



Credit Rating Report Bengal Windsor Thermoplastics Limited [Surveillance]

Particulars	Ratings	Remarks
Bengal Windsor Thermoplastics Limited	AA ₃	Entity
BDT 230.70 million Long Term Outstanding secured by FDR	AA ₁ (Lr)	Please see Appendix-1 for details
BDT 1.98 million Lease outstanding	AA ₃ (Lr)	
BDT 192.00 million Non funded limit	ST-2	
Rating Outlook	Stable	-

ST-Short Term; Lr-Loan Rating

Date of Rating: 29 December 2012

Validity: The Entity is valid up to 28 December 2013 and loan ratings are valid up to limit expiry date of respective credit facilities or 28 December 2013 whichever is earlier.

Rating Based on: Audited Financial Statement as on 30 June 2012, Bank Liability position as on 15 October 2012 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

Auditor:

Methodology: CRAB's Corporate Rating Methodology (www.crab.com.bd)

Analysts:

Mavin Ahmed

mavin@crab.com.bd

Munni Banik

munni@crabrating.com

Financial Highlights

	Months	Year Ended June 30			
		(12)	(12)	(12)	(12)
<i>Stand Alone Basis</i>		2012	2011	2010	2009
Net Sales (Mill. BDT)		795.01	638.89	606.09	478.33
EBITDA (Mill. BDT)		291.49	197.21	171.99	128.95
Net Profit After Tax (Mill. BDT)		193.51	172.04	156.27	109.21
CoGS as % of Sales		64.6%	66.3%	67.5%	68.0%
EBITDA Margin (%)		36.7%	30.9%	28.4%	27.0%
Net Profit Margin (%)		24.3%	26.9%	25.8%	22.8%
Return on Avg. Asset (%)		12.6%	17.3%	27.9%	24.7%
Current Ratio (x)		5.37	3.63	7.42	5.28
Quick Ratio (x)		3.60	1.61	4.43	3.29
Cash Conversion Cycle (Days)		283	245	160	91
Total Assets (Mill BDT)		1,714.00	1,348.03	638.01	481.82
Total Shareholders' Equity (Mill. BDT)		1,234.95	1,053.09	561.05	404.78
Cash Flow from Operation (BDT Million)		30.89	106.90	(7.23)	40.23
Free Cash Flow (BDT Million)		(92.67)	(45.13)	(7.86)	39.25
Total Debt/Total Assets		0.28	0.22	0.12	0.16
Borrowed Fund/Shareholders' Equity (x)		0.19	0.20	0.10	0.11
Borrowed Fund/EBITDA (x)		0.80	1.04	0.32	0.34
EBIT/Interest (x)		5.14	12.16	17.67	9.12

Note: Amount in around numbers

PROFILE

Bengal Windsor Thermoplastics Limited (hereinafter referred as "BWTL" or "The Company") was incorporated on 02 January 2002 as a Private Limited Company. Its registered office is situated at Dhaka and its factory is at DEPZ Extension area, Savar.

Based on its audited financial statements as on 30 June 2012, BWTL reported sales of BDT 795.01 million and net profit of BDT 193.51 million.

RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned **AA₃** (*Pronounced as Double A Three*) rating in the long term to Bengal Windsor Thermoplastics Limited. CRAB has also assigned **AA₁** (Lr) to BDT 230.70 million long term loan outstanding. CRAB has also assigned **ST-2** to BDT 192.0 million non fund based limits of the Company.

The rating of BWTL takes into consideration 10 years of operation track record of the Company, support from Bengal Group, and tie-up with global hanger leaders, capacity expansion and utilization as well as stable and gradual increment of the performance of the Company. The rating also takes into account the sound profitability, lower level of leverage and comfortable coverage position. However, CRAB also views that stretched liquidity position due to working capital intensity in the form of receivables, growth of export by apparel industry of Bangladesh, as well as further capacity expansion and facilitating its strategic subsidiary would be a challenge of the Company.

BWTL is an apparel hanger manufacturer which is a concern of Bengal Group which gained recognition in different areas of plastic products. Current capacity of BWTL is 0.45 million pieces per day with 12 production lines. Major raw materials of BWTL are petrochemical byproducts PP, K-Resin, GPPS, HIPS as well as other accessories and master batch pigments. Imports are made mostly from Middle East countries, Korea, Singapore, China, India etc. After the establishment of its subsidiary - Bengal Petrochem & Synthetic Textiles Ltd., BWTL may source major portion of its raw materials from it in future. Though raw material consumption is the largest cost component of BWTL, factory overhead and administrative expenses also put pressure on its revenue. BWTL sometimes faces target shortfall due to power failure, machine maintenance, and mold change.

Entire sales of BWTL comes from deemed export of apparel hangers. Due to the industry nature and high receivable period, its liquidity position is stretched and due to CAPEX in FY2011 and in FY2012, its Free Cash flow position is negative in those years. The Company imported molds and machines for expanding its product variations in FY2012.

BWTL exhibits consistent performance over last seven years and posted CAGR of Sales of 26.5% in FY2012. Due to global financial crisis, its business growth was sluggish in FY2008 and FY2009, but it improved again in FY2010. However, capacity expansion and restructuring activities slowed its growth in FY2011. BWTL's Asset Coverage and Cash flow coverage ratios also signal strong position in FY2011, but due to conversion of overdraft into term loan the Company's EBIT/Interest ratio decreased from 12.16x FY2012 to 5.14x in FY2012.

Compared to previous year, BWTL's borrowed fund outstanding was increased in FY2012 due to taking a SOD (later converted into term loan) facility from NCC bank which was taken for financing its expansion and subsidiary. Its borrowed fund/equity is 0.19x in FY2012 (0.20x in FY2011) and Borrowed fund/EBITDA was 0.80x in FY2012 (1.04x in FY2011) which was increased slightly due to the term loan. In FY2011, the Company decided to invest the IPO fund for its subsidiary, but later in FY2012 the management of BWTL changed the plan and envisaged to infuse the IPO fund for vertical expansion and capacity build up by 2013–2014.

■ KEY RATING DRIVERS

Rating Positives

- + Long Track record and experience of the Management
- + Long term relationship with board range of buyers
- + Affiliation with globally recognized hanger brands
- + Strong Group profile
- + High profitability and strong equity base

Rating Challenges

- Buyers are concentrated in the RMG industry; so, any downfall in overall RMG export may have impact on its performance
- Power shortage in Dhaka EPZ
- International Price volatility of petrochemical byproducts

■ BACKGROUND

Bengal Windsor Thermoplastics Limited is one of the largest garments accessories manufacturers in Bangladesh dedicated to the production of hangers for other exporters. It is a concern of Bengal Group of Industries, a leading industrial conglomerate of Bangladesh having expertise in various areas of plastic products in Bangladesh.

Table 1

Major Milestones

Date	Achievements
2 January 2002	Incorporated as Private Company under the name of Bengal Build-up Bangladesh Ltd.
27 May 2005	Changed its previous name to Windsor Plastics (BD) Ltd.
14 December 2010	Name changed again to Bengal Windsor Thermoplastics Ltd.
29 December 2010	Became a Public Limited Company

The Company has ten lines of hanger manufacturing machines and most of the machineries were imported from Taiwan and China. These machines have been installed in 2004 and 2011 with an average production capacity of 16,660 pieces per hour totaling 400,000 pieces per day. The factory is situated at 181–182 DEPZ Extension Area, Savar, Dhaka and is operating in three shifts (8 hours/shift). BEPZA charges BWTL US\$2.20/sq. meter monthly rent for its 4006 sq. meter factory land. According to lease agreement, BWTL has to pay the land rent to BEPZA. The factory infrastructure (pre engineered building) was erected and installed by Zamil Steel, KSA. The Company



received BS EN 9001:2008 certification for the quality management system from AJA Registrars Ltd., UK which is valid till 21 April 2013 [Date of original registration – 22 May 2007 and the Certificate#AJA07/11629].

Shareholding and Board Composition

The authorized share capital of BWTL is BDT 1,000.00 million and paid up capital is BDT 540.00 million divided into 54 million ordinary shares of BDT 10 each.

Table 2

Shareholding & Board Composition

Name	Number of Shares held	Designation	Shareholding
Arifa Kabir	23,460,000	Director	43.4%
Morshed Alam	7,820,000	Chairman	14.5%
Bilkis Nahar	2,300,000	Director	4.3%
Jashim Uddin	4,600,000	Director	8.5%
Humayan Kabir	2,300,000	Managing Director	4.3%
Firoz Alam	1,840,000	Director	3.4%
Shamsul Alam	1,840,000	Director	3.4%
Saiful Alam	1,840,000	Director	3.4%
Institutional Investor	6,223,000	–	11.5%
Individual Investor	1,777,000	–	3.3%
Total	54,000,000	–	100.0%

Profile of Bengal Group

Bengal Group of Industries is one of the largest plastic processing Groups in Southeast Asia producing 1.5 million pieces of plastic apparel hangers, more than 500,000 pieces of poly bags, 200,000 meters of strapping bands, 100,000 pieces of packaging tapes and 150,000 pieces of woven sacks each day.

Table 3

Group Financial Highlights in FY2012 (Mill. BDT)

Company Name	Established in	Year ended June 30				
		Revenue	Net Profit	Total Asset	Total Liability	Net Worth
Bengal Polymer Wares Limited	2006	1023.70	34.60	832.00	796.35	35.25
Bengal Polycord Limited	1985	315.67	26.16	411.07	314.35	96.72
Bengal Poly & Paper Sack Ltd	2002	526.54	46.00	1,073.69	639.91	433.78
Romania Food & Beverage Ltd.	2004	818.77	9.41	539.24	475.253	63.994
Bengal Windsor Thermoplastics Ltd	2002	795.01	193.51	1714.35	506.40	1234.95
Bengal Plastic Industries Ltd	1981	1809.00	329.00	2704.78	2413.23	291.55
Bengal Adhesives and Chemicals Products Limited	2000	414.60	68.19	310.39	104.36	206.03
Total Group Performance		5,703.29	706.87	7,585.52	5,250.85	2,362.27

**Information provided by Bengal Windsor Thermoplastics Limited*

- Hanger manufacturing: **Bengal Plastics Industries Limited**, has two factories in Tongi and Ashulia, Dhaka, having 73 lines of hanger and plastic accessories manufacturing capacity totaling 1.2 million pieces per day.
- Plastics furniture: **Bengal Polymer Wares Limited**, located in Zirani Bazar, Gazipur has capacity to produce 100,000 pieces of chairs, tables, stools and other household products per day.



- Poly bags for cement and commodities: **Bengal Poly and Paper Sack Limited**, located in Savar, has the capacity to produce 1.7 million bags per day, and currently in process of expanding capacity by another 1.7 million to 3.4 million per day.
- Packaging: **Bengal Corrugated Carton Industries Limited** a packaging unit to produce corrugated cartons to supply to the entire group of companies with a capacity of 50,000 pieces of cartons of different sizes each day. Now, it is fulfilling the demand of its sister companies.
- Adhesives and Chemicals: **Bengal Adhesives and Chemicals Products Limited**, located at Savar, is a manufacturer of foam under the brand “Bengal” and adhesives under the brand “Daco”.
- Clips, Hooks and Metal Buttons: **Hamilton Metal Corporation**, located in Adamjee EPZ was established to further add to the Group’s products in garments accessories and has the capacity to produce 500,000 pieces of metal hooks and 800,000 pieces of metal clips per day.
- Biscuits: **Romania Food & Beverage Limited** is a leading biscuit manufacturer and marketing company with the nationally known LEXUS brand of biscuits as its product.
- Satellite Television: **National Television Ltd (RTV)** is a leading nationwide satellite television channel which was acquired by Bengal Group in 2007.

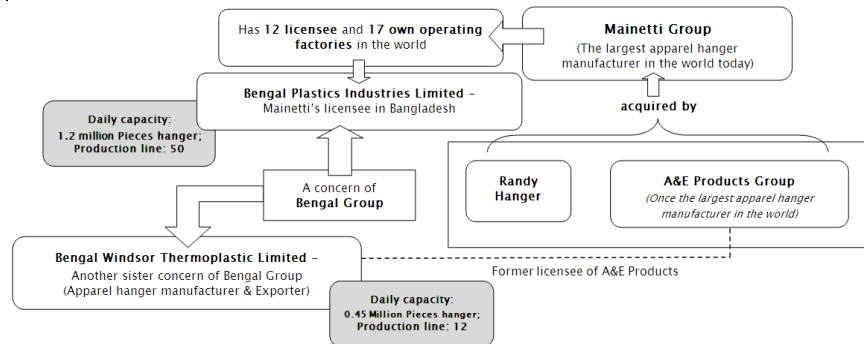
■ **OPERATION, BUSINESS & FINANCIAL RISK PROFILE**

Operation	Industry/Market
Management	Financial
Credit Facility	Collateral

Major risk associated with foreign exchange rate fluctuation, price hike of raw materials in the international market, fragmented market and competition among local manufacturers.

BWTL is a manufacturer and deemed exporter of wide range of customized hangers for apparel manufacturers. Bangladesh’s textile industry, which includes export oriented ready-made garments, is the nation’s prime exporting sector. Such achievement is ensured by the strong backward linkages and support industries established by local entrepreneurs i.e. spinning, textile dyeing and printing, knitting, interlinings and other garments accessories industries like hanger, button, zipper, label etc. There are several large hanger manufactures which are locally incorporated and are licensed manufacturer of international companies. Apart from BWTL, Bengal Plastic Industries Limited, KDS Accessories Limited, Plastics Accessories Limited, Accessories World, Esquire Accessories Ltd., Wonderland Toys Ltd., etc. are the major incumbents in the industry.

Figure 1
Business Model of BWTL



Recent capacity enhancement strengthen its production foothold

Current daily capacity of the Company is 450,000 pieces per day with 12 (FY2011: Production line was 10 with capacity of 400,000 pieces per day) production lines and annual capacity is 140 million pieces [Source: Audited Financial Statement; Note: 31-C]. Current capacity utilization is ranged between 15%-100% depending on the design variety (Utilization in FY2012: 82.94%¹). New machines are of Chinese origin (Fu Chun Shin brand: HN 600) and moulds are either supplied by Mainetti or sourced by BWTL based on the requirement provide by the placed orders. BWTL faces target deficit in production due to multiple times power

¹ Source: Audited Financial Statement (Note 31: C)

failure, machine maintenance, labor absenteeism, and mold change. Due to the nature of production, numerous plastic hangers are broken or rejected which are crushed by itself or its sister concern (Bengal Poly & Paper Sack Ltd.) and reused in the production either.

BWTL has flexibility in raw material sourcing with range of suppliers but input price hike may affect its profitability. However, strategic subsidiary is established to produce major raw materials locally

Main raw materials of BWTL is the petrochemicals byproducts – Polypropylene (PP), K-Resin, General Purpose Polystyrene Polymer (GPPS), High Impact Polystyrene (HIPS), Metal hooks, various dyes (especially master batch pigments) and others which are imported from abroad. Petrochemical byproducts comprise almost 90% of its raw materials consumption and they are closely linked with international price movement. Major import source of BWTL is Middle East, Korea, India, Pakistan and Taiwan. BWTL has long term relationship with BASF South East Asia Co. Ltd., Total Petrochemical Pte. Ltd., Chevron Phillips Chemical Asia Pte. Ltd., Polymets SA (S) Pte. Ltd., Formosa Chemicals & Fiber Corp., Reliance Industries Ltd., Clariant Masterbatch (Thailand) Ltd., Adap. S. Asia Company Ltd. etc., for procuring these raw materials. BWTL is also investing into a strategic subsidiary as its backward linkage – Bengal Petrochem and Synthetic Textile Limited, which will manufacture plastic raw materials processing and polyester synthetic and yarn. Moreover, according to the management, BWTL is undertaking an expansion plan through its IPO which will be completed within 9 months from IPO approval.

Depending on the products it manufactures, its raw material consumption is different during the last three FYs. Price of its raw materials is subject to the international market of crude oil. So, oil price volatility can affect its raw material sourcing. Currently, K-resin is the most costly plastic raw materials for BWTL followed by GPPS, HIPS and PP. Apart from high cost raw materials (almost 80% of all cost), other major cost components of BWTL are factory overhead, administrative and selling expenses, and financial expenses. Electricity cost is the main component in factory overhead which is decreased in FY09-10 but repair and maintenance cost is increased to 19-20% in FY09-10 and FY08-09 compared to 2% in FY07-08. However, BWTL minimized its financial expenses compared to other cost in FY09-10. Although the Company is using imported raw materials it is able to pass on the additional cost of raw material through price increase. Its brand name allows it to increase its price without difficulty. Competitors also increase their price as the raw material prices increase, and this is standard industry practice.

Low customer concentration risk due to large portfolio of buyers

BWTL has wide range of customers which are local exporters of garments. Based on designs differences, BWTL manufactures 45-48 types of apparel hangers. Entire sales of BWTL come from deemed export of plastic hangers to local exporters of garments items. There are more than 300 regular buyers in BWTL's customer roster. The entity also has a very limited scale of export to foreign customers. BWTL also perform subcontract for Bengal Plastics Industries Ltd.

Standard technology used for operations and alternative energy tackles power failures

BWTL's factory is currently operated by injection molding machines imported from Taiwan (Chuan Lih Fa Machinery Works Co. Ltd.) and 2 machines were imported from China (Haitian Plastics Machinery Ltd.) Production process is simple and highly machinery intensive. It also has an overhead electric crane, fork lift of Komatsu, reach truck of Linde etc. others machineries. Quality is maintained

through regular manual check up after in each production line. BWTL enjoys water and electricity supplies from DEPZ. Moreover, it has generator capacity of around 1MW for running its factory in case of power failure at DEPZ. According to the factory database, BWTL's production was hampered sometimes due to power failure at DEPZ.

Insurance and Protection

BWTL poses risks from fire accident because its large pile of raw materials is kept beside its operating machineries which are highly inflammable and some incidents are observed when the machineries are heated highly. For these reason it keeps fire extinguishers around the factory. However the company has fire protection policy (as well as riot/strike damage etc.) with BGIC (lead Insurer) and Green Delta Insurance Ltd. (co-insurer).

Operation	Industry/Market
Management	Financial
Credit Facility	Collateral

Bangladesh's textile industry, which includes export oriented ready-made garments, is the nation's prime exporting sector. Such achievement is ensured by the strong backward linkages and support industries established by local entrepreneurs i.e. spinning, textile dyeing and printing, knitting, interlinings and other garments accessories industries like hanger, poly bag, bobbin, carton, button, zipper, label etc. The industry is fragmented by nature due to the existence of number of small and medium size manufacturers. The industry observed favorable growth potential due to the growth of RMG sector. As most of the raw materials are import based, foreign suppliers enjoy some degree of bargaining power on the local industry incumbents.

Operation	Industry/Market
Management	Financial
Credit Facility	Collateral

Hanger manufacturing is a capital intensive industry but some manual works are also required in the manufacturing process. Keeping this in view, the management of BWTL is trying to improve the human resources by conducting various training programs. BWTL has 7 departments and total number of employees is 173.

BWTL Employees	Persons
Staff & Officials	34
Workers	175
Total	209

Among the employees, 73% works with production unit in three shifts. Among different fringe benefits, BWTL provides provident fund, gratuity, insurance, earned leave encashment, allowances as well as attendance bonus etc.

There is computerized record keeping practice in BWTL through Tally and MS Excel. The in-house-developed ERP based software for inventory management supports inventory receipts, issue, finished goods receipt and dispatch, physical storage management etc. for the management of the Company. The scope of ERP is extended to Accounts & Finance Division but integrated ERP within the others departments is not yet implemented.

Operation	Industry/Market
Management	Financial
Credit Facility	Collateral

Good profitability and strong equity position

Financial policy of BWTL is to utilize borrowed fund in the form of term loan and working capital loans mostly to procure machineries and raw materials from international market. Internal transfer of funds among the group companies is observed as sister company investment loans. Moreover, internal fund generation capacity of BWTL is high due to growing retained earnings of the company. The external auditor of BWTL for FY2012 was Hoda Vasi Chowdhury. The financial statements produce adequate disclosures and notes.

Stable Earnings with Good Profitability results comfortable coverage position

BWTL exhibits consistent performance over last seven years and posted CAGR of Sales of 26.5% in FY2012. Its last 5-years' average NPM is 25% whereas its NPM in



FY2011 was 26.9%. BWTL expanded its production capacity to double in Q4 of FY2011, which will boost its revenue in future. Due to control over production cost and nature of raw material consumption, BWTL can keep its CoGS at around 67.5% (last 5-years' avg.) EBITDA margin is also stable with a 5-years' average of 28.5% (FY2011:29.7%). Due to global financial crisis, its business growth was sluggish in FY2008 and FY2009, but it improved again in FY2010. However, capacity expansion and restructuring activities slowed its growth in FY2011. BWTL's Asset Coverage and Cash flow coverage ratios also signal strong position in FY2011, but due to conversion of overdraft into term loan the Company's EBIT/Interest ratio decreased from 12.16x FY2012 to 5.14x in FY2012.

Stretched liquidity position due to high collection period

Due to the nature of business, BWTL's liquidity position was stretched by high inventory processing days and large receivables which resulted in increase in CCC of 57 days in FY2011 (FY2011: 220 days and FY2010:163 days). However, the current ratio and quick ratio were decreased due to large short term loan in FY2011 compared to previous FYs.

Low leverage draws comfort on its financial structure

Lower leverage but high receivable period put pressure on cash flow position

Compared to previous year, BWTL's borrowed fund outstanding was increased in FY2012 due to taking a SOD (later converted into term loan) facility from NCC bank which was taken for financing its expansion and subsidiary. Its borrowed fund/equity is 0.19x in FY2012 (0.20x in FY2011) and Borrowed fund/EBITDA was 0.80x in FY2012 (1.04x in FY2011) which was increased slightly due to the term loan. Moreover, its high receivable period and large capital expenditure results in pressure in free cash flow position in FY2012. The Company imported molds and machines for expanding its product variations in FY2012. In FY2011, the Company decided to invest the IPO fund for its subsidiary, but later the management of BWTL changed the plan and envisaged to infuse the IPO fund for vertical expansion and capacity build up by 2013-2014.

Operation	Industry/Market
Management	Financial
Credit Facility	Collateral

BWTL has banking relationship with Standard Chartered Bank since 30 April 2003 and NCC Bank Ltd. since 02 February 2011. It had taken a SOD from NCC bank but later converted into a term loan amounting BDT 250.00 million which was backed by BDT 269.99 million worth of FDRs as lien.

Details of Bank Facilities are mentioned in Appendix-1.



APPENDIX 1 : DETAILS OF CREDIT FACILITIES OF BWTL (MILL. BDT)

Credit facilities (Mill. BDT)						
Loan type		Bank	Facilities	Limit	Outstanding	Expiry
Long Term	Funded	IDLC	Lease Finance	3.30	1.98	n.a.
			Total	3.30	1.98	
	Funded	NCC	(Secured)Term Loan ²	250.00	230.70	30-Sep-16
			Total	250.00	230.70	
Short Term	Non Funded	SCB	LC ³	192.00	190.00*	10-May-13
			Total	100.00	27.24	

Note: Outstanding as on 30 June 2012 (NCC Bank) and 15 October 2012 (SCB)

*With outstanding of inner limit of LATR

Previous Ratings

Particulars	Ratings	Remarks
Bengal Windsor Thermoplastics Limited	AA ₃	Entity
BDT 2.81 million lease outstanding	AA ₃ (Lr)	
BDT 242.96 million fund based limit secured by FDR	ST-1	-
BDT 192.0 million Non Fund based Short Term Limit	ST-2	

Previous Credit Facilities Position

Details of Bank facilities of BWTL (Mill. BDT)						
Loan Type		Bank	Nature of Facility	Limit	Outstanding	Limit Expiry
Long Term	Funded	IDLC	Lease Finance	3.30	2.81	-
Short Term	Funded	NCC Bank Ltd.	SOD	242.96	253.07	28-Feb-12
	Non Funded	SCB	LC/Acceptance/Others	192.00	140.54	10-May-12

Loan outstanding as on 30 September 2011

² Previously the limit was SOD limit which is converted into term loan with lien of FDR valuing BDT 269.95 million

³ With inner limit of the following facilities:

- LATR of BDT 195.00 million (Outstanding as on 15 Oct 2012: BDT 128.00 million);
- Guarantee of BDT 20.00 million (No outstanding)
- Local Bill Discounting of BDT 40.00 million (No outstanding)



APPENDIX 2: KEY FINANCIAL INDICATORS (MILL. BDT)

Key Financial Indicators							
	Months	Year Ended June 30					
		(12)	(12)	(12)	(12)	(12)	
		2012	2011	2010	2009	2008	2007
Earning, Growth & Stability	Sales (Mill. BDT)	795.01	638.89	606.09	478.33	469.81	459.37
	Sales Growth (%)	24.4%	5.4%	26.7%	1.8%	2.3%	56.0%
	Borrowed Fund Outstanding (Mill. BDT)	232.70	205.96	55.78	44.08	81.26	32.83
	Growth rate of Borrowed Fund (%)	13.0%	269.2%	26.6%	-45.8%	147.5%	-52.6%
	CoGS as % of Sales	64.6%	66.3%	67.5%	68.0%	67.8%	67.1%
	EBITDA (Mill. BDT)	291.49	197.21	171.99	128.95	134.72	134.29
	EBITDA Margin (%)	36.7%	30.9%	28.4%	27.0%	28.7%	29.2%
	Net Profit After Tax (Mill. BDT)	193.51	172.04	156.27	109.21	114.60	115.70
	Net Profit Margin (%)	24.3%	26.9%	25.8%	22.8%	24.4%	25.2%
	Return on Avg. Assets (%)	12.6%	17.3%	27.9%	24.7%	30.4%	38.7%
	Return of Avg. Equity (%)	0.17	0.21	32.4%	31.2%	48.1%	94.0%
	Liquidity & Asset Utilization	Current ratio (x)	5.37	3.63	7.42	5.28	2.99
Quick Ratio (x)		3.60	1.61	4.43	3.29	1.41	0.61
Liquidity Index (days)		160.15	139.59	101	96	104	92
NWC/OI (x)		6.01	4.65	4.01	2.56	1.67	1.49
Avg. Collection Period (days)		155	152	114	106	102	80
Avg. Payment Period (days)		39	23	27	92	143	142
Avg. Inventory Processing Period (days)		167	116	73	77	106	106
Cash Conversion Cycle (days)		283	245	160	91	65	44
Avg. FA turnover (x)		3.03	4.53	8.33	6.11	5.72	5.60
Avg. TA turnover (x)		0.52	0.64	1.08	1.08	1.25	1.53
Coverage	Times Interest Earned	5.14	12.16	17.67	9.12	9.22	10.06
	Asset Coverage Ratio	3.06	4.27	8.06	5.84	2.78	1.07
	(EBITDA-CAPEX)/Interest Expense	3.22	2.93	18.28	9.52	9.40	9.86
	Cash Flow Coverage	4.16	11.80	17.35	8.59	8.67	9.52
Capital Structure, Leverage & Cash Flow	Total Shareholder Equity (Mill. BDT)	1,234.95	1,053.09	561.05	404.78	295.57	180.97
	Total Asset (Mill. BDT)	1,714.00	1,348.03	638.01	481.82	403.61	350.86
	Total Liabilities (Mill. BDT)	479.04	294.94	76.58	76.94	108.03	169.88
	Cash & Equivalents as % of Current Liabilities	115.1%	86.8%	12.6%	8.3%	3.1%	8.3%
	Fund Flow from Operation (Mill. BDT)	216.82	181.80	162.61	115.50	120.79	121.52
	Cash Flow from Operation (Mill. BDT)	30.89	106.90	(7.23)	40.23	(55.39)	52.03
	Free Cash Flow (Mill. BDT)	(92.67)	(45.13)	(7.86)	39.25	(59.12)	43.66
	Total Debt/Total Assets (x)	0.28	0.22	0.12	0.16	0.27	0.48
	Borrowed Fund/Shareholders' Equity (x)	0.19	0.20	0.10	0.11	0.27	0.18
	Borrowed Fund/Total Assets (x)	0.14	0.15	0.09	0.09	0.20	0.09
Borrowed Fund/EBITDA (x)	0.80	1.04	0.32	0.34	0.60	0.24	
FFO/Debt (x)	0.93	0.88	2.92	2.62	1.49	3.70	
CFO/Debt (x)	0.13	0.52	(0.13)	0.91	(0.68)	1.58	

Note: Figures are taken as Standalone basis, not on the basis of consolidation

CRAB RATING SCALES AND DEFINITIONS –Long Term (Corporate)

Long Term Rating	Definition
AAA Triple A	Companies rated in this category have extremely strong capacity to meet financial commitments. These companies are judged to be of the highest quality, with minimal credit risk.
AA₁, AA₂, AA₃* Double A	Companies rated in this category have very strong capacity to meet financial commitments. These companies are judged to be of very high quality, subject to very low credit risk.
A₁, A₂, A₃ Single A	Companies rated in this category have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions. These companies are judged to be of high quality, subject to low credit risk.
BBB₁, BBB₂, BBB₃ Triple B	Companies rated in this category have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. These companies are subject to moderate credit risk. Such companies possess certain speculative characteristics.
BB₁, BB₂, BB₃ Double B	Companies rated in this category have inadequate capacity to meet financial commitments. Have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. These companies have speculative elements, subject to substantial credit risk.
B₁, B₂, B₃ Single B	Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk.
CCC₁, CCC₂, CCC₃ Triple C	Companies rated in this category have very weak capacity to meet financial obligations. These companies have very weak standing and are subject to very high credit risk.
CC Double C	Companies rated in this category have extremely weak capacity to meet financial obligations. These companies are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C	Companies rated in this category are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. These companies are typically in default, with little prospect for recovery of principal or interest.
D (Default)	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

**Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

LONG-TERM RATING: LOANS/FACILITIES FROM BANKS/FIS

(All loans/facilities with original maturity exceeding one year)

RATINGS	DEFINITION
AAA (Lr) (Triple A) Highest Safety	Loans/facilities rated AAA (Lr) are judged to offer the highest degree of safety, with regard to timely payment of financial obligations. Any adverse changes in circumstances are unlikely to affect the payments on the loan facility.
AA (Lr)* (Double A) High Safety	Loans/facilities rated AA (Lr) are judged to offer a high degree of safety, with regard to timely payment of financial obligations. They differ only marginally in safety from AAA (Lr) rated facilities.
A (Lr) Adequate Safety	Loans/facilities rated A (Lr) are judged to offer an adequate degree of safety, with regard to timely payment of financial obligations. However, changes in circumstances can adversely affect such issues more than those in the higher rating categories.
BBB (Lr) (Triple B) Moderate Safety	Loans/facilities rated BBB (Lr) are judged to offer moderate safety, with regard to timely payment of financial obligations for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for issues in higher rating categories.
BB (Lr) (Double B) Inadequate Safety	Loans/facilities rated BB (Lr) are judged to carry inadequate safety, with regard to timely payment of financial obligations; they are less likely to default in the immediate future than instruments in lower rating categories, but an adverse change in circumstances could lead to inadequate capacity to make payment on financial obligations.
B (Lr) High Risk	Loans/facilities rated B (Lr) are judged to have high risk of default; while currently financial obligations are met, adverse business or economic conditions would lead to lack of ability or willingness to pay interest or principal.
CCC (Lr) Very High Risk	Loans/facilities rated CCC (Lr) are judged to have factors present that make them very highly vulnerable to default; timely payment of financial obligations is possible only if favorable circumstances continue.
CC (Lr) Extremely High Risk	Loans/facilities rated CC (Lr) are judged to be extremely vulnerable to default; timely payment of financial obligations is possible only through external support.
C (Lr) Near to Default	Loans/facilities rated C (Lr) are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest.
D (Lr) Default	Loans/facilities rated D (Lr) are in default or are expected to default on scheduled payment dates.

**Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

SHORT-TERM CREDIT RATING: LOANS/FACILITIES OF BANKS/FIS

(All loans/facilities with original maturity within one year)

	DEFINITION
ST-1 Highest Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is very strong.
ST-2 High Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is strong; however, the relative degree of safety is lower than that for issues rated higher.
ST-3 Adequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is adequate; however, the issues are more vulnerable to the adverse effects of changing circumstances than issues rated in the two higher categories.
ST-4 Marginal	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is marginal; and the issues are quite vulnerable to the adverse effects of changing circumstances.
ST-5 Inadequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is minimal, and it is likely to be adversely affected by short-term adversity or less favorable conditions.
ST-6 Lowest Grade	This rating indicates that the loans/facilities are expected to be in default on maturity or is in default.

© Copyright 2012, CREDIT RATING AGENCY OF BANGLADESH LIMITED ("CRAB"). All rights reserved. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT CRAB'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by CRAB from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and CRAB, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall CRAB have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of CRAB or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if CRAB is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY CRAB IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

