500ml, 1L), Aafi Mango

4) Electrolyte Drink- Turbo (250ml)

5) Mineral Water- Spa (250ml, 500ml, 1L, 2L), Rivera (250ml, 500ml, 1L, 2L)

6) Chips- Cheese Puffs, O’Potato

7) Grain products- Aafi Puffed Rice

2.4.2 Target Customers, Targeting and Positioning Strategy

AFBL has a young and dynamic customer base, primarily involving individuals aged between 15-35. The consumers are typically urban, trendy and prefer products which are both flavorful and affordable. AFBL uses a selective targeting method, focusing on segments where consumer preferences align with the brand's value proposition. AFBL has always positioned itself as a quality-driven brand which provides its consumers value through taste, continuous development and accessibility.

2.4.2.1 Segmentation of Akij Food and Beverage Ltd.

AFBL deploys a structured market segmentation strategy based on demographic, psychographic and behavioral factors. Demographically, it focuses on the aforementioned youth and middle-income urban consumers. Psychographically, AFBL tries to appeal its products to socially active, open to explore new flavors, and value convenience. Behaviorally, AFBL segments its customers based on their consumption habits for instance, people who are frequent beverage drinkers or looking for alternatives among the boycott of Israeli affiliated products. This type of diversified segmentation gives the company to tailor its product development and communicate its value proposition to different customer base according to their needs.

2.4.2.2 Target Customers of Akij Food and Beverage Ltd.

The main target group of AFBL consists of both urban and rural youth, involving students and young professionals exposed to modern lifestyle influences and value brand image along with product quality. The group is actively engaged with digital and upbeat trendy content, open to innovative products and seek refreshing beverage options frequently. AFBL's branding, packaging and marketing strategies are designed to attract and retain this audience. Moreover, AFBL has also trying to expand its target group by tapping into the health-conscious sector product segment introducing sugar free options which simultaneously reflects its commitment to innovating new products and evolving consumer trends.

2.4.2.3 Positioning Strategy of Akij Food and Beverage Ltd.

AFBL's positioning strategy revolves around creating and delivering a unique mix of quality, taste and modernized appeal. Every brand under AFBL, be it Mojo, Frutika, Clemon or Speed is positioned as youthful, energetic and modern appealing to the lifestyle of its target demography. By engaging and investing is youthful advertisements, vibrant packaging and active digital engagement, AFBL has been able to successfully differentiate itself from its competitors in a highly competitive market. Its products are often associated with enjoyment and refreshment which resonates with its brand identity.

2.4.3 Marketing Channels

AFBL has always been a trusted household name for food and beverages in Bangladesh and they have been successful in achieving it through constant appealing and innovative advertising, involving both ATL and BTL strategies. TVC, billboards, OVC are the pivotal methods used to promote its products. The company is also shifting its focus to social media marketing and influencer marketing as well.

2.4.4 Advertising, Promoting and Branding Strategies.

AFBL frequently develops TVCs throughout the year to promote its products. The company made its biggest and costliest advertisement on the eve of Mojo's 19th birthday. The company has also started advertising its products such as Mojo, Clemon, Speed and Wild Brew at Star Cineplex.

The main strategy involves positioning AFBL's products as Bangladeshi products, aligning with the newly born nationalistic sentiment following the mass July uprising of 2024. Taglines such as "Clearly Bangladeshi" is being associated with Clemon and Bangladesh's no.1 Beverage Brand with Mojo creates a favourable image and perception in people's minds.

AFBL won the Best Beverage Brand Award and Best Carbonated Beverage Brand Award for Mojo and Speed respectively in 2024.

Fig 1: Mojo Best Brand Award

Fig 2: Snapshots from Mojo's biggest TVC

Fig 2: Speed-AFBL’s second best-selling product

2.4.5 Product Development and Competitive Practices

AFBL’s strength lies on its robust approach to product development which is guided by continuous market research and consumer feedback. The company is quick to understand market trends and consumer preferences, frequently launching new flavors and seasonal products the current market demand. It also emphasizes product differentiation and quality control to mitigate through competition. AFBL’s competitive pricing, extensive distribution network and consistent presence through its marketing campaigns allows it to maintain a strong position in the food and beverage sector of Bangladesh.

2.5 Financial Performance and Accounting Practices

2.5.1 Financial Performance

AFBL is a private limited company, hence its financial data are not public. The following data used and analysed are dummy data but within the parameters of its audited financial report of past 2 years done by M.J. Abedin and Co. Chartered Accountants.

2.5.1 Analysis of AFBL's Statement of Financial Position

AFBL STATEMENT OF FINANCIAL POSITION

Non-Current Assets	**30-Jun-24**	**30-Jun-23**
Property, Plant and Equipment	10,585,596,184	10,366,714,794
Capital Work in Progress	2,055,020,774	1,091,184,084
Investment in Shares	30,000,000	30,000,000
Total Non-Current Assets	12,670,616,958	11,487,898,878
Current Assets		
Inventories	2,875,339,580	1,666,965,355
Trade and Other Receivables	465,866,170	315,578,120
Advances, Deposits and pre-Payments	2,135,732,284	1,915,438,469
Inter-Company Receivables	1,111,192,024	378,555,291
Assets/(Liabilities) for Current Tax	255,138,298	362,194,858
Cash and Cash Equivalents	1,368,088,581	1,043,353,408
Total Current Assets	8,211,356,937	5,682,085,501
Total Assets	20,881,973,895	17,169,984,379
Equity and Liabilities		
Shareholder's Equity		
Issued Share Capital	2,150,000,000	2,150,000,000
Retained Earnings	4,620,201,179	3,878,728,835
Total Shareholder's Equity	6,770,201,179	6,028,728,835
Non-Current Liabilities		
Deferred Tax Liabilities	1,040,773,846	1,141,022,604
Employees Provident Fund	570,884,940	250,735,649
Long-term Bank Loan	2,768,849,977	-
Total Non-Current Liabilities	4,380,508,763	1,391,758,253
Current Liabilites and Provisions		
Short Term Bank Loan	5,327,036,267	6,313,822,075
Trade and Other Payables	2,206,951,515	1,947,468,729
Inter-Company Payable	45,983,212	-
Advances against Sales	550,253,210	598,517,800
Liabilites for Expenses	1,601,039,749	889,688,687
Total Current Liabilities	9,731,263,953	9,749,497,291
Total Equity and Liabilities	20,881,973,895	17,169,984,379

1) Non-Current Assets increased by 10.30%, with a significant rise in capital-work-in progress of 88.33%. This increase in capital work in progress is associated with the sudden rise in demand for Mojo, one of AFBL's flagship products.

2) In the Current Assets section, inter-company receivables had the most significant rise of 193.53% which shows the dependent of other units' on AFBL. Inventories also increased by 72.49% with the overall total Current Assets increasing by 44.51%.

3) In the Non-Current Liabilities section, it can be seen that AFBL had no long-term loans in 2023. This is due to its extremely well managed cash flow operation for which AFBL used to only depend on short term loans. There was a significant increase of 214.75% from 2023 in the total non-current liabilities due to acquiring long term loans of Tk. 276.8 crore.

Overall, AFBL has a stable financial position due to its ethical and well managed financial operation.

2.5.2 Analysis of the Statement of Profit and Loss and Other Comprehensive Income Account

AFBL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	30-Jun-24	30-Jun-23
Revenue	21,086,745,193	19,988,394,587
Cost of Goods Sold	17,236,484,560	16,935,253,897
Gross Profit	3,850,260,633	3,053,140,690
Operating Expenses		
Administrative Expenses	545,135,377	535,009,242
Selling and Marketing Expenses	1,225,072,172	1,014,370,879
Profit from Operation	2,080,053,084	1,503,760,569
Finance Cost	395,171,931	97,041,820
Exchange Gain/(Loss)	12,495	15,627
Net Profit from Operation	1,684,893,648	1,406,734,376
Non-Operating Income	77,154,546	70,956,847
Net Profit before contribution to WPPF and Tax	1,762,048,194	1,477,691,223
Contribution to Workers' Profit Participation Fund	55,752,681	63,397,300
Net Profit before Tax	1,706,295,513	1,414,293,923
Income Tax Expense:		
Current Tax Expenses	828,076,361	576,823,757
Deferred Tax Income/(Expenses)	130,357,758	108,426,571
Total Comprehensive Income for the Year	747,861,394	729,043,595

1) AFBL’s revenue increased by 5.49% from 2023 while it’s COGS increased by mere 1.78%, resulting in a 26.11% gross profit increase.

2) AFBL marketing expenses had a remarkable increase of 20.77% as it looked to capitalize on the boycott movement of Israeli products. The finance cost increased heavily by 307% due to the company acquiring long-term loans and extensive short-term loans than before.

3) Operating profit, Net Profit before Tax and Net Profit After Tax increased by 19.77%, 20.65% and 2.58% respectively.

2.5.3 Accounting Practices

AFBL implies the **consistency principle** of accounting to provide financial reports which comply with the IAS 1 and IAS 8 of the IFRS framework. Moreover, AFBL also follows the **going concern principle** consistently as the company has sufficient cash-in-hand to support its operations. This removes all the threat of bankruptcy or shutting down the company.

Depreciation method: AFBL uses straight line method to depreciate its assets which is done by multiplying a fixed percentage against the asset’s cost. Following this method also complies with IAS-16 which states that non-current assets such as property, plant and equipment, should be depreciated using this method.

Time frame for reporting: AFBL’s financial year covers the period from July 1, 2023 to Jun 30, 2024.

2.6 Operations Management and Information System Practices

Data management and safety is essential at AFBL to ensure efficient communication between hundreds of employees working in the corporate office in Dhaka and Dhamrai where the factory is located. Information system procedures are strictly adhered to ensure operations are carried out swiftly and efficiently.

2.6.1 Integration of Microsoft Office for Operational Efficiency

AFBL uses the Microsoft Office Suite- especially Outlook, Excel and Teams- as core tools for daily communication and coordination. Outlook is the primary email platform responsible for every operation command being carried out across all departments streamlining communication. Microsoft Teams is used for virtual meetings, and real time updates as well as carrying out online recruitment interviews. Lastly, Microsoft excel is the most essential and used tool at AFBL for financial reporting, revenue tracking, budgeting and more due to its functionality and flexibility as well as familiarity among employees.

2.6.2 Strengthening Database Management: Shift to Oracle from ERP

AFBL depended on a conventional ERP system for its company-wide operations management. However, to manage its speedy growth and increased data complexity, the company has shifted its database management system to Oracle Database System since the beginning of this year. This is a strategic upgrade of immense importance as Oracle provides a more secure, transparent and scalable environment to maintain critical data regarding the financials, production, supply chain data. Oracle has also increased employees' productivity as it has the ability to support and process real time data and analytics. Moreover, any report or documents can be prepared instantly by accessing the system reducing lead times in employee operations. However, ERP is still used for HR purposes where attendance, details and other employee information are stored and can be accessed.

2.7 Industry and Competitive Analysis

AFBL falls under the FMCG, more specifically the food and beverage industry of Bangladesh and it is one of the leading companies in the aforementioned industry.

2.7.1 Porter's Five Forces Analysis

1) Threat of New Entrants (Moderate):

a) Capital Requirements: Entering the FMCG sector does not require a high capital investment compared to other heavy industries such as cement or ceramics industry. However, a substantial amount of investment is needed to setup and start the business. Investments include acquiring land, setting up factories, importing machineries etc. For AFBL significant capital is used and reserved for its newly imported CSD lines for increased production to meet its demand. Although, AFBL has also established themselves as a pioneer in this sector, the threat of new entrants is moderate as other large conglomerates such as City Group, with no shortage of capital are interested in entering and competing.

b) Distribution Network- AFBL has established an extensive and broad distribution network accessing the rural areas from where a significant percentage of revenue is generated. With over 2500+ distributors around the country, the company has secured its market share making it difficult for the new entrants by creating a access barrier to lucrative target markets.

c) Brand Loyalty- AFBL has been a household name for beverage and food products since the beginning of its inception with products such as Speed, Mojo, Frutika and Cheese Puffs gaining popularity among both the youth and older generation. Ensuring quality and maintaining a good reputation for such a long time has built a loyal customer base and brand loyalty among the general customers making it harder for new entrants to capture market and gain their trust.

d) Regulatory Environment- AFBL has always maintained the necessary regulations and compiled with food safety, BSTI and environmental standards while competitors have failed at such circumstances. For instance, when all the electrolyte drinks were cancelled for retail because they failed to comply with the BSTI standards, AFBL's electrolyte drink, Turbo, was the only exception. Such strong regulatory compliance will deter new players and also cause trouble for the established players as well.

2) Threat of Substitutes (High):

a) Numerous alternatives- There are a handful of substitutes for AFBL's products for which the threat of substitutes is high. Consumers may opt for competitors' products if AFBL cannot satisfy their needs. For instance, Mojo faces competition from both local and international brands such as Maxx Cola and Coca Cola respectively at a similar price range.

b) Innovation and Differentiation- AFBL has been putting constant efforts to innovate and differentiate its products to tackle the threat from its substitutes. This can be seen as they have introduced new flavor of Frutika unlike its biggest competitor Frooto, which has only one flavor.

Overall, even though the threat is high and ever existing, AFBL has been continuously innovating to retain their customers and market share.

3) Bargaining Power of Suppliers (Low):

a) Availability of Raw Materials- The primary raw materials such as sugar, biax films, cans are largely commoditized and can be sources or imported from multiple suppliers offering flexible rates.

b) Switching Costs: Being one of the leading companies in this sector, AFBL has the flexibility to change suppliers since switching costs are low.

Overall, the bargaining threat of suppliers is low due to their limited influence over prices and terms.

4) Bargaining Power of Buyers (High)

a) Consumer's Options- Consumers have a wide variety of products to choose from as alternatives to AFBL's products are available such as Coca Cola, Frooto, Royal Tiger etc. which increases the bargaining power of buyers.

b) Price Sensitivity: The FMCG sector is extremely price sensitive as being a B2C sector, it heavily relies on consumers. Moreover, since a large percentage of the customer base hails from rural and semi-urban markets, a shift in price may have drastic implications on such companies and AFBL is no exception. However, AFBL has kept this issue in consideration and are constantly trying to keep their customers satisfied with their fair and low prices.

Retailer Influence: Large retailers and distributors might influence some bargaining power as they play a role in shelf space and. However, this can be mitigated due to consumers' brand loyalty to AFBL and its products.

Overall, due to numerous options, the bargaining power of buyers is high for AFBL and will always be high. It can only be mitigated and not reduced.

5) Industry Rivalry

a) Competitive Market: Bangladesh's FMGC sector is extremely competitive with key competitors such as Pran, Coca Cola and others actively trying to innovate and capture market share. Moreover, new players like City Group have also been making the sector much more competitive.

b) Branding Wars:

2.7.2 SWOT Analysis

Strengths

a) Strong Brand Portfolio: AFBL owns multiple trusted and recognized brands such as Mojo, Speed, Frutika which have become a household name and of strong recall in Bangladesh. It has also a significance presence in foreign countries such as Malaysia and Saudi Arabia making it a renowned brand globally.

b) Local Identity: AFBL has always associated its products with nationalistic sentiments which align well with Bangladeshi consumers and its pride especially after the July uprising of 2024.

c) Strong Rural Accessibility: AFBL has always prioritized penetrating the rural markets since the beginning foe which it has been able to create strong brand presence in rural and semi urban markets. This has always been one of the main strengths of AFBL which has given it the competitive edge it needs to beat its competitors.

Weaknesses

a) Heavy reliance on Beverages: A significant portion of AFBL's portfolio relies on its beverage products which create a lack of depth for the company as it fails to capitalize on growing categories of products such as Chanachur, Daal Bhaja.

b) Failure in Forecasting: AFBL has always had a reputation of not being able to forecast their demand properly. There have been complaints about products not being available during summer, its peak business season. Moreover, launch of new products have also faced the same issue where the products gained popularity rapidly but failed to meet the demand in near future due to low production, contributing to significant market share loss.

c) Limited International Exposure: In comparison to other key and global FMCG companies, AFBL export operations are limited. For instance, PRAN has set up a foreign production plant in India to capture the Indian market whereas AFBL has no significance exposure in such a big market with similar consumer taste and preferences.

Threats

a) Fierce Market Competition- Intense competition in the FMCG sector, from local and global giants such as PRAN, Coca Cola, Pepsico etc. serves as the primary threat for AFBL as all the companies try to maintain a strong brand presence and distribution network.

b) Shift in Consumer Preference- Consumers' taste and preference are extremely volatile and tends to change frequently. One of the rising threats to AFBL is consumers' shift of preference towards healthy products and lowering consumption of carbonated beverages. If AFBL do not innovate or address these challenges, this threat can massively hurt their business.

c) Raw Materials' Prices: Sudden changes in prices of raw materials tend to have impacts on the cost, price and margins. Since most of the raw materials are imported, prices must be hedged in order to keep the selling price competitive and the margins stable.

Opportunities

a) Increased Disposable Income: Bangladesh's disposable income has significantly increased in the past couple of years which creates an opportunity for AFBL to expand and diversify its product line by introducing healthier and premium product lines. AFBL did capitalize on this factor by introducing Speed Green Apple and Speed Ginger, two premium products and also Clemon Zero, a healthier product.

b) Competitor's Decline: In the past 2 years, one of the biggest competitors of Mojo (a product of AFBL), Coca Cola, has faced immense public backlash and calls for boycott for their involvement in the Gaza genocide. Mojo has already capitalized on this opportunity to increase its operations and popularity in the urban areas where it was not the first choice of soft drink. They have the opportunity to be the biggest market share holder of the in the soft drink category and maintain it for the future. Plans and development are already underway for a massive growth in future.

c) Nutritional Product Line: AFBL has recognized consumers' need in preferring healthier and nutritional food items and started to develop such products. This is one untapped category yet to be explored by the AFBL's competitors and AFBL have the perfect opportunity to start early and gain a first mover advantage. Products such as Aafi dried fruits (yet to be released in large scale) will gain immense popularity among the youth as they are the biggest target customers of such nutritional products.

2.8 Recommendations

Overall, from my experience I do not have much recommendations for AFBL as they have built an extremely well governed and positive work place environment where everyone is welcoming and supporting. From the top management to executives everyone looks out for each other and collectively they have built a trust which is been great for the company.

However, my suggestions would be to streamline some organizational process such as the signatures allocating specific time or having any 2 always available for immediate purposes. Furthermore, AFBL is still behind in undertaking some major decisions to catch a large market such as providing fountain machines at restaurants, cinema halls which are in need of them since the boycott movement. My suggestion would be to take such necessary steps as soon as possible rather than wasting any time.

2.9 Conclusion

In conclusion, this chapter effectively addresses the objectives by presenting a comprehensive overview of AFBL's strategic marketing and management initiatives, which appear to contribute positively to its organizational development. It also tried to confirm well-integrated information systems and play a vital role in supporting AFBL's operations. Moreover, the financial performance of the last two years shows consistent progress, reflecting the company's focus on growth and sustainability. The industry and competitive analysis also provide a clear understanding of AFBL's position in the market, showcasing its strengths and areas where strategic improvements could enhance its presence.

Chapter 3

Project Part

3.1 Introduction

The financial landscape in Bangladesh has conventionally been influenced by traditional banking and loan financing solutions which includes businesses availing short term and long-term financing. However, due to the rise of globalization and complexity of international trade coupled with the challenges of foreign currencies' liquidity, other financing mechanisms have come to light. One such instrument is Export Credit Agency (ECA) financing. ECA is a long-term, low-cost financing supported by government backed guarantees/securities. Additionally, Sharia -based Islamic financing has been a popular financing instrument in Bangladesh. Numerous Islamic banks run all their operations based on Shahria laws. But companies in Bangladesh have not tapped into the Islamic ECA loan mechanism except for Akij Food and Beverage Ltd.

3.1.1 Background

AFBL's recent and Bangladesh first Islamic ECA loan showcases a pioneering transaction in Bangladesh's financial sector. It is not only significant for being the first Sharia compliant ECA financing but because it highlights the potential for trade finance solutions in a growing yet volatile economy where sudden inflation, rising interest rates, dollar shortages can hamper trade and businesses. The loan was acquired in 2024, arranged by Standard Chartered Bank (SCB) Bangladesh along with assistance from SCB Singapore and Germany. The Export Credit Agency (ECA) for this transaction is Euler Hermes, Germany.

3.1.2 Objectives

The main purpose of this report is to highlight how AFBL's Islamic ECA financing will act as a pioneer in changing the financial landscape of Bangladesh. Furthermore, it will also assess the motivations, role of financing, regulatory challenges of the transaction and how other businesses can tap into this unexplored area to benefit themselves.

3.2 Literature Review

ECA financing has been a recognized tool in global trade, specifically in developed countries where government backed ECA facilitates cross border transactions worth billions every year. According to BERNE Union (2023), ECAs support over $500billion in trade annually through loans, insurance and more. Some of the agencies such as US EXIM Bank or Euler Hermes of Germany play crucial roles in enabling large-scale infrastructure, import and export projects by reducing lender risks and offering competitive terms of finance (Stephens, 2021). However, compared to the global scale of ECA operation, Bangladesh and other developing economies rarely utilize this financing mechanism. This difference stems due to regulatory constraints, low awareness among banks and NBFIs and the absence of domestic ECA framework (Ahmed & Rahman, 2023).

Strict foreign exchange regulations and capital controls in South Asia create difficulties for entities to participate in ECA financing, forcing them to rely on other costlier financing options (Kumar & Sing, 2021). According to Bangladesh Bank's Annual Report (2023), a particular challenge that exist for businesses not having the freedom to avail ECA financing are the ongoing dollar liquidity crisis, even though the situation is better than before. This challenge along with others force companies like AFBL to seek costlier financing methods.

These findings, however, should be given importance to find the need for tailored solutions that address Bangladesh's unique financial ecosystem.

The integration of Sharia-backed Islamic principles of finance with ECAs, opens another area of research, particularly in Bangladesh's rapidly growing Islamic banking sector. According to studies conducted by the Islamic Development Bank (IsDB, 2023), Murabaha which is cost plus financing and Ijara (leasing) contribute the most to Sharia-compliant trade finance globally although, Islamic ECA deals have been successfully pioneered in Pakistan and Malaysia (Moody, 2022), unlike Bangladesh where regulatory framework and real-life examples make it difficult. THE AAOIFI Sharia Standards (2021) provides a foundation for the framework regarding such transactions, emphasizing asset-backed finance and risk-mitigating principles that comply with both Islamic law and ECA requirements.

Study done by Hossain & Karim (2023) concluded that almost 80% of Bangladeshi firms depend on short term LCs and have limited access to the long-term financing solutions such as ECA. However, challenges such as hedging against foreign currency and more did not stop AFBL and SCB to avail the first Islamic ECA loan in Bangladesh. This deal portrays the viability of multi-jurisdictional collaboration, involving SCB Germany and SCB Singapore in helping to navigate Bangladesh's single-borrower exposure limit and forex restrictions while maintaining Sharia compliance.

3.3 Methodology

The study used a case study methodology, focusing on AFBL's Islamic ECA loan as an example of trade finance in Bangladesh as this approach allowed for an extensive examination of the loan's structuring, market impact and regulatory challenges.

Moreover, documents regarding the loan agreement, Islamic finance guidelines along with annual reports of AFBL were also viewed and analyzed. For more authentic data, interviews were also conducted with the Senior Manager and Assistant Manager of AFBL's treasury department who were the key stakeholders in the process of acquiring the loan from the beginning. In addition to these, a comparative analysis between Bangladesh's ECA landscape and the global markets were done using data from the World Bank reports.

3.4 Understanding ECA Financing

Export Credit Agencies are institutions- typically government-owned or backed- which provide loans, insurance to enhance cross border trade. The main role is to mitigate risks by securing financing with lower interest rates and long tenure compared to traditional loans.
ECAs operates in two ways:

1) Direct lending: Where ECA facilitates loans to foreign buyers e.g., US Exim Bank etc.
2) Guarantee Programs: ECA insures the commercial banks against default, encouraging them to lend.

On a global scale, ECA support 15-20% of all trade financing, especially in sectors such as heavy machinery, energy, chemicals and infrastructure, all of which are capital-intensive.

3.4.1 The Surge of Islamic ECA Financing

Islamic financing which follows the Sharia compliance, have been a popular financing instrument in Asia especially in countries such as Bangladesh, Pakistan and Malaysia. Murabaha, Bai Muajjal, Bai Istisna and more are some types of financing which are popular in these countries. However, due to regulatory constraints and lack of domestic infrastructure unlike Pakistan and Malaysia, Bangladesh has not yet capitalized on the field of Islamic ECA financing. AFBL's groundbreaking deal should serve as a beginning of the emergence of Islamic ECA loans in Bangladesh.

3.4.2 Why is ECA Financing Underdeveloped in Bangladesh?

One of the primary reasons is due to lack of awareness and expertise in local banks and corporates where ECA mechanisms are unfamiliar. Heavy reliance on short term financing and unwillingness of banks to opt for other alternatives due to rigorous process cause corporates to rely on high-cost short term loans. Moreover, one of the biggest reasons for the absence of ECA culture in Bangladesh is due to a lack of dedicated ECA such as that of India's ECGC or Malaysia's MECIB which allows them not to rely on foreign agencies unlike Bangladesh.

3.5 AFBL's Islamic ECA Loan

Before delving deep into the details of this deal, the structure of the deal is presented below.

Borrower	Akij Food and Beverage Ltd.
Lender	Standard Chartered Bank London
Aggregator	Euler Hermes Germany
Beneficiary	Jebsen and Jessen Industrial Solutions
Tenor	10 years
Loan Amount	BDT 400-500cr
Interest Rate	EURIBOR+1-2%
Islamic Mechanism	Murabaha Financing

3.5.1 AFBL's reasons to opt for Islamic ECA Financing

1) Low finance costs: ECA backed loans offer a much cheaper interest rates (usually LIBOR/SOFR +2-3%) than local commercial loans which range from 13-14%.

2) Dollar liquidity crisis: Bangladesh have been facing immense dollar liquidity crisis since the beginning of Russia-Ukraine War in 2022. The Bangladeshi taka has also significantly

depreciated against the US Dollar as well. The depreciation of taka, recession followed by dollar liquidity crisis made it extremely difficult for Bangladeshi corporates and businesses to open LCs and AFBL faced no exception. Rising demand for its products and the need to expand its production capacity, it had no choice but to opt for offshore ECA financing as it bypassed local forex constraints.

3) Exposure Limit Management: According to Bangladesh Bank, the single party borrower exposure limit for corporate businesses is 25% of the bank's total capital. For AFBL, taking such a big amount of loan wouldn't have been possible in Bangladesh as it would exceed their exposure limit. Therefore, the management of AFBL opted for an offshore ECA financing. This was a strategic move undertaken to mitigate the risk of loan concentration and securing a large loan even during the country's fragile economic state.

4) Long-term Repayment- AFBL's long term loans disbursed by local banks at a tenor of maximum 3-5 years make it difficult and costly for AFBL to secure loans and expand its businesses. However, such was not the scenario in case of the ECA loan. The loan was disbursed at a tenor of 10 years, providing it the flexibility in the repayment process.

3.5.2 Challenges faced by AFBL in the process of acquiring Islamic ECA financing

1) Multi-Jurisdictional Coordination- The process involved three Standard Chartered Bank branches, including SCB Bangladesh, SCB Singapore and SCB Germany.

2) Mitigation of Risk: The hedging of BDT against USD rates and the forex volatility was essential to this deal although the ECA guarantee did ensure lender protection.

3) Regulatory Challenges and Approval: Regulatory challenges involved getting approval from Bangladesh Investment Development Authority (BIDA) as such a foreign investment

proposal was not proposed before. It took 2 months to get approval from BIDA for this transaction.

4) Extra Cost Incurrence: Extra costs involved security agency fees, investment agency fees and other miscellaneous costs.

5) Structuring of Facility Agreement- The Islamic Structure of this agreement of this loan was drawn up and structured by Norton Rose Fulbright, Singapore. The agreement known as Master Murabaha Agreement was also time consuming as such documentation was not available and had to be prepared from scratch.

3.6 Global ECA Markets VS Bangladesh's ECA Market

Feature	**Global Markets (e.g., USA, Saudi Arabia, Germany)**	**Bangladesh**
ECA Pool	30-40% of trade finance	<5% of trade finance
Islamic ECA Deals	Common in Gulf countries	AFBL's one is the first.
Government Support	Weak	Strong

3.7 Recommendations

In order to make ECA and Islamic ECA loans more accessible and convenient, regulatory reforms such as establishing a Domestic ECA such as that of India's GBEC and easing forex restrictions for frequent ECA deals.

Moreover, initiatives should be undertaken by local banks to form ECA structuring and develop more extensive Islamic banking framework.

Lastly, corporate awareness should be carried out to educate large corporates or businesses who are involved in cross border businesses and promote the successful deals like AFBL's one.

3.8 Conclusion

The sole purpose of this study was to showcase the possibilities of ECA and Islamic ECA financing in Bangladesh. This was accomplished by taking in context Bangladesh's first Islamic ECA loan taken by Akij Food and Beverage Ltd. Although Bangladesh is significantly behind in this particular segment of financing, the scope or limitations which persist can be resolved quickly by undertaking the right reforms and steps and consistent support from the government. The leading companies of the country should also put pressure on the authorities to facilitate such financing and also opt for such alternative as well.

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