

CREDIT RATING REPORT (10TH SURVEILLANCE)

Summit Alliance Port Limited

ANALYSTS

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RATINGS

Entity Rating	Long Term Loan Rating	Short Term Loan Rating	Rating Outlook
AA₂	AA₂ (Lr)	ST-2	Stable

Note: Details of the Rating and Credit facilities are exhibited in Appendix-1
Methodology: CRAB's Corporate Rating Methodology (www.crab.com.bd)

FINANCIAL HIGHLIGHTS

Financial Highlights	Year ended June 30	
	2022	2021
(Mil. BDT)		
Revenue	1,767.4	1,646.8
EBITDA	785.9	710.0
EBITDA Margin (%)	44.5	43.1
Net Profit	282.1	190.4
Net Profit Margin (%)	16.0	11.6
Return on Average Assets (%)	2.3	1.6
Quick Ratio (x)	0.7	0.9
Operating Cycle (Days)	67.0	68.0
Borrowed Fund to Equity (x)	0.4	0.5
Borrowed Fund to EBITDA (x)	4.4	5.2
Cash Flow from Operation	399.9	217.9
EBIT/Interest (x)	2.2	1.7

BRIEF PROFILE

Summit Alliance Port Limited (hereinafter also referred as "SAPL" or "the Company"), a public limited company, was established in 2003 and engaged in operating as an inland container depot and container freight station (i.e. off-dock operator) at South Patenga, six and half kilometers away from Chittagong Port. The Company has also own River terminal on 15 acres freehold land on the bank of river Dholeswary at Muktarpur under Munshiganj District.

Date of Rating

15 March 2023

Validity

31 March 2024

RATING BASED ON:

Consolidated Financial Statements up to 30 June 2022, unaudited 03 (three) months management prepared financial statements as of 30 September 2022, Bank Liability position as of 31 December 2022 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has reaffirmed AA₂ (Pronounced Double A Two) rating of Summit Alliance Port Limited and assigned AA₂ (Lr) rating to BDT 2,623.1 million Long Term Outstanding in the Long Term. CRAB has also assigned ST-2 rating to BDT 970.0 million Short Term funded limit and BDT 100.0 million Short Term nonfunded limited availed by Company in the Short Term.

The reaffirmation of rating captured ownership structure supported by reputed individual as well as institutional promoters, experienced management, infrastructure facilities along with market share, strong MIS, established relationship with renowned clients, revenue mix from diversified sources having healthy profitability trend and sound credit risk profile.

Total revenue of the Company increased to BDT 1,767.4 million in 2022 from BDT 1,646.8 million in 2021 registering 7.3% growth following marginal decline in the previous year. With the permission received from NBR in November 2020 for handling Bulk & Break-Bulk cargo in the SAPL Muktarpur Terminal will allow the Company to increase revenue flow. In addition to this the improvement in global pandemic situation also supported the growth of both export and import of the country; hence revenue growth of SAPL. The Company has already reported BDT 475.6 million revenue during the first quarter of the ongoing financial year.

Overall profitability position of the Company at the top line remains healthy and almost stable due to the nature of business although the high financial expense offset the benefit of high top-line profit margin. Following the decline in interest rate and decline in borrowed fund as well as other expenses the net profit margin improved to 16.0% in 2022 from 11.6% in 2021.

Due to the nature of business, current assets of the Company are relatively lower than its current liabilities over the years reflected in current ratio of less than one over the years. Due to the same reason inventory processing period was very low which eventually supported the Company to report comfortable operating cycle (67 days) hence good liquidity position to timely meet debt obligations.

The shareholder's equity of the Company has been increasing over the years and stood at BDT 8,134.3 million in 2022 when paid up capital was BDT 2,368.7 million. High equity base against the borrowed fund resulted in low leverage position led by 0.4x debt ratio while adjusted equity excluding revaluation surplus (BDT 5,291.6 million) was BDT 2,842.7 million resulted in 1.2x debt ratio. Coverage indicators marginally improved; 4.4x borrowed fund to EBITDA ratio and 10.3% FFO to debt ratio, the indicators may further improve in the upcoming year follow the repayment of term loan.

KEY RATING DRIVERS

RATING STRENGTH

- ◆ Reputed individual and institutional promoters along with sound equity base with BDT 2,368.7 million paid up capital.
- ◆ Experience of the management, infrastructure facilities along with relationships with port stakeholders, strong MIS and established relationship with clients.
- ◆ Healthy revenue mix from diversified sources, healthy profitability position, good ability of internal fund generation and strong funding flexibility.
- ◆ Diversified facilities in different location with good transportation chain linking water and land modes.

RATING CONCERNS

- ◆ Highly competitive and capital-intensive nature of the industry, which business is susceptible to market changes, fluctuations in national and international economies and trade.
- ◆ Environment problems on the river port property may affect its financial and debt protection as a result of clean-up cost, service disruptions or limitations on the port's ability to utilize or to expand its facilities.

BUSINESS BACKGROUND

As an initiative of Summit Group and Alliance Holdings Limited, Summit Alliance Port Limited was initially incorporated as a private company on 06 December 2003 and converted to a public limited company on 06 March 2008. During 2008, SAPL issued shares through initial public offering and listed its shares with both Dhaka and Chittagong Stock Exchanges. Trading of the shares started on 16 October 2008 in both the exchanges.

Summit Alliance Port Limited is engaged in operating as an inland container depot and container freight station (i.e. off-dock operator) at South Patenga, six and half kilometers away from Chittagong Port. Initially the Company concentrated in handling of empty container and then as a Container Freight Station ("CFS"). SAPL has four subsidiary companies:

Cemcor Limited: SAPL hold all but 4 shares of the company's 1,758,300 ordinary shares of BDT each. Cemcor in turn owns 100% shares of Wahid Spinning Mills Limited (WSML) which was purchased from its promoters in 1999. Neither Cemcor nor its' subsidiary WSML is operative.

Container Transportation Services Limited: was formed as a private limited company on 25th November 2013 under Companies Act 1994 and with main objective to transport containerized export/import to and from Chittagong Port and other Depots. Company has, in its fleet, 229 units of Prime Movers with similar number of trailers and commenced operation from July 2014. Summit Alliance holds 99.0% shares of CSTL, which generate BDT 48.9 million revenue in 2021 which was BDT 43.5 million in 2020.

Summit Alliance Port Pte. Limited: SAPL's Singaporean subsidiary with the main aim of maintaining close liaison with the Regional and Head offices of the international Shipping Lines and Freight Forwarding companies that are located in Singapore as well as assisting with sourcing of high-quality Port and warehouse equipment that are required by the Company's facilities at Chattogram, Muktarpur and Kolkata.

Summit Alliance Port East Gateway (I) Pvt. Ltd.: Company's newly established Kolkata Terminal (SAPL-KT) consists of Garden Reach Jetty 1 & 2 along with BISN Jetty. It is situated on the bank of River Hooghly and is located just beside Kolkata Port Trust Container Terminal comprising of total area of 10 acres and river front of 400m in length. The facility has warehouse area (Transit Shed) of 1,187 sqm, Hard Stand Area for cargo storage of 4,048 sqm and open area for cargo storage of 13,890 sqm. SAPL- KT was handed over to the Company's Indian subsidiary by Inland Waterways Authority of India (IWAI under Ministry of Shipping) on 30th Oct 2018 & commercial operation started from 31st Oct 2018 under a 30-year concession.

Principal activities of the Company are to provide Off-Dock services to its valued clients that include Inland Container Depot (ICD) and Container freight Station (CFS) services. ICD services comprise transportation and storage of empty containers in the Yard and redelivery of the containers to various locations as per client's advice and CFS service comprises activities related to handling both Export cargo as well as Import cargo and other customized services.

Besides off dock activities, establishment of the company's River Terminal, the first of its kind in the country's private sector, on 15.19 acres of land on the bank of river Dholeswary in Muktarpur under Munshiganj district is complete. The River Terminal, being similar in certain respects to the Off-Dock establishment, has the bonded warehouse facilities with required handling equipment for Container Freight Station to handle export and import cargos as well as for storage of empty containers. In addition, the company shall provide container vessels for transportation of cargo to and from Chittagong Port. Once fully operational the River Terminal shall help the Exporters and Importers to be competitive by transporting cargo by economical river transportation as well as help to ease the pressure on the already overburdened Dhaka-Chittagong highway. Both export and import consignment already started from the river terminal. With the recent inclusion as on Extended Port of Call under the Indo-Bangla Protocol Routes the next step will involve the movement of bilateral trade cargo with India via the river route. In order to facilitate future expansion, the company has also procured adjacent land measuring in total 13.70 acre. Recently (25 November 2020) the Company got approval for handling bulk trade in addition to cargo-based trading and in the process of developing another jetty for handling bulk trading.

Summit Alliance port Ltd holds 73.8% share and Summit Power Limited holds 26.0% shares of the SAPEGIPL. In 2021 SAPEGIPL generate revenue of BDT 53.0 million which was BDT 38.2 million in 2020.

Group Profile

Summit Group has already been recognized for its premier role in implementing large infrastructure projects successfully in power, gas, port and others sectors. Alliance Holdings Limited is also a successful business house with diversified investment in Container Yard (off dock), Carbonated Beverage, Textiles, Financial Institutions, Real Estate Development, IT and Dairy Segments. Alliance Holdings Limited (AHL) was incorporated in 1998 as a Bangladeshi registered company and serves the purpose of a holding company with various business interests within Bangladesh which include; owning and operating container terminals, manufacturing of pre-fabricated steel buildings, real estate development, power generation (IPP), lubricant blending and Information Technology. The company owns and operates the largest inland container terminal facility in Bangladesh.

BUSINESS & OPERATING RISK ANALYSIS

Off-Dock Facilities:

Summit Alliance Port Limited being one of the oldest private off-dock operators in Bangladesh has been continuously striving to expand facilities and improve performance standard to accommodate the increased demand from the customers. Currently the Company has three separate bonded depots on approx 50.28 acres of land in Chattogram, of which 39.84 acres is company-owned freehold land registered in the name of Summit Alliance Port Ltd and 10.44 acres of land is leasehold at Patenga, located 6.5 km away from the multipurpose container vessel berths of Chattogram Port, having 725,907 Sft covered space including 50,000 Sft for specialized 'Garments on Hanger' with 12 separate Warehouses. The Company has also Import warehouse of 26,000 Sft to handle import cargo, having jute warehouse measuring 8,439 Sft. SAPL has also ICD facility for storage of approx. 7,866 empty containers at any point of time.

SAPL possesses a fleet of heavy and light equipment including, amongst others, Laden Reach Stacker, Crane, High & Low Mast Forklifts of various capacities, Reach Stackers, Cargo Lift Elevator, Trailers, Prime Movers and other handling equipment like Empty Container Handlers, Side Stackers etc.

River Terminal Facilities:

- Total area = 15.19 acres with dedicated Truck parking facility; additional 13.7 acre land has been earmarked
- Capacity = Handling of 120,000 TUEs of export/import cargo per Annum and storage of 2,500 TUEs of Empty containers at any given point.
- Container yard /Storage area = 3,50,000 sft
- Import Shed = 46,000 sft
- Export Shed = 45,000 sft (3 floor x 15000 sft). With cargo lifting facility: 2 Cargo lift (capacity each 4 MT), High Mast Fork lift lifting facility.
- Jetty = 80m x 22m (19,116 sft)
- 02 unit of Fixed Cargo Cranes, each unit 40 MT capacity Container Handling equipment's - Reach Stackers, Forklifts, Prime Movers + Trailers.
- 2 Diesel Genset of 600 KVA and 650 KVA (total supply capacity 1 MW) for full back up to the terminal.
- 2 MW connection from National Power Grid
- Office building with facilities for Customs as well as dedicated space for Shipping Agents, C&F Agents and other amenities (24 hrs Security, CCTV facility, Employee/ Visitor Car parking, separate entry for employee, officers and workers, canteen and latrines)
- Separate and secured truck parking area for approx. 300 trucks on 2.05 acres of land.

Company's service mix can be divided into five broad sections - Import, Export, ICD, and Container haulage revenue, and Terminal charge, whereas Export section generates 69.6% of its total revenue and ICD section comprised 16.3% of total revenue of SAPL. In 2022 the Chattogram Off-Dock Services of the Company handled 148,828 TEUs related to export, 20,982 TUEs related to import and empty container storage & handling (ICD) stored was 2,054,957 TUEs. There were two mentionable achievements during the surveillance period as reflected in import bulk & break bulk cargo handling of 118,599 MT and 584,122 MT handled by SAPI.- KI. The Chattogram based Off-Dock industry being directly tied to the country's trade performance as well as Chattogram Port's handling capacity, experienced overall a decline in 2020 due to the break out of the global Covid Pandemic which bounced back faster than expected during the recent period following the ease of lockdown and improvement of global pandemic situation. Import volume however increased in 2020 as Chattogram Customs House temporarily allowed the importers to use the off-dock form import devanning of the items that are normally allocated exclusively for Chattogram Port. Though the temporary permission was withdrawn after 3 months during that period the off-docks removed 28,162 TUEs from Chattogram Port. Therefore, following the multi-impact of Covid Pandemic and international economic condition for the Russia-Ukraine war there was variance in revenue trend during the last three years.

Main customers of the company include Main Line Operators (MLO), Shipping Agencies, Freight Forwarders, C&F Agents, Importers and Exporters. The company provides its services from its depots located in Chattogram. Marketing activities are provided from both the Chattogram Registered office and Dhaka Corporate office. Major clients include Maersk Line, CMA-CGM, APL, APL Logistics, Kuehne+Nagel, Expo Freight, Hapag-Lloyd, ONE, OOCL, PIL, China Shipping Lines, Yang Ming Line, Shipping Corporation of India, UPS, DSV, etc. With SAPL's large client base, coupled with the consistent volume growth, it has signed a long-term contract with Expo Freight Limited. Furthermore, contracts with existing top clients Damco and APL Logistics were also renewed. SAPL also provides some customized services to its clients, such as Container condition survey, its repair and maintenance; Fumigation; etc. With the acquisition of erstwhile OCL, the company has now more than 63 acres of custom bonded freehold land with three depots developed with facilities to provide both ICD and CFS services. It provides warehouse facility for storage of export cargo before stuffing and transportation of the same after completing customs and other formalities.

The Company has already established a track record by virtue of its facility and equipment support. SAPL's corporate philosophy in continuing service excellence without any exception is duly supplemented by the management's effort to improve at every section thus setting a bench mark of its own with the aim to negate any prospect of competition from others. A fleet of heavy and light equipment including, amongst others, Laden Reach Stacker, Crane, High & Low Mast Forklifts of various capacities, Reach Stackers, Cargo Lift Elevator, Trailers, Prime Movers and other handling equipment like Empty Container Handlers, Side Stackers etc. of EU

and Asian origin. SAPL has three container depots (including one depot of erstwhile OCI.) and all the depots at Chattogram (collectively referred to as Off-Docks) have the certification from Global Security Verification (GSV). With this GSV certificate the Company was determined by an independent 3rd party expert as having the appropriate security measures in place, as published by the U.S. Bureau of Customs and Border Protection. Along with GSV, all SAPL facilities are International Ship & Port Security (ISPS) Compliant. Considering the immense opportunities in the sector, SAPL is striving to expand its infrastructure and facilities in order to set the standards and always remain ahead of the industry competitors. The Company's continuous investments in equipment and infrastructural development, including purchase of land coupled with the most professional management team in the industry has enabled SAPL to provide high standard of service to clients and gain a significant competitive edge.

OWNERSHIP & MANAGEMENT EVALUATION

SAPL is joint venture of Summit Group and Alliance Holdings Limited and therefore its Board Members are affiliated with both groups. Total number of the Board was 17 including four independent director and total number of meetings held during the last financial year was 04. The Board of directors has formed an Audit Committee as a sub-committee of the Board of Directors. The Committee comprises five members and chair by independent director. Total paid up capital was BDT 236.9 million as of 30 June 2022. Last 52 weeks average low price of share was BDT 26.5- and 52-weeks high price was BDT 41.8. The Company declared 15% cash dividend in the last year.

Table 01: Composition of Board & Shareholding Position on 30 June 2022

Name	Designation	Shareholding
Mr. Muhammad Aziz Khan	Chairman	7.033%
Mrs. Anjuman Aziz Khan	Director	5.180%
Mr. Syed Ali Jowher Rizvi	Managing Director	5.482%
Ms. Ayesha Aziz Khan	Director	3.682%
Ms. Azeeza Aziz Khan	Director	3.682%
Mr. Syed Yasser Haider Rizvi	Additional Managing Director	1.188%
Mr. Syed Nasser Haider Rizvi	Deputy Managing Director	1.188%
Captain Kamrul Islam Mazumder	Director	0.004%
Alliance Holdings Limited	-	23.480%
Summit Holdings Limited	-	8.080%
Ms. Adeeba Aziz Khan (Other than Sponsor/Director)	-	3.682%
General Shareholders	-	37.320%
	Total	100.00%

Mr. Muhammad Aziz Khan is designated as Chairman and Mr. Syed Ali Jowher Rizvi is designated as Managing Director of the Company. Their family members and their flagship companies hold major portion of share of SAPL.

The Board has delegated full operational and Financial power to the operating management which has Independent Directors, General Managers, DGMs and AGMs of the Company. Mid and senior level management executives are assigned and authorized to verify and approve the transaction of the company based on the specific delegation of power. Although the departmental functions are guided by the generally accepted principles of Internal Control, the Company is yet to formulate necessary Operating manual defining and specifying the function of each department. The top management of the Company provides different orders and directives from time to time for effective control of operations. SAPL has an internal audit department which verifies and follows-up the activities of the internal control procedures, however, the department is yet to introduce reporting procedure to the Board or top management. In the yard the Company uses 20 to 30 third party provides of daily labors which supports container handling and other manual workload. In order to improve the human resources and their quality in line with the modern business need, SAPL has established its policy for training of its employees. It arranges in-house training program to adjust the employees with modern off- doc operation. SAPL developed internal chain of command-and-control mechanism for recording and approving payments, receipts and procurement. The Company uses different software " Vista GL" for Accounts and "Container Management Software" and "CFS Cargo Management Software".

FINANCIAL RISK ANALYSIS

Revenue of the Company primarily generates from the contract of the customers to provide Off-Dock services as ICD with facilities for Empty Container Storage and Container Freight Station (CFS) for handling both import and export cargo. The service revenue from CFS for handling export cargo contributed the highest to the consolidated revenue of the Company over the years. Total revenue of the Company increased to BDT 1,767.4 million in 2022 from BDT 1,646.8 million in 2021 registering 7.3% growth following marginal decline in the previous year. The revenue jumped in 2020 irrespective of global Covid Pandemic which is primarily attributed to the increase in tariff and Chattogram Customs House's decision to temporarily allow (withdrawn after three months) the importers to use the Off-Docks for import devanning of the items that were normally allocated exclusively for Chattogram Port. Therefore, revenue flow slowed down in 2021. However, with the permission received from NBR in November 2020 for handling Bulk & Break-Bulk cargo in the SAPL Muktarpur Terminal will allow the Company to increase revenue flow. In addition to this the improvement in global pandemic situation also supported the growth of both export and import of the country; hence revenue growth of SAPL. The Company has already reported BDT 475.6 million revenue during the first quarter of the ongoing financial year.

Table 02: Break up of Revenue (Mil. BDT)

Period	30/06/2022		30/06/2021		30/06/2020	
	Amount	%	Amount	%	Amount	%
Import	149.6	8.5%	153.9	9.3%	253.0	15.2%
Export	1,230.9	69.6%	1,113.9	67.6%	1,028.5	61.8%
ICD	287.8	16.3%	275.9	16.8%	295.6	17.8%
Container haulage - CTSL	54.0	3.1%	48.7	3.0%	43.5	2.6%
Terminal charges - SAPEGIPL	45.2	2.6%	54.4	3.3%	42.8	2.6%
Total	1,767.4	100.0%	1,646.8	100.0%	1,663.3	100.0%

Overall profitability position of the Company at the top line remains healthy and almost stable due to the nature of business although the high financial expense offset the benefit of high top-line profit margin. Following the decline in interest rate and decline in borrowed fund as well as other expenses the net margin improved to 16.0% in 2022 from 11.6% in 2021.

Due to the nature of business, current assets of the Company are relatively lower than its current liabilities over the years reflected in current ratio of less than one over the years. Due to the same reason inventory processing period was very low which eventually supported the Company to report comfortable operating cycle (67 days) hence good liquidity position to timely meet debt obligations.

The shareholder's equity of the Company has been increasing over the years and stood at BDT 8,134.3 million in 2022 when paid up capital was BDT 2,368.7 million. High equity base against the borrowed fund resulted in low leverage position led by 0.4x debt ratio while adjusted equity excluding revaluation surplus (BDT 5,291.6 million) was BDT 2,842.7 million resulted in 1.2x debt ratio. Coverage indicators marginally increased; 4.4x borrowed fund to EBITDA ratio and 10.3% FFO to debt ratio, the indicators may further improve in the upcoming year follow the repayment of term loan.

CREDIT FACILITIES & COLLATERAL RISK

The Company has credit facilities with four banks and has been enjoying long term finance and short-term fund-based facilities. As per feedback of the financiers, the loan repayment performance of the Company is very satisfactory following the timely loan repayment track record. The details of credit facilities are provided in the Appendix-1.

APPENDIX-1: DETAILS OF CREDIT RATING & CREDIT FACILITIES (MILL. BDT)
DETAILS OF CREDIT RATING

Particulars	Rating
Summit Alliance Port Limited	ΛΛ ₂
BDT 2,623.1 million Long Term Outstanding	ΛΛ ₂ (L.r)
BDT 970.0 million Short Term funded limit	ST-2
BDT 100.0 million Short Term non funded limit	ST-2
Outlook	Stable

Details of Credit Facilities of Summit Alliance Port Limited as of 31 December 2022 (Mil. BDT)

Loan Type	Funded/Non Funded	Bank	Nature of Facility	Limit	Outstanding	Limit Expiry
Long Term	Funded	Pubali Bank Ltd	Term loan	1,000.0	887.6	11/08/2029
		Eastern Bank Ltd.	Term loan	860.0	724.0	02/02/2027
		Dutch Bangla Bank Ltd	Term loan	1,158.6	1,011.5	05/12/2031
		Total Long Term		3,018.6	2,623.1	
Short Term	Funded	Eastern Bank Ltd	SOD	20.0	20.2	31/10/2022
		Jamuna Bank Ltd	SOD	300.0	210.5	31/08/2023
			Time loan	250.0		31/08/2023
		Dutch Bangla Bank Ltd	SOD	150.0	151.5	30/11/2023
		Pubali Bank Ltd	SOD	250.0	253.7	01/01/2023
		Total Short Term Funded		970.0	635.8	

APPENDIX - 2: PARTICULARS OF PREVIOUS RATINGS

Particulars of previous rating (2022)	Ratings
Summit Alliance Port Limited	ΛΛ ₂
BDT 2,830.9 million Long Term Outstanding	ΛΛ ₂ (L.r)
BDT 915.0 million aggregate fund based limit	ST-2
Outlook	Stable

Particulars of previous rating (2021)	Ratings
Summit Alliance Port Limited	ΛΛ ₃
BDT 2,830.9 million Long Term Outstanding	ΛΛ ₃ (L.r)
BDT 915 million aggregate fund based limit	ST-2
Outlook	Stable

Particulars of previous rating (2020)	Ratings
Summit Alliance Port Limited	Λ ₁
BDT 3,433.5 million Aggregate Long Term Outstanding	Λ ₁ (L.r)
BDT 770.0 million Aggregate Funded and Non Funded limits	ST-3
Rating Outlook	Stable

APPENDIX-3: KEY FINANCIAL INDICATOR OF SUMMIT ALLIANCE PORT LIMITED

Period	30/06/2022	30/06/2021	30/06/2020	
Earnings & Stability	Revenue	1,767.4	1,646.8	1,663.4
	Revenue Growth (%)	7.3	-1.0	14.0
	CoGS as % of Revenue	49.5	48.7	49.4
	EBITDA	785.9	710.0	722.7
	EBITDA Margin (%)	44.5	43.1	43.4
	Net Profit after tax	282.1	190.4	196.9
Profitability	Gross Profit Margin (%)	50.5	51.3	50.6
	Operating Profit Margin (%)	42.0	42.7	41.5
	Net Profit (after tax) Margin (%)	16.0	11.6	11.8
	Return on Average Asset (%)	2.3	1.6	1.6
	Return on Average Equity (%)	3.5	2.4	2.5
	Current Ratio (x)	0.7	0.9	1.1
Liquidity	Quick Ratio (x)	0.7	0.9	1.0
	Inventories	11.6	8.4	8.4
	Average Inventory Processing Period (Days)	5	4	4
	Accounts Receivables	339.8	259.0	310.0
	Average Receivable Collection Period (Days)	62	64	60
	Total Payables	19.7	14.8	15.5
	Average Payable Payment Period (Days)	8	7	9
Leverage	Operating Cycle (Days)	67	68	64
	Cash Conversion Cycle (Days)	59	61	55
	Total Equity	8,134.3	7,939.1	7,858.0
	Total Liability	4,132.4	4,273.7	4,468.1
	Total Assets	12,266.6	12,212.9	12,326.1
	Total Borrowed Fund	3,469.3	3,693.8	3,703.1
	Total Long Term Borrowed Fund	2,398.4	2,824.3	3,234.1
	Fund Flow from Operation (FFO)	358.2	271.4	281.0
	Cash Flow from Operation (CFO)	399.9	217.9	304.9
	Total Liability to Total Equity (x)	0.5	0.5	0.6
Coverage	Total Borrowed Fund to Total Equity (x)	0.4	0.5	0.5
	Total Borrowed Fund to EBITDA (x)	4.4	5.2	5.1
	FFO to Total Borrowed Fund (%)	10.3	7.3	7.6
	CFO to Total Borrowed Fund (%)	11.5	5.9	8.2
	EBIT to Interest Expense (x)	2.2	1.7	1.6

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.
AA ₁ , AA ₂ , AA ₃ * 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.
A ₁ , A ₂ , A ₃ 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.
BBB ₁ , BBB ₂ , BBB ₃ 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.
BB ₁ , BB ₂ , BB ₃ 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.
B ₁ , B ₂ , B ₃ Single B	Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk.
CCC ₁ , CCC ₂ , CCC ₃ 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. C (Lr) are 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.

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