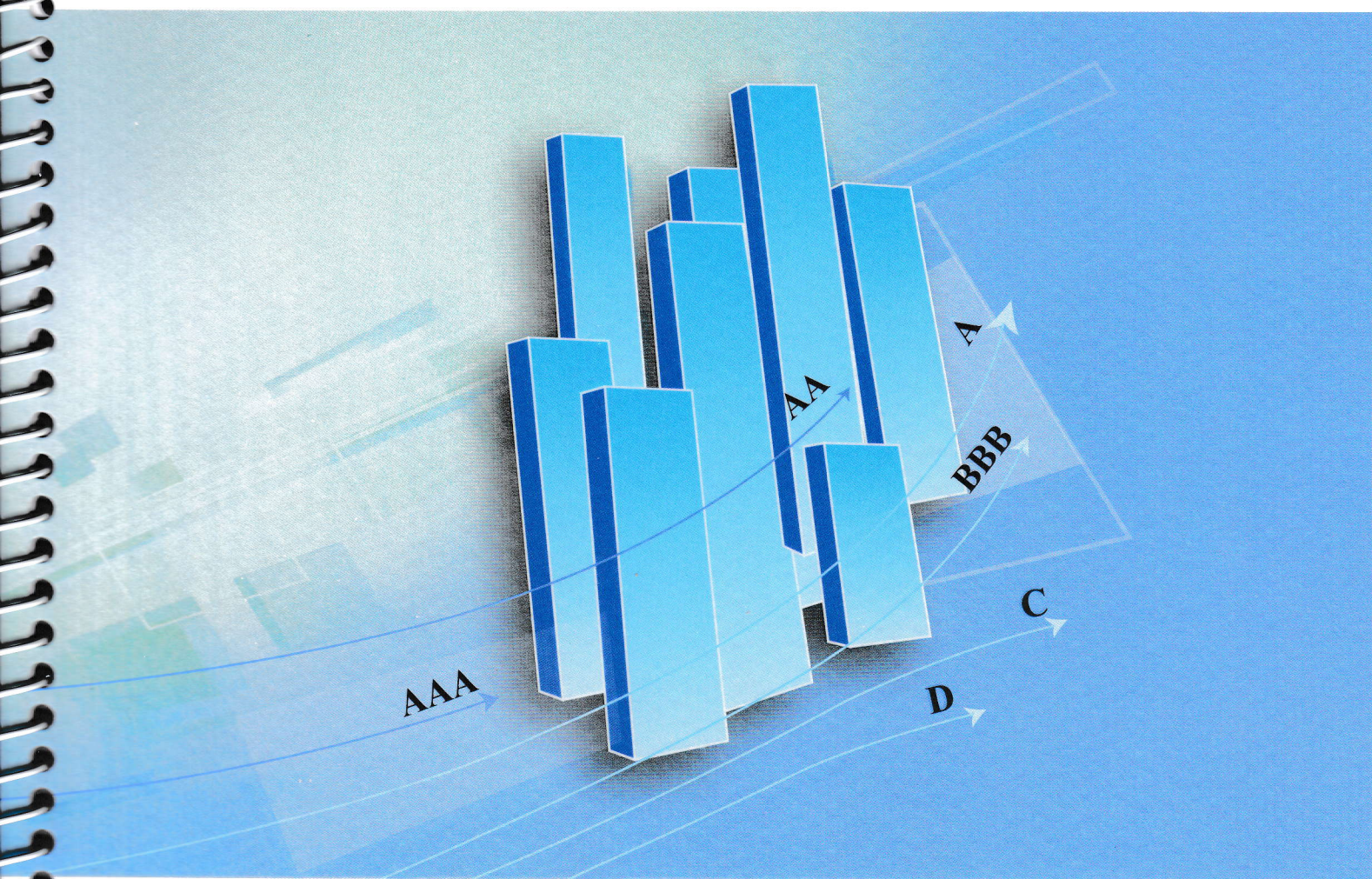


Credit Rating Report



18 November, 2024

Managing Director

Bengal Biscuits Limited

House No-32, Topkhana Road, Level-04, Ramna, Dhaka-1000.

Subject: Credit Rating of Bengal Biscuits Limited

Dear Sir,

Alpha Credit Rating Limited (AlphaRating), vide credit rating **Agreement No: 2028** has assigned the following rating to **Bengal Biscuits Limited**.

Date of Declaration	Valid From	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
18 November, 2024	14 October, 2024	13 October, 2025	6 th Surveillance	A-	ST-3	Stable

The long term & short term rating is valid up to the earlier of 13 October, 2025 or the limit expiry date of respective credit facility. The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We, Alpha Credit Rating Limited, while assigning this rating to **Bengal Biscuits Limited**, hereby solemnly declare that:

- (i) We, Alpha Credit Rating Limited as well as the analysts of the rating have examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any; and
- (ii) We have complied with all the requirements, policy and procedures of these rules as prescribed by the Bangladesh Securities and Exchange Commission in respect of this rating.

We hope the rating will serve the intended purpose of your organization.

With kind regards,



Abdul Mannan

Chief Executive Officer

This letter is integral part of the credit rating report

AlphaRating

BENGAL BISCUITS LIMITED

(Corporate)

Date of Declaration	Valid From	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
18 November, 2024	14 October, 2024	13 October, 2025	6 th Surveillance	A-	ST-3	Stable

Date of Incorporation : 01st November, 1980

Managing Director : M. A. Masud

Total Assets : BDT 297.09 million (As on 30.06.2024)

Authorized Share Capital : BDT 500.00 million

Paid Up Share Capital : BDT 79.38 million

Bank : Midland Bank PLC

Loan Limit : BDT 170.10 million

Loan Outstanding : BDT 82.45 million (As on 31.10.2024)

Contact Analysts : Tarikul Islam tarikul@alpharating.com.bd

Sharmin Akter sharmin@alpharating.com.bd



Abdul Mannan
Chief Executive Officer
Alpha Credit Rating Limited

Disclaimer: Information used herein was obtained from sources believed to be accurate and reliable. However, Alpha Credit Rating Limited does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. The rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities or to finance in a project. All rights of this report are observed by Alpha Credit Rating Limited. The contents may be used by the news media and researchers with due acknowledgement. Under no circumstances Alpha Credit Rating Limited will or its affiliates will be liable for any special, indirect, incidental or consequential damages of any kind, including, but not limited to, compensation, reimbursement or damages on account of the loss of present or prospective profits, expenditures, loans or commitments, whether made in the establishment, development or maintenance of company reputation or goodwill, cost of substitute materials, products, services or information, cost of capital, and the claims of any third party, or for any other reason whatsoever.

RATING RATIONALE:

Alpha Credit Rating Limited (AlphaRating) vide credit rating Agreement No: 2028 affirms long term credit rating **"A-" (pronounced as "Single A minus")** and short term rating of **"ST-3"** in favor of **Bengal Biscuits Limited**. The outlook for the rating is **Stable**.

AlphaRating considered financial performance, scale of business, quality of financial statements and data presentation, shareholders relationship with different parties or stakeholders' of the business, director's business experience, and comparative strength of the group while assigning the rating. The above rating is based on the audited financial statements of FY 2022-2024, for the year ended 30 June and other qualitative factors. AlphaRating also considered the external facilities availed by the company from Midland Bank PLC, Head office, Dhaka while assigning the above rating.

The rating in favor of Bengal Biscuits Limited (Hereinafter referred to as "BBL" or "the company") takes into consideration of positive factors such as- increased revenue, sound profitability & liquidity position, positive CFO, increase ROA & ROE, audited financial statement, sufficient finance cost payment ability, good cost control efficiency, sufficient coverage from collaterals, most of the updated compliance, etc. However, intense competition, moderate dependency on external facilities and other operational & financial risks involved with the business was taken as negative factors while assigning the rating.

The company has been availing external facilities from Midland Bank PLC, Head office, Dhaka of **BDT 170.10 million** against which total outstanding liability of **BDT 82.45 million** as on 31.10.2024. The company has provided collateral against the facility that has **BDT 280.10 million** (Market Value) and **BDT 220.00 million** (forced sale value). AlphaRating considers the above financial institute's facilities only while assigning the rating.

COMPANY PROFILE:

The company was incorporated on 01st November, 1980 as a Private Limited Company under the companies act, 1913. Subsequently on 16th May, 1994, it was converted into a public Limited Company under the same structure. It shares are listed in both the Dhaka and Chittagong Stock Exchange Limited. The registered office of the company is located at House No-32, Topkhana Road, Level-04, Ramna, Dhaka-1000. The Company is a manufacturer of high quality Biscuits, Flour, Extruded Snacks, Candy, & other consumer foods products. They produce 15 kinds of biscuits, 11 kinds of candy and 2 types of atta. They import a small portion of their raw materials and a large portion is collected from the local suppliers. One of the largest flour suppliers is ACI. Finish goods are then distributed with 34 distributors over the country. The company was incorporated with the authorized capital of BDT 500.00 million and paid up capital of BDT 79.38 million. The company has warehouse facility to store its goods. Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) has delisted trading of Bengal Biscuits Limited since 4th October, 2009. The company has again been listed under the SME board on 30th September 2021.

List of Distributors

Sl. No.	Name of Distributors	Address
01	M/S. Badrul Enterprise	Road No. 04, House No. 45, Uposhohor, Sylhet
02	M/S. Fakhru Enterprise	Ragunandarpur Sadar, Moulvibazar
03	M/S. Bhai Bhai Traders	Hasnabad, Container Road, Karinegonj, Dhaka
04	M/S. Ragib Trading	Foltola, Lakkhar Char, Chokoria, Cox-Bazar
05	M/S. Mahbub Traders	19/1, F Jadob Lahari Lane, Mymensingh
06	M/S. Howlader Enterprise	Rezanur Monzil, East Sornmangol, Tkerhat, Madaripur.
07	M/S. M. Rahman & Co.	Kaptan Bazar, Comilla

Alpha Credit Rating Limited

08	M/S. A. Skiker Enterprise	New Bus stand Road, Faridpur sadar
09	M/S. M.A. Majib Traders	Ranigang Road, Borhanuddin, Bohala
10	M/S. Asif Enterprise	79, Gogun Babu Road, Khulna
11	M/S. Maa Enterprise	Uttara, Dhaka-1230
12	M/S. K.N. Enterprise	Poduar Bazar, Moon Patrol Pump, Bishwho Road, Comilla.
14	M/S. Khandokar Corporation	Gosh Potty, Bhairab
15	M/S. Abul & Song	3, Khaldhar Road, Jessore
16	M/S. Arma Distribution	1, no. station Road, Shahi Mosque, Rangpur.
17	M/S. Nobi Corporation	Plot No. 29, 31, Block-B, Road No. 01, Sectio02, Aftab Nagar, Dhaka.
18	M/S. Khalil Traders	Uposhohor, Block # 9, Sadar, Dinajpur
19	M/S. Maa-Moni Sales & Distribution	West Jamgora, Ashulia, Savar, Dhaka
20	M/S. Pratasha Trading	Amtoli, Barguna
21	M/S. Hazi Dobir Store	River View School Road, Kurigram
23	M/S Alam Enterprise	Kusumbagh, CNB Road, Barisal
24	M/S Ashique Enterprise	Sheb Bazar, Rajshi
25	M/S. Abul & Sons	3, Khaldhar Road, Jessore
26	M/S FS Enterprise	43, Yousuf Road, Mirjapur, Road, -Khulna
28	M/S Haque Enterprise	Subader Pokuppar, Hathajare, Cth. North
32	M/S Alaul Enterprise	Sorafat Market, Bogra
33	M/S Penta Group	Sheker Vita, Jamalpur
34	M/S Shornali Traders	Charhas Mor, Kustia

List of Suppliers

Sl No.	Supplier Name	Values in BDT
1	Bangladesh Flour Mill, Narayangonj	2,167,909
2	Padma Flour Mills	1,533,589
3	Sabnam Vegetable	1,254,587
4	R B Trading, Moghbazar, Dhaka	548,798
5	M A Triangle, Mirpur, Dhaka	458,089
6	Permiaflex Plastic Ltd.	1,441,810
7	Promiss Printing & Pkg.	395,120
8	Abed Products, Dhaka	799,360
9	Munsur and Son's, Barisal	115,349
10	Robin Printing & Packages Ltd.	1,173,726
11	Abdul Monem Sugar Ltd.	207,790
12	Al-Mostafa Printing & Packaging Ind. Ltd.	1,912,545
13	General Printing & Packaging Ltd.	780,292
14	Pabitro Store, Barisal	1,826,585
15	ASF Printing & Packging	558,900
16	R B Trading, Moghbazar, Dhaka	725,470
17	Avijit Auto Flour Mills, Mejhedanga, Bagerhat	1,452,148
18	Akib Flour Mills, Barisal	1,256,045

List of Buyers

SI No.	Buyer Name	Values in BDT
1	Abir Enterprise, Hakars Market, Noakhali	3,120,423
2	Abul & Son's, Jessor	5,308,501
3	Alam Enterprise, C&B Road, Barisal	3,437,099
4	Alauwal Enterprise, Bogura	2,915,261
5	Apex Pharmaceuticals Ltd	83,199
6	Apon Wellbeing Ltd.	83,384
7	Arma Distribution, Rangpur	2,216,934
8	Ashiq Traders, Rajshahi	4,136,091
9	Asiatick Laborities Ltd., Dhaka	143,086
10	Aziz & Sons, Savar, Dhaka	3,973,885
11	Bahi Bahi Traders, Keranegonj	2,988,135
12	Bodrul Enterprise, Sylhet.	4,764,567
13	CSD Exclusive Shop	330,035
14	Eskayef Pharmaceuticals Ltd., Dhaka	1,841,072
15	F S Enterprise, Khulna	4,775,763
16	Fakhrul Enterprise, Maulavibazar	2,317,650
17	Fortune Shoes Ltd., BSCIC, BSL	270,534
18	General Pharmacitics Ltd, Gazipur	275,100
19	Gimcon Food & Agr Product Ltd	44,314
20	Haque Enterprise, Hathajare, Ctg	2,374,154
21	Hazi Dabir Store, Kurigram	2,129,402
22	Howlader Enterprise, Madaripur	2,892,937
23	K.N Enterprise, Comilla	3,479,852
24	Khalil Traders, Dinajpur	2,217,554
25	Khandaker Corporation, Vairab	5,245,294
26	M A Mojid, Traders, Bhola	5,130,099
27	M Rahman & Co, Ctg	3,039,584
28	Maa Enterprise, Uttara	3,580,879
29	Mahabub Traders, Mymensingh.	4,914,933
30	Navana Pharmaceuticals, Banani	409,374
31	Prattasha Trading, Amtoli	4,856,490
32	Ragib Trading, Cox Bazar	3,577,575
33	Rahimafroz (Agora)	113,939
34	Sornali Traders, Kustia	2,986,426
35	Squire Pharmaceuticals/Hospital, Dhaka	932,884
36	Tim Pharmaceuticals, Kawran Bazar,	379,262
37	US Bangla Airlines	240,479
38	Ibn Sina Hospitals Ltd., Dhanmondi, Dhaka.	253,137
39	Birdem General Hospital, Dhaka	42,000
40	Wreath Distribution Ltd. Dhaka	3,269,853

List of Products

Biscuit Unit: Mini Pack		
1	Bengal All Time Biscuits	Ctn.
2	Bengal Duplex Cream Biscuits (4 Pair)	Ctn.
3	Bengal Instant Energy Biscuits	Ctn.
4	Bengal Master Slice Biscuits	Ctn.
5	Bengal Pineapple Cream Biscuits (4 Pair)	Ctn.
6	Bengal Choco Twin	Ctn.
7	Bengal Cream Fantasy Biscuits (4 Pair)	Ctn.
8	Bengal Honey Queen Biscuits	Ctn.
9	Bengal Honey Jeera Fantasy Biscuits	Ctn.
10	Bengal Lexus Biscuits	Ctn.
11	Bengal Dry Cake	Ctn.
Regular Pack		
1	Bengal Pineapple Cream Biscuit	Ctn.
2	Bengal Instant Energy Biscuits (Standard Pack)	Ctn.
3	Bengal Instant Energy Biscuits (Regular Pack)	Ctn.
4	Bengal Lemon Biscuits	Ctn.
5	Bengal Orange Cake Biscuits	Ctn.
6	Bengal Choco Twin Biscuits	Ctn.
7	Bengal Nutri Milk Biscuits	Ctn.
8	Nutribake Digestives Biscuits	Ctn.
9	Bengal Honey Jeera Fantasy Biscuits	Ctn.
10	Bengal Duplex Cream Biscuits	Ctn.
11	Bengal Butter Bake Biscuits	Ctn.
Family Pack		
1	Bengal Nutribake Digestives Biscuits	Ctn.
2	Bengal Orange Cake Biscuits	Ctn.
3	Bengal Lemon Biscuits	Ctn.
4	Bengal Lexus Biscuits	Ctn.
5	Bengal Pineapple Cream Biscuits	Ctn.
6	Choco Chips Cookies	Ctn.
7	Bengal Instant Energy Biscuits	Ctn.
8	Bengal Premium Assorted (TIN)	TIN
9	Bengal Orange Cake Biscuit (TIN)	TIN
10	Bengal Horlicks Cookies	Ctn.
11	Bengal Butter Bake Biscuits	Ctn.
Candy Unit		
1	Bingo Milk Candy	Ctn.
2	Bengal Peanut Candy	Ctn.
3	Winnie Mango Candy	Ctn.
4	Winnie Lychee Candy	Ctn.
5	Bingo Milk Candy (250 Pcs)	Jar
6	Bengal Tok Jhal Candy (200 Pcs)	Jar

Alpha Credit Rating Limited

7	Winnie Mango Candy (250 Pcs)	Jar
8	Winnie Lychee Candy (250 Pcs)	Jar
9	Bingo Coffee Candy (200 Pcs)	Jar
10	Green Mango Spicy Candy (200 Pcs)	Jar
11	Bingo Orange Candy (200 Pcs)	Jar
12	Bengal Peanut Candy (200 Pcs)	Jar
Bingo Orange Instant Powder Drink		
1	Bingo Orange Instant Powder Drink Mini Pack	
2	Bingo Orange Instant Powder Drink 125g Regular Pack	
3	Bingo Orange Instant Powder Drink 250g Regular Pack	
4	Bingo Orange Instant Powder Drink 750g Regular Pack	

List of Machineries:

Biscuits

SL. No.	Name of Machineries	Qty	Model No.	Origin	Capacity (Kg Per hour)
1	Dough Mixer	02	-	Japan	(600X2) 1200
	Dough Mixer	01	-	India	1600
2	Rotary Machine	02	-	Japan	(600X2) 1200
	Rotary Machine	01	-	India	1600
3	Feeding Machine	02	-	Japoan	(600X2) 1200
	Feeding Machine	01	-	India	1600
4	Cream Mixer	01	-	India	600
	Cream Mixer	01	-	China	150
	Cream Mixer	01	-	Bangladesh	200
5	Hard Biscuit Line Machinery	01	-	India	600
6	Sugar Granding Machine	02	-	Bangladesh	(400X2)800
7	Flour Sifter	01	SG-1200-150	India	600
8	Flour Handling Machine	01	-	Bangladesh	1600
9	Tray Packing Machine			China	300
	Syrup Dissolving Machine	01	-	Bangladesh	300
10	Tunnel Oven	02	-	Japan	(400X2) 800
	Tunnel Gas Oven	01	-	India	3200
11	Cooling Conveyor	02	-	Bangladesh	(400X2) 800
	Cooling Conveyor	01	-	China	1600
12	Staking Machine	01	-	Japan	150
	Staking Machine	01	-	Bangladesh	450
	Staking Machine	01	-	China	1600
13	Sandwich with wrapping Machine	01	-	China	300
14	Sandwich Machine	01	-	Bangladesh	150
	Sandwich Machine	01	-	Bangladesh	150
15	Sandwich With Warpping Machine	04	-	China	300
16	Wrapping Machine	03	DNY-300	China	(200X3) 600
	Wrapping Machine	05	DXD-460C	China	(200X5) 1000
	Wrapping Machine	04	SVM (W) 2009	India	(220X3) 660

Alpha Credit Rating Limited

	Wrapping Machine	02	-	Taiwan	(200X2) 400
	Automatic Wrapping Machine	02	-	China	200
17	Sealing Machine	02	-	China	(150X2) 300
18	Lathe Machine	01	-	Pakistan	-
	Mould	05	-	India	-
19	Mould	01	-	Italy	-
	Mould	15	-	Bangladesh	-
20	Printer (Video Jet)	01	1510	China	-
21	Biscuits Braking Machine	02	-	Bangladesh	(100X2) 200
22	Air Conditioner	17	-	China	34 Ton

CANDY

Sl. No.	Name of Machineries	Qty	Model No.	Origin	Capacity (Kg per hour)
01	Boiler	01	3452	Bangladesh	350
02	Syrup Curing Machine	01	-	Taiwan	250
03	Vacuum Machine	01	-	China	300
04	Mixer Table	03	-	Taiwan	300
05	Batch Roller	01	-	Taiwan	300
06	Rope Size Machine	01	-	India	300
07	Stamping Machine	01	-	India	300
08	Cooling Conveyor	01	-	India	300
09	Pillow Wrapping Machine	02	-	China	120
10	Wrapping Machine (Consumer Pack)	01	-	China	200
11	Cap Sealing Machine	01	-	Bangladesh	300
12	Ari Conditoner (Window Type)	06	-	China/Japan	12 Ton
13	Disel Generator	02	-	China	(380 KVA)
14	Transformer	04	-	Bangladesh	1000 KVA
15	PFI Bangladesh	03	-	Bangladesh	-
16	LT Switch Gare, Bangladesh	01	-	Bangladesh	-
17	Tunnel Gas Oven Full Line (New-2016)	01	-	India/Italy	2000 Kg/Hour

Ownership Pattern

The company has authorized 50,000,000 shares of Tk. 10 each and Issued & Paid-Up Capital of 79.38 million. The summary of the ownership pattern of Bengal Biscuits Limited is given in below:

Ownership Structure

Shareholding pattern of the company is presented below:

Name*	Percentage*
Director & Sponsors	30.60%
Institute	8.50%
Public	60.90%
Total	100%

Source: Shareholding Pattern has taken from DSEBD (As on 30.06.2024)

INDUSTRY ANALYSIS:

Bangladesh has a rapidly growing consumer market and due to a large population base, the demand for food products is always on the rise. The market and the product range have evolved significantly over the last decade and many companies have entered the food business which was otherwise not into this level of diversification in the past.

The food processing industry in Bangladesh represents one of the major potential sectors within the industrial segments in terms of contribution to value addition and employment. The sector accounts for over 22% of all manufacturing production and employs about 20% of labor forces. All food processing enterprises account for 2% of the national GDP. The food processing sector includes processing of cereals, pulses & oilseeds, bakery and confectionary, fruits and vegetables, dairy, carbonated beverages and non-carbonated fruit juices, drinks, other beverage and various other food items (Source: Developing 08 countries D-8, 3rd D-8 Ministerial Meeting on Industry, 7th Meeting of the Working Group on Industrial Cooperation, MoI, GoB).

Status of Exports of Agro-processed Products

Bangladesh Agro-processors Association (BAPA) has now 370 members who are engaged in manufacturing, processing and exporting the products of this emerging sector. The export trend is shown in Table 01 of attached documents. Now about 90 items of agro-processed products are being exported to 70 countries throughout the world. Major export markets of agro-processed products are Asia, Middle East and Africa. Major exported items are pickle, drinks, juice, spices, rice, tea, party snacks (chanachur), nuts, mustard oil, chips, biscuits, rose water, candy, puffed rice, potato flakes etc.

GDP impact

There is a huge opportunity to expand our national GDP through export diversification of different agro-processed products like: i. Export maize/corn to Egypt and Nigeria as the soil of our country is suitable for large number of quality and tasty maize production. ii. Export of fresh horticultural food stuff in Iran, Indonesia, Turkey. The food processing sub-sectors such as vacuum fried fruit chips, real potato chips, spices powder, bakery products, soft drink bottling, confectionary manufacture, frozen vegetables, processed fish, grain products, meat, poultry and milk processing, tomato paste, canned jackfruit and pineapple, fast food, ready to eat breakfast cereals, food additives, flavors etc. have huge potential in the domestic and export markets.

Forecasting about export earnings

The food processing industry is growing rapidly and opening up new opportunities in terms of investment, technology and export. The principal commodities that registered growth in the export earnings during the FY 2020-21 are:

Commodities	Export Earning (Value in million US\$)	Growth (%)
Tea	3.56	14.10
Vegetables	118.73	27.60
Fruits	0.58	18.37
Spices	43.29	30.08
Dry food	283.38	46.29
Shrimps	328.84	1.15
Crabs	12.38	50.18

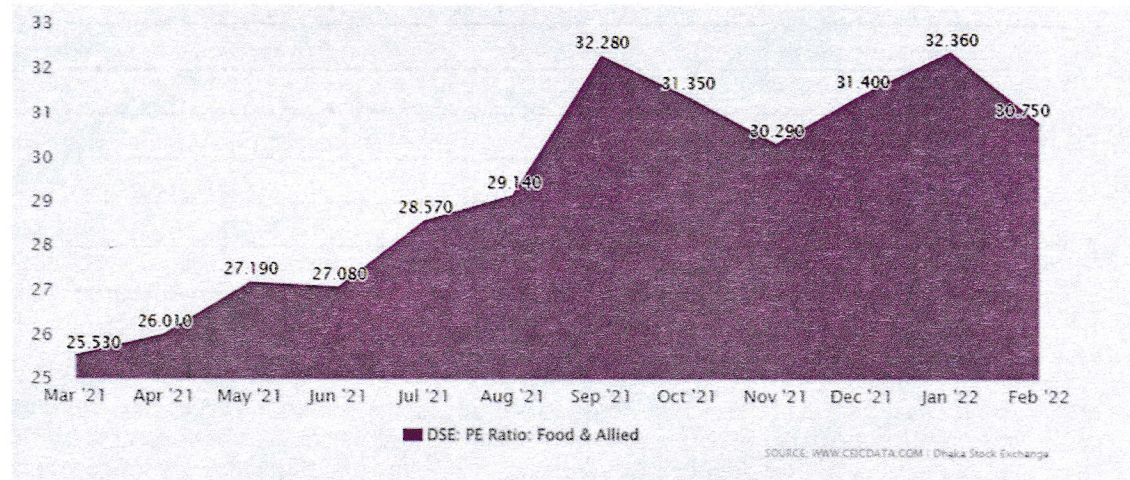
Source: EPB

Bangladesh DSE: PE Ratio: Food & Allied data was reported at 20.550 Unit in Aug 2022. This records an increase from the previous number of 20.460 Unit for Jul 2022. Bangladesh DSE: PE Ratio: Food & Allied data is updated monthly, averaging 22.640 Unit from Dec 2005 to Aug 2022, with 199 observations. The data reached an all-time high of 38.890 Unit in Feb 2014 and a record low of 7.180 Unit in May 2006. Bangladesh DSE: PE Ratio: Food & Allied data remains active status in CEIC and is reported by Dhaka Stock Exchange. The data is categorized under Global Database's Bangladesh - Table BD.Z005: Dhaka

Alpha Credit Rating Limited

Stock Exchange: PE Ratio and Dividend Yield. No available data for April and May 2020 due to temporary closure of Dhaka Stock Exchange from March 29 to May 28, 2020.

View Bangladesh DSE: PE Ratio: Food & Allied from December 2005 to February 2022 in the chart:



BUSINESS RISK ANALYSIS:

Reputational risk

Factors such as good product quality, good payment behavior with creditors and timely finishing business deals have helped the business to maintain good reputation in the market. If the business fails to practice these cultures, it would affect the reputation of the business negatively. As a result, the business might struggle to attain expected level of revenue.

Operational Risk

The company is based on manufacturing of different types of biscuits, candy, atta etc. Manufacturing process can be hampered due to any error like human error. On top of that, timely delivery of proper quality product and proper storage of goods are the key determinants of company's growth. Failure to manage proper sourcing and quality control will result the loss of customer and fall of revenue as well. On the other hand, price of the raw material can fluctuate due to the market condition which might affect the operation as well as overall profitability. Demands & tastes are kept changing day to day which might harm the overall operation.

Interest Rate Risks

Interest rate risk arises from the chance that some unexpected change in interest rate will negatively affect value of the investment. Bengal Biscuits Limited has been availing Loan facilities from different financial institutions to meet up working capital for the business. The company will have to pay a significant amount as bank profit and charge which will cut significant portion of net profit. The business might face interest rate risk for the facility. However, considering current monetary policy & money supply in Bangladesh economy, it is unlikely that interest rate will go up.

Increasing Competition

Food & Beverage industry is considered as one of the attractive sector of Bangladesh and due to this number of new entrant is increasing in this industry making the market more competitive for existing firms. As the competition intensifies, the companies in this industry are bound to decrease price of their product and thus reduced profit margin. This sector is facing competition, not only from domestic companies, but from foreign companies. However, Bengal Biscuits Limited has started its journey in 1980 but it has

Alpha Credit Rating Limited

many years of experienced management team, proper resources and strategic group strength which gave it competitive edge.

Quality Control Risk

Quality control risk affects all food & beverage companies. Food and beverage products are manufactured based on stringent quality principles that are in accordance with the ISO quality management system standards. Any defect in the products can grind down the profit, market reputation of the company and affect the company's operation. BBL might also face this risk if it does not maintain the guidance according to the ISO.

Distribution Risk

For BBL, the most crucial wing is the distribution channel. Wide distribution network and monitoring over the network is essential to make its product available to the consumer at right time and price. BBL, every now and then faces this challenge from non-accessibility for its wider range of products.

Raw Material Supply Risk

The company has to collect wheat, sugar & other raw materials for production. As the production capacity is limited in the local areas, the capacity can be underutilized due to shortage of raw materials. However, the company has to look for outsourcing to face such uncontrollable events and be confident to face alternate situations.

FINANCIAL RISK ANALYSIS:

The overall financial risk assessment of the business, AlphaRating divided the financial portion into four different criteria which are Profitability Analysis, Liquidity Analysis, Cash flow Analysis and Capital Structure. Detailed analysis is presented below:

Profitability Analysis**Exhibit 1: Selected Indicators: Bengal Biscuits Limited**

FYE 30 June	2024	2023	2022
Revenue (BDT in Millions)	800.13	680.94	565.58
Revenue Growth (%)	17.50	20.40	0.51
COGS (BDT in Millions)	619.83	544.60	460.17
COGS Growth (%)	13.81	18.35	0.55
Gross Profit Margin (%)	22.53	20.02	18.64
Operating Profit Margin (%)	5.08	4.59	4.35
Net Profit Margin (%)	2.59	1.70	0.97
ROA (%)	6.99	3.95	8.52
ROE (%)	18.58	12.24	6.61

Data obtained from audited financial statements of FY 2022-2024

AlphaRating observed that BBL has been experiencing positive growth in revenue in FY 2024. It is visible that the revenue of the company has been increased compared to that of last year. On the other hand, COGS of the company has also been increased in FY 2024 but at a lower rate compare to revenue, resulting into improved Gross Profit Margin of 22.53%. However, efficient control over operating expenses has ensured Operating Profit Margin to improve in current year. It has been observed that, the company's NPM has been increased by 0.89 percentage points in FY 2024.

Return on Asset (ROA) ratio measures how effectively a company is generating returns by utilizing its asset base. Similarly, Return on Equity (ROE) measures the rate of return against shareholders equity. ROA has been increased due to having adequate return by investing its assets than previous year. Similarly, ROE of the company has increased due to increased net profit.

Liquidity Analysis

Exhibit 2: Selected Indicators: Bengal Biscuits Limited

FYE 30 June	2024	2023	2022
Current Ratio (x)	1.78	1.71	1.81
Quick ratio (x)	1.05	1.12	1.32
Cash Ratio (x)	0.27	0.23	0.28
Trade Receivable (days)	41	48	52
Trade Payable (days)	42	26	14
Inventory Holding (days)	42	38	35
Cash Conversion Cycle (days)	41	60	73

Data obtained from audited financial statements of FY 2022-2024

The current ratio has increased from previous year, however it is higher than 1 times, which suggests that the company is capable to meet all kinds of short term liabilities. Moreover, the quick ratio has decreased in the FY 2024 compared to previous year. Currently the company takes 41 days to collect its credit which indicates the efficient collection procedure of the company compared to last financial period. At the same time, the company pays off its debtors 42 days whereas it was 26 days in previous year. On the other hand, AlphaRating considered Cash Conversion Cycle has been improved due to decreasing of receivables days and increasing trade payables days. The company is funding its working capital through utilization of short term & long term borrowings. So reducing the working capital cycle may help the company to lower its finance cost burden which might have a positive impact on overall performance of the company.

Cash Flow Coverage

Exhibit 3: Selected Indicators: Bengal Biscuits Limited

FYE 30 June	2024	2023	2022
CFO (BDT in Millions)	44.37	55.02	4.71
CFO Interest Coverage	3.60	3.94	0.29
CFO Debt Coverage	0.48	0.44	0.07

Data obtained from audited financial statements of FY 2022-2024

Cash Flow from Operation is a very important criteria to measure the business's financial strength. Positive CFO means the business is being able to generate sufficient cash to meet up its regular expenses. CFO Interest Coverage ratio reflects that the company was fully capable of paying its finance cost by generated CFO. CFO Debt Coverage ratio reflects that the company was partially able to repay its debt by generated CFO.

Capital Structure & Gearing

Exhibit 4: Selected Indicators: Bengal Biscuits Limited

FYE 30 June	2024	2023	2022
Debt to Equity (x)	0.82	1.33	2.14
Interest Coverage (x)	3.31	2.24	1.52
Net Asset Value (in Millions)	111.66	94.74	83.14

Data obtained from audited financial statements of FY 2022-2024

The debt-to-equity ratio is demonstrating that the company uses loan amount for its business operation & dependency on debt is decreasing over the year and current gearing ratio suggests moderate gearing position of the company. On the other hand, Interest Coverage ratio shows that the company is able to repay its finance costs more than 1 times. Net Asset Value of company has been increasing over the years & this is a positive sign for the company as the company could be less debt burdened.

BANK FACILITIES& CREDIT HISTORY:**Exhibit 5: Bank exposure: Bengal Biscuits Limited**

(As on 31.10.2024)

Bank	Mode	Loan Limit (BDT in Millions)	Outstanding (BDT in Millions)
Midland Bank PLC	OD	10.00	Nil
	Term Loan	130.10	82.45
	Term Loan	20.00	
	Term Loan	10.00	
Total		170.10	82.45

The company has been availing banking facilities from Midland Bank PLC, Head office, Dhaka. AlphaRating considers the above bank facilities only while assigning the rating.

Security/Mortgages**Collateral:**

Bank No	Area of land	MV (BDT in Millions)	FSV (BDT in Millions)
Midland Bank PLC	284.27 decimal land along with 1,23,934 square feet building and machinery located at Mouza: Kaunia, District: Barishal.	280.10	220.00
Total		280.10	220.00

Other Security

- Personal Guarantee of all directors of Bengal Biscuit Limited.
- DP note and standard charge documents
- 03 PDCS covering all installments for each Term Loan
- DP Notes and standard charge documents

MANAGEMENT AND OTHER QUALITATIVE FACTORS:**Board of Directors**

There are experienced members in the board of Directors. The following chart shows the occupation & designation of the directors.

Name	Designation
Faizul Hassan	Chairman
M. A. Masud	Managing Director
Mohammed Nurul Kalam Aswad	Director
Md. Nurul Mahabub	Director
Sharif Taibur Rahman	Independent Director

Human Resource Management

One of the major parts in the organization is their Human resource. It believes that people are the main driving force of the company. The company has 681 employees & some workers working for the company at present. BBL uses software based system for accounts and inventory management.

Compliance Issues:

Particulars	Validity date
Trade License	2024-2025
Income Tax Clearance Certificate	2022-2023
VAT	Registered
Insurance	03.11.2025
Factory License	23.12.2024
IRC	30.06.2025
ERC	30.06.2025
Environmental Certificate	05.10.2025
BSTI License	30.06.2025
Fire License	30.06.2025
Membership Certificate of The Barisal Chamber of Commerce & Industry	2023-2024
Membership Certificate of BAPA	30.06.2024

END OF THE REPORT**Company Information:****Office & Factory Address****Bengal Biscuits Limited.****Address:**

Head Office: House No-32, Topkhana Road, Level-04, Ramna, Dhaka-1000.

Factory: BSCIC Road, Industrial Estate, Kawnia, Barisal.

Telephone: 88-02-9561941, 9561873 (Head Office), 88-02-9337741-3 (Corporate office)

Fax: 88-02-9567948 (Head Office), 88-02-8313538 (Corporate Office)

E-mail: bbl.info.bd@gmail.com

Auditor**Habib Sarwar Bhuiyan & Co.**

Chartered Accountants

Domino Domicillo, House-121, Flat-B1, Road-10, Block-C, Niketon, Gulshan-1, Dhaka-1212

Mob- 01711-535332

Email- mhabib7374@gmail.com

Long Term Rating Scale and Definitions

AAA	Issuers or issues rated AAA represents the strongest credit quality relative to other Bangladeshi obligors
AA	Issuers or issues rated AA represents very strong credit quality relative to other Bangladeshi obligors
A	Issuers or issues rated A represents above average credit quality relative to other Bangladeshi obligors
BBB	Issuers or issues rated BBB represents average credit quality of Bangladeshi obligors
BB	Issuers or issues rated BB represents slightly below average credit quality relative to other Bangladeshi obligors
B	Issuers or issues rated B represents weak credit quality relative to other Bangladeshi obligors
CCC	Issuers or issues rated CCC represent very weak credit quality relative to other Bangladeshi obligors
CC & C	Issuers or issues rated CC and C both represent extremely weak credit quality relative to other Bangladeshi obligors. Rating of C will normally be assigned when an obligor is in technical default on certain commitments or obligations, but not yet in financial default.
D	Issuers or issues rated D have failed to meet their rated financial commitment on time or when due

Long term rating from AA to B may be modified by the inclusion of a plus (+) or minus (-) sign to indicate relative strength within the rating category.

Short term Rating Scale

ST 1	Issuers rated ST 1 have the strongest ability to meet short term financial commitments relative to other Bangladeshi obligors
ST 2	Issuers rated ST 2 have an above average ability to meet short term financial commitments relative to other Bangladeshi obligors
ST 3	Issuers rated ST 3 have an average ability to meet short term financial commitments
ST 4	Issuers rated ST 4 have a below average ability to meet short term financial commitments relative to other Bangladeshi obligors
ST 5	Issuers rated ST 5 have a well below average ability to meet short term financial commitments relative to other Bangladeshi obligors
ST 6	Issuers rated ST 6 have failed to meet their short term financial commitments

Rating Outlook

Rating Outlook assesses the potential direction of the Debt Rating over the intermediate term (typically over a one to two-year period). The Rating Outlook may either be :	
POSITIVE	Which indicates that a rating may be raised;
NEGATIVE	Which indicates that a rating may be lowered;
STABLE	Which indicates that a rating is likely to remain unchanged; or
DEVELOPING	Which indicates that a rating may be raised, lowered or remain unchanged.

Alpha Credit Rating Limited

Sadharan Bima Bhaban-2 (2nd & 8th Floor)

139 Motijheel C/A, Dhaka-1000.

Tel: +880-2223353025-28

e-mail : info@alpharating.com.bd
