

Lovello sets sights on untapped rural markets

MD of Taufika Foods and Agro that markets Lovello ice-cream shares plans and thoughts with The Daily Star

AHSAN HABIB

The government's efforts to ensure electricity at rural areas have opened the doors to a vast untapped market for the ice-cream and processed food sectors, said Md Ekramul Haque, managing director of Taufika Foods and Agro Industries.

Taufika Foods and Agro launched its Lovello Ice Cream brand on February 14, 2016.

Five years later, 60 per cent of Lovello's sales came from the country's rural areas.

And so, the company now aims to become the number one local ice-cream brand through higher sales in the countryside.

"We achieved the number three position in terms of market share within four years of inception," Haque said.

Lovello is available even in places where any branded ice-cream is seldom heard of such as St. Martin's island, Bandarban and Khagrachari.

"It might not be profit-worthy to always go for sales in the countryside but we do not think about profit in every step," he said, adding that when people find their product in remote areas, it boosts the brand image.

In response to a query, Haque said the absence of branded ice-cream products at affordable prices in rural areas made it possible for Lovello to grab such a great share of the market.

"Our research shows that around 150,000 shops in these areas can keep a refrigerator for their business but major ice-cream producers



Md Ekramul Haque

are yet to reach them. "So, we are adding 16 more vehicles to our transportation fleet and adding 10 more depots," he added.

The export of locally made ice-cream also has good potential.

For example, India's domestic market for ice-cream is worth around \$124 crore, making it a potential destination for exports.

"So our target is not a dream only," Haque said.

Last year, the ice-cream industry registered sales of around Tk 1,500 crore whereas the market size was around Tk 2,000 crore earlier.

This is because there was a gap between the real market for ice-cream and sales due to the lack of preparation for Covid-19 from ice-cream producers.

On the other hand, the ice-cream market witnessed double-digit growth.

"So, we are going to expand our business," the managing director added.

Lovello currently has the capacity to produce Tk 500-700 crore worth of ice-cream products annually.

Taufika raised Tk 30 crore from the stock market when it got listed with the country's bourses earlier this month.

The company believes the proceeds from the initial public offering will help it increase its production capacity by another Tk 300 crore within 2022.

"So our production capacity would be around Tk 1,000 crore within one or one and a half years," he said.



"We dream to tie up with a good foreign ice-cream brand. But to do so we needed a compliant factory and needed to be listed with the stock market," Haque added.

"Raising a fund was not my intention but to be listed as a good company and see its valuation is the main target," Haque said, adding that Lovello will be a blue-chip stock within five years.

Blue-chip companies are those that have higher capital and pay dividends consistently.

In regards to product innovation and diversification, Haque said that Lovello recently launched its Shahi Khajur Malai ice-cream, which is made of date palm jaggery.

"This is our own recipe," he added.

Lovello launched a few smaller products at lower prices so that university students could afford them.

"A cone ice-cream worth Tk 70 is costly for a university student. So, we launched Mini Cone at half price. It was a first of its kind initiative in the industry and a hot product."

He said almost 15 per cent of the company's sales come from the single mini-cone item.

The low price also allows the general public in rural areas to easily afford the product.

The frozen foods sector has huge potential for export as well alongside local market demand.

Taufika Foods has plans to go for frozen foods now, Haque said.

"We have already selected our products to make a foray into the frozen foods market within the next six months."

Initially, Lovello will start with 10 lines where products such as Paratas and Samuchas will be produced.

"We also have a plan to produce chocolate in the country," Haque said.

Most of the chocolates consumed in Bangladesh are imported and so Lovello has plans to begin chocolate production from next year.

The brand's mother company is largely based on construction, engineering and consultancy while Haque has a presence in the banking sector as well. He is the director of NRB Bank.

"But my dream business is ice-cream," he said.

Haque admires the beauty of ice-cream as a product and that is why he came into the industry.

"We named our brand relating to the word love," the managing director said.

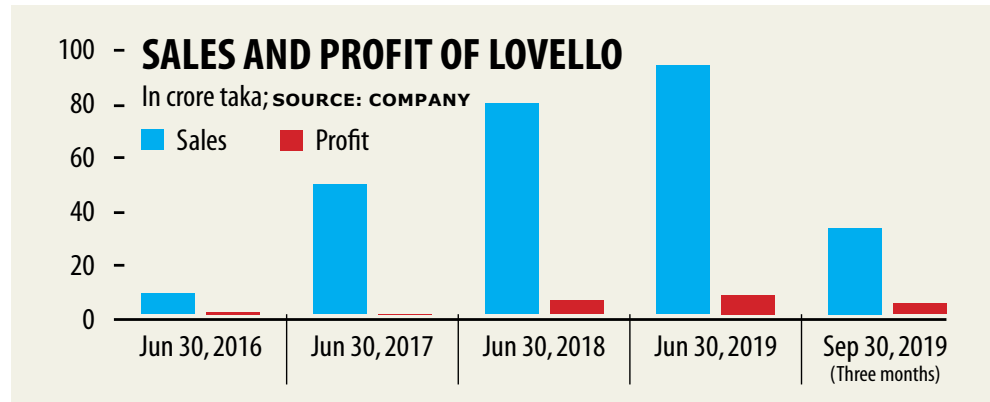
And so, it is no coincidence that its commercial operation started on February 14 or the Valentine's Day.

"Although I am a civil engineer, ice-cream suits my mindset better," he said with a smile.

The local ice-cream industry has huge potential but there are few market players, making it easy to reach the number one spot.

"Thanks to the government's massive works for rural electrification, we were able to launch operations in the rural areas," Haque said.

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Product	Contribution (%)
Mini Cone	15%
Hidden Heart-Single	15%
Cup Regular	15%
Maxi Cone	12%
Chocobar Regular	8%
Kulfi-50ml ice-cream	7%
Crunchy Bar Mini	5%
1 litre container normal	4%
500ml container	4%
250ml container	3%

Climate action in fashion, as big clothing brands back Bangladesh recycling scheme

REUTERS, Dhaka

Major fashion brands, including H&M, M&S and C&A, are getting behind an initiative in Bangladesh that aims to use more recycled materials in clothing production and significantly cut planet-heating emissions from manufacturing by 2030.

The Circular Fashion Partnership, announced this week, brings together more than 30 international brands, Bangladeshi recycling firms and garment manufacturers in a push to reuse textile waste from clothing factories to create new products.

If successful, the initiative could be replicated in other countries, such as Indonesia and Vietnam, and help cut the broader fashion industry's emissions, said the Global Fashion Agenda (GFA), a nonprofit body that is leading the new scheme.

In 2018, the sector's greenhouse gas (GHG) emissions were just over 2 billion tonnes, a figure that needs to be halved by 2030, to be in line with global climate goals, said the GFA.

"Reducing environmental impacts such as GHG emissions and circularity go hand in hand," said GFA spokeswoman Alice Roberta Taylor in e-mailed comments.

The partnership would cut carbon emissions from clothing production and demand for raw materials, which include fossil fuels, by slimming down the amount of waste and increasing the use of recycled materials over virgin materials, she noted.

Under the 2015 Paris climate accord, nearly 200 countries agreed to slash greenhouse gas emissions to net-zero by mid-century and limit global average temperature rise to "well below" 2 degrees Celsius above preindustrial times.

According to 2020 research by the GFA and McKinsey & Company, the fashion industry produces 4 per cent of global climate-warming emissions - equal to the combined annual emissions of France, Germany and Britain - and needs to intensify its efforts to align with the Paris Agreement goals to curb climate change.

The UN Environment Programme in 2019 put the fashion industry's share of global carbon emissions at 10 per cent - more than all international flights and maritime shipping combined - and said it was the second-biggest consumer of water.

Bangladesh - a low-lying nation considered highly vulnerable to



REUTERS/FILE

Bangladeshi garment workers make protective suit at a factory amid concerns over the spread of the coronavirus disease in Dhaka.

climate change impacts such as intensifying floods, storms and sea level rise - is the world's second-largest producer of clothes and its economy depends heavily on the garment industry.

But most waste from the industry is either exported or down-cycled for less

valuable uses, said the GFA, adding the circular plan aims to change that by increasing the value of the waste.

Miran Ali, a director at the Bangladesh Garment Manufacturers and Exporters Association, said it was time for the fashion industry to move away from a linear business model of

"take-make-dispose" and towards a circular approach.

As Bangladesh factories produce items in large volumes, their waste is standardised, making it relatively easy to deal with, he noted. "Therefore, Bangladesh can be a global leader in the area of circular economy," he said

in a statement.

The Green Climate Fund, set up to help developing nations adopt clean energy and adapt to climate change, approved a separate project last year to help cut emissions in Bangladesh's garment sector by enabling more efficient energy use.

H&M, one of the Bangladesh industry's biggest clients, told the Thomson Reuters Foundation it is working on transforming its whole business to become "fully circular and climate positive."

To get there, the Swedish fashion chain's targets include making its supply chain "climate neutral" - meaning it does not contribute to global warming - and only using recycled or other sustainably sourced materials, both by 2030.

"As we move towards a business model based on a circular economy, our climate agenda is pushed. And we want to use our size and scale to make a difference," Cecilia Strömblad Brännsten, H&M Group's environmental sustainability manager, said by email.

The Thomson Reuters Foundation is in a partnership with the Laudes Foundation, which is affiliated with the retailer C&A.

GLOBAL BUSINESS

Yellen urges G7 to go big on stimulus

REUTERS, Washington

US Treasury Secretary Janet Yellen on Friday urged G7 finance leaders to "go big" with additional fiscal stimulus to recover from the coronavirus pandemic and told them that the Biden administration was committed to multilateral engagement and fighting climate change.

The Treasury said in a statement that Yellen emphasized the need to provide more fiscal support to promote a robust and lasting recovery, telling her G7 counterparts: "the time to go big is now."

The Treasury also said Yellen expressed strong support for G7 efforts to tackle climate change, telling finance ministers and central bank governors that the Treasury Department's engagement on this issue would change dramatically compared to the last four years under the Trump



Janet Yellen

administration.

Yellen's predecessor, Steven Mnuchin, often resisted inclusion of language on climate change in G7 and G20 communiqués.

"We understand the crucial role that the United States must play in the global climate effort," the Treasury statement quoted Yellen as saying.

Yellen also told the meeting that G7 countries should work with international financial institutions, such as the International Monetary Fund and World Bank, to address challenges facing low-income countries that are struggling to respond to the pandemic.

Her statement made no mention of increasing IMF resources to aid struggling countries, nor a new issue of IMF Special Drawing Rights, a topic that was to be discussed at the meeting.

ByteDance explores sale of Indian TikTok assets to rival firm Glance

REUTERS, Tokyo

China's ByteDance is said to be exploring the sale of the India operations of TikTok to rival unicorn Glance, Bloomberg News reported on Saturday.

The discussions, initiated by Japan's SoftBank Group Corp, are private, early and complex, the report said, citing people familiar with the matter.

Glance's parent, mobile advertising technology firm InMobi, also owns short-video app Roposo that has gained in popularity after TikTok was banned by the Indian government in July last year.

SoftBank is a backer of InMobi Pte as well as TikTok's Chinese parent, ByteDance, the report added.

Softbank, ByteDance and InMobi, did not immediately respond to Reuters request



AFP/FILE

A view of the TikTok building is seen in Culver City, California.

for a comment.

Last month, ByteDance reduced its 2,000-plus India team and said in a company memo that it's unsure of resuming operations in India.