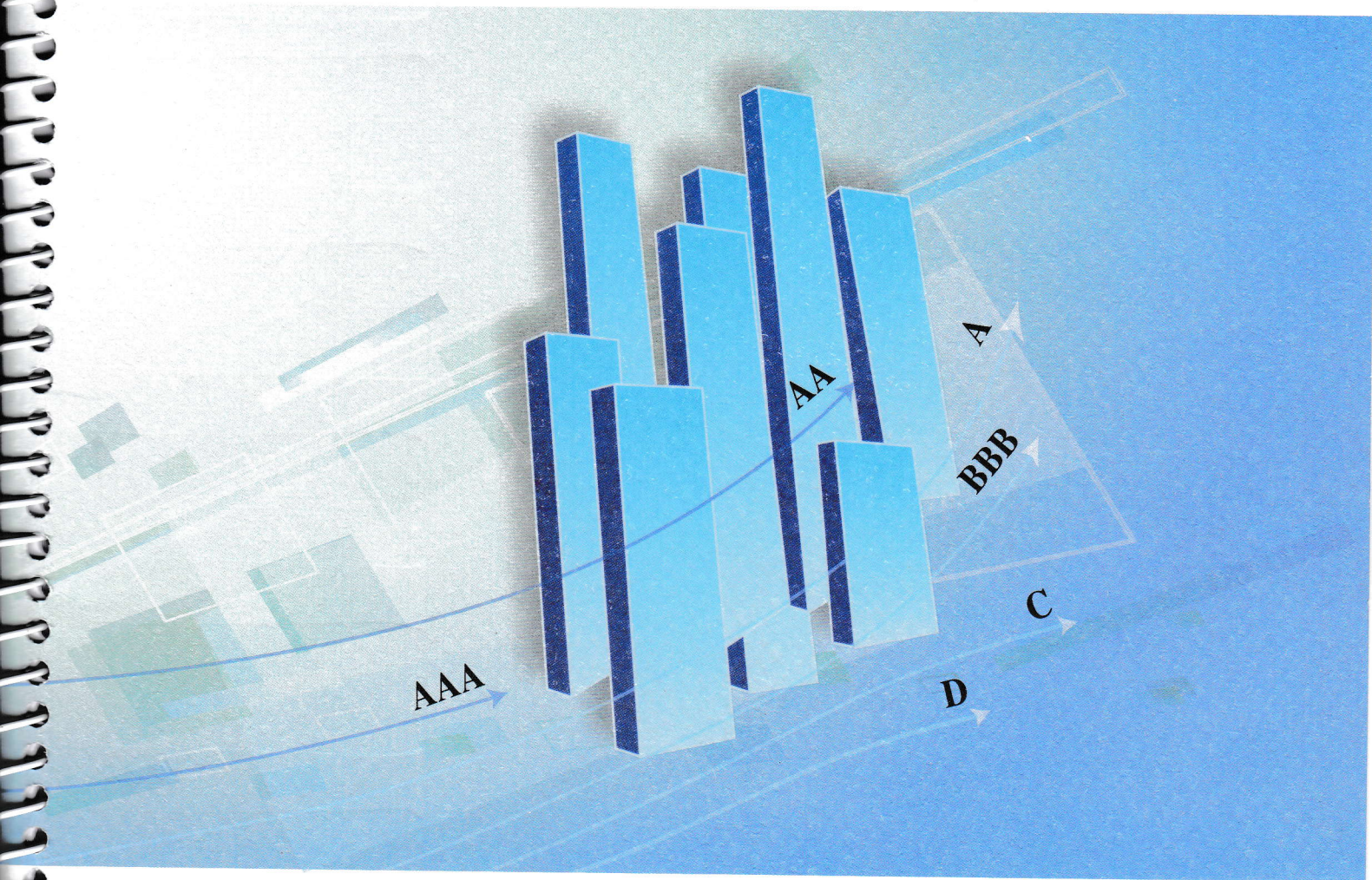


AlphaRating

## Credit Rating Report



Alpha Credit Rating Limited



06 November, 2023

**Managing Director**  
**Bengal Biscuits Limited**  
House No-32, Topkhana Road, Level-04, Ramna, Dhaka-1000.

**Subject: Credit Rating of Bengal Biscuits Limited.**

Dear Sir,

We are pleased to inform you that 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
06 November, 2023	14 October, 2023	13 October, 2024	6 <sup>th</sup> Surveillance	A-	ST-3	Stable

The Long Term & Short Term rating is valid up to the earlier of 13 October, 2024 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 forms an 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
06 November, 2023	14 October, 2023	13 October, 2024	6 <sup>th</sup> Surveillance	A-	ST-3	Stable

**Date of Incorporation** : 01<sup>st</sup> November, 1980

**Managing Director** : M. A. Masud

**Total Assets** : BDT 296.88 million (As on 30.06.2023)

**Authorized Share Capital** : BDT 500.00 million

**Paid Up Share Capital** : BDT 79.38 million

**Financial Institutes** : Midland Bank Limited

**Loan Limit** : BDT 175.10 million

**Loan Outstanding** : BDT 111.17 million (As on 30.09.2023)

**Contact Analysts** : Shanta Saha [shanta@alpharating.com.bd](mailto:shanta@alpharating.com.bd)

: Sadia Alam [sadia@alpharating.com.bd](mailto:sadia@alpharating.com.bd)

  
**Abdul Mannan**  
Chief Executive Officer  
Alpha Credit Rating Limited

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**RATING RATIONALE:**

Alpha Credit Rating Limited (AlphaRating), vide credit rating Agreement No: 2028 upgrades long term credit rating to **"A-" (pronounced as "A minus")** from **"BBB+"** and affirms 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 2021-2023, for the year ended 30 June and other qualitative factors. AlphaRating also considered the external facilities availed by the company from Midland Bank Limited, 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, sufficient finance cost payment ability, good cost control efficiency, sufficient coverage from collaterals, most of the updated compliance, improved cash flow from operation, etc. However, intense competition, high 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 Limited, Head office, Dhaka of **BDT 175.10 million** against which total outstanding liability of **BDT 111.17 million** as on 30.09.2023. 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 01<sup>st</sup> November, 1980 as a Private Limited Company under the companies act, 1913. Subsequently on 16<sup>th</sup> 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 Begfal Biscuits Limited since 4<sup>th</sup> October, 2009. The company has again been listed under the SME board on 30<sup>th</sup> 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. Fakhrul 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.



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07	M/S. M. Rahman & Co.	Kaptan Bazar, Comilla
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

SI 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 Pharmaciticals 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**

<b>Biscuit Unit: Mini Pack</b>		
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.
<b>Regular Pack</b>		
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.
<b>Family Pack</b>		
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.
<b>Candy Unit</b>		
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



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6	Bengol Tok Jhal Candy (200 Pcs)	Jar
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
<b>Bingo Orange Instant Powder Drink</b>		
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



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	Wrapping Machine	05	DXD-460C	China	(200X5) 1000
	Wrapping Machine	04	SVM (W) 2009	India	(220X3) 660
	Wrapping Machine	02	-	Taiwan	(200X2) 400
	Automatic Wrapping Machine	02	-	China	200
17	Sealing Machine	02	-	China	(150X2) 300
18	Lathe Machine	01	-	Pakistan	-
19	Mould	05	-	India	-
	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 50000000 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	10.27%
Public	59.13%
<b>Total</b>	<b>100%</b>

Source: Shareholding Pattern has taken from DSEBD (As on 30.06.2022)

**INDUSTRY ANALYSIS:****Bangladesh's biscuit industry grows fast**

- ▶ Bangladesh's annual biscuit production 0.51 million tonnes
- ▶ Per capita annual consumption 2.8 kgs, third in South Asia
- ▶ Sector grows to BDT 70 billion (US \$ 824 million) in 2021



Source: BABBMA, BBBCPS, EPB, HIES of Maldives, Market Outlook India, Fior Markets, biscuitpeople.com, TRIDGE

The local biscuit industry is growing fast riding on surging demand for diverse-packet snacks among the thriving middle-income group of consumers. The local manufacturers now produce items worth more than Tk 70 billion (equivalent to US\$ 824 million).

They meet 97-98 per cent of the domestic demand and export the remaining 2.0-3.0 per cent, according to estimates by the Bangladesh Auto Biscuit and Bread Manufacturers Association (BABBMA) and Bangladesh Bread, Biscuits O Confectionery Prostutkarok Samity (BBBCPS), an association of the traditional factories.

Industry insiders have attributed the industry's growth to changes in the food habit with the rising income and better quality of the present-day products.

They also informed that the demand for the biscuits and cookies surged during the Covid-19 pandemic to a range between 22 per cent and 25 per cent from the industry's steady growth of 10-12 per cent in the last several years.

The local per capita consumption of the items has increased to 2.8 kilogrammes (kgs) annually, making it third largest in South Asia after the Maldives and Sri Lanka.



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They are ahead of Bangladesh with 4.5 kgs and 4.0 kgs of per capita annual consumption while Pakistani and Indian citizens eat 2.2 kgs and 2.5 kgs respectively on an average, available data revealed.

Apart from rising local consumption, exports also increased substantially in the fiscal year 2020-21 (FY21) to US\$55 million, showing a huge potential to grab a good portion of the global market, said the insiders.

Considering the rising income of people, big conglomerates ventured into this sector with their automated factories that helped the industry grow faster, according to the associations.

Around 110 automated biscuit factories with their plenty of brands and hundreds of diverse products have started to lead the industry. They account for 65 per cent of the total market of more than 0.51 million tonnes of production. Rising demand during the pandemic also helped the sector achieve more than 22-25 per cent growth in the last one and a half years against the average growth of 10-12 per cent earlier, said the industry insiders.

Local companies have emerged with traditional cookies, special toasts, dry cakes, sweet toasts, cream milk cookies, coconut cookies, low sugar biscuits, chocolate biscuits, buttermilk biscuits, tea-time cookies, nut biscuits, cheesy cookies and other varieties of products, said insiders.

The rising share of the automated factories and their huge investments in marketing was leading to closure of hundreds of manual factories as they hardly could survive in the highly competitive market, the insiders said.

"The biscuit market has been growing fast amid rising demand for safe packet snacks and the growth might continue for the next decade", said Kamruzzaman Kamal, Marketing Director of Pran RFL Group, the second largest biscuit manufacturer in the country.

Potata, a Pran-branded crispy biscuit, has become popular both at home and abroad recently.

Olympic is now producing nearly 0.12 million tonnes of biscuit and bakery items with biscuits dominating the production line.

Its 'Energy Plus' brand was the most sold biscuit item in the country for the last five years while its other brands like 'Nutty', 'Tip' were two other most popular biscuits.

The company posted a 15 per cent increase in sales to Tk 15.89 billion in the fiscal year 2019-20 (FY'20) against Tk 13.73 billion in FY'19.

However, Nabisco, once the market leader with its most popular brand 'Nabisco Glucose Biscuit', is holding the third position in the sector now with its two and a half dozen products.

Al-Amin, Danish, Romania and Haque have 4.0-5.0 per cent of the market share each while Bangas, Dekko, Globe, Fu-Wang, Bonoful, Kishowan, Thai Food, Gold Mark, Mashafi, New Olympia, Ifad, Cocola, Pinnacle, Kakoli, Shifa and Kohinoor have also their fair share in the market.

Data available with the associations showed that the automated factories and more than 4,500 traditional ones were collectively producing more than 0.51 million tonnes of biscuits worth Tk 70 billion annually in the country.



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The per capita biscuit consumption now stands at 2.8 kg per head against hardly 0.4 kg in 2001.

The local firms were able to earn the confidence of consumers by improving the food quality and keeping prices at reasonable levels, he said.

As a result, he added, the manufacturers were able to maintain their position in the market and weaken the dominance of imported products from India, Pakistan, Thailand, Malaysia and Indonesia.

Domestic manufacturers now meet 97-98 per cent of the local demand for biscuits and many of them also export the items.

He said biscuit export increased to \$ 55 million in the FY'21 from a level below \$10 million a decade ago.

Saudi Arabia, Oman, the Philippines, Malaysia and India were some of the leading buyers of Bangladeshi biscuits.

Presently, the global biscuit export market would be worth \$ 8.9 billion, which is expected to increase significantly in the coming years amid a rapid change in food pattern following the pandemic while Asian countries are going to contribute a major share to the growth.

The government and the private sector should take timely policies to grab a fair share of the global market in the coming years, he said.

However, online sales of snack foods are growing at a faster rate in Bangladesh as companies like Daraz, Chaldal, Food Panda, Hungrinaki, etc. have started e-retailing and competing for a share of the online marketplace.

**Source:** <https://thefinancialexpress.com.bd/trade/banqladeshs-biscuit-industry-grows-fast-1639796819>

## **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 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	2023	2022	2021
Revenue (BDT in Millions)	680.94	565.58	562.73
Revenue Growth (%)	20.40	0.51	8.02
COGS (BDT in Millions)	544.60	460.17	457.66
COGS Growth (%)	18.35	0.55	10.14
Gross Profit Margin (%)	20.02	18.64	18.67
Operating Profit Margin (%)	4.59	4.35	4.17
Net Profit Margin (%)	1.70	0.97	1.11
ROA (%)	10.65	8.52	8.36
ROE (%)	12.24	6.61	7.96

Data obtained from audited financial statements of FY 2021-2023

AlphaRating observed that BBL has been experiencing positive growth in revenue in FY 2023. It is visible that the revenue of the company has been increased compared to that



## Alpha Credit Rating Limited

of last year which indicates that the company was able to increase client's number along with experienced amplified demand of their biscuit items. On the other hand, COGS of the company has also been increased in FY 2023 at a lower rate compare to revenue, resulting into Gross Profit Margin of 20.02%. 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 0.73 percentage points in FY 2023 mainly due to 13.89% lower interest cost.

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 increase net profit.

### Liquidity Analysis

#### Exhibit 2: Selected Indicators: Bengal Biscuits Limited

FYE 30 June	2023	2022	2021
Current Ratio (x)	1.71	1.81	2.12
Quick ratio (x)	1.12	1.32	1.31
Cash Ratio (x)	0.23	0.28	0.32
Trade Receivable (days)	48	52	41
Trade Payable (days)	26	14	19
Inventory Holding (days)	38	35	32
Cash Conversion Cycle (days)	60	73	54

Data obtained from audited financial statements of FY 2021-2023

The current ratio has decreased 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 also decreased in the FY 2023 compared to previous year, representing satisfactory level. Currently the company takes 48 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 pay off its debtors 26 days whereas it was 14 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	2023	2022	2021
CFO (BDT in Millions)	55.02	4.71	8.51
CFO Interest Coverage	3.94	0.29	0.59
CFO Debt Coverage	0.44	0.07	0.05

Data obtained from audited financial statements of FY 2021-2023

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**

<b>FYE 30 June</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Debt to Equity (x)	1.33	2.14	2.21
Interest Coverage (x)	2.24	1.52	1.63
Net Asset Value (in Millions)	94.74	83.14	78.43

Data obtained from audited financial statements of FY 2021-2023

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 high 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 less debt burdened now.

**BANK FACILITIES & CREDIT HISTORY:****Exhibit 5: Bank exposure: Bengal Biscuits Limited (As on 30.09.2023)**

<b>Bank</b>	<b>Mode</b>	<b>Loan Limit</b> (BDT in Millions)	<b>Outstanding</b> (BDT in Millions)
Midland Bank Limited	OD	10.00	1.83
	Term Loan	130.10	86.32
	Term Loan	20.00	12.00
	Term Loan	10.00	6.67
	Time Loan	5.00	4.35
<b>Total</b>		<b>175.10</b>	<b>111.17</b>

The company has been availing banking facilities from Midland Bank Limited, Head office, Dhaka. The purposes of these facilities are to meet up working capital requirement & SGA expenses of the company, to procure raw materials, spare parts & other items related to business from local sources. AlphaRating considers the above financial institutes' facilities only while assigning the rating.

**Security/Mortgages****Collateral:**

<b>Bank No</b>	<b>Area of land</b>	<b>MV</b> (BDT in Millions)	<b>FSV</b> (BDT in Millions)
Midland Bank Limited	285.17 decimal land along with 1,23,934 square feet building and machinery located at Mouza: Kaunia, District: Barishal.	280.10	220.00
<b>Total</b>		<b>280.10</b>	<b>220.00</b>

**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.

<b>Name</b>	<b>Designation</b>
M. A. Masud	Managing Director
Faizul Hassan	Director
Mohammed Nurul Kalam Aswad	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:**

<b>Particulars</b>	<b>Validity date</b>
Trade License	2023-2024
Income Tax Clearance Certificate	2022-2023
VAT	Registered
Insurance	03.11.2023 (Expired)
Factory License	23.12.2024
IRC	30.06.2024
ERC	30.06.2024
Environmental Certificate	05.10.2023 (Expired)
BSTI License	30.06.2025
Fire License	30.06.2024
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****Shafiq BASAK & Co.**

Chartered Accountants  
Shatabdi Center (6<sup>th</sup> floor)  
292, Inner Circular Road  
FakirPook, Motijheel, Dhaka



**Long Term Rating Scale and Definitions**

<b>AAA</b>	Issuers or issues rated AAA represents the strongest credit quality relative to other Bangladeshi obligors
<b>AA</b>	Issuers or issues rated AA represents very strong credit quality relative to other Bangladeshi obligors
<b>A</b>	Issuers or issues rated A represents above average credit quality relative to other Bangladeshi obligors
<b>BBB</b>	Issuers or issues rated BBB represents average credit quality of Bangladeshi obligors
<b>BB</b>	Issuers or issues rated BB represents slightly below average credit quality relative to other Bangladeshi obligors
<b>B</b>	Issuers or issues rated B represents weak credit quality relative to other Bangladeshi obligors
<b>CCC</b>	Issuers or issues rated CCC represent very weak credit quality relative to other Bangladeshi obligors
<b>CC &amp; C</b>	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.
<b>D</b>	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**

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



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