

Credit Rating Report

Al-Madina Pharmaceuticals Limited

Long Term Rating : **BBB₃**
 Date of the Rating : **28 April 2010**
 Valid Till : **31 December 2010**

Analysts:

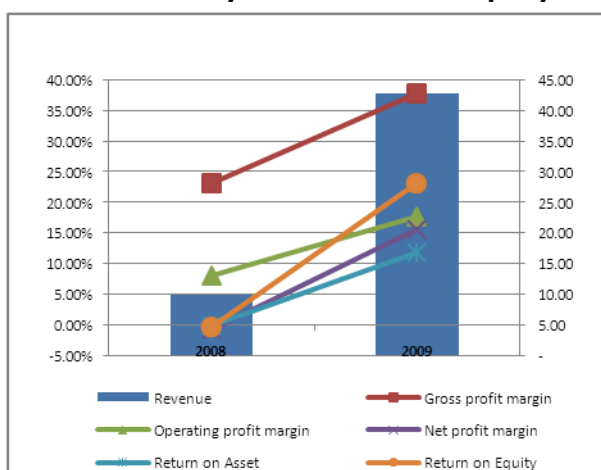
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Financial Highlights

(Amount in BDT million)

Particulars	2007-08	2008-09
Total Assets	49.51	63.75
Shareholders' Equity	27.00	31.12
Total Liabilities	22.51	32.63
Total Turnover	10.02	42.78
Net Profit	(0.06)	6.69
Current Ratio	9.97x	6.35 x
Debt-Equity Ratio	0.83x	1.05x
Borrowed Funds/ EBITDA	24.61x	3.31x
Interest Coverage Ratio	0.93x	8.73x
Gross Profit Margin	23.13%	37.68%
Net Profit Margin	-0.27%	23.03%
Return on Assets	-0.15%	11.82%
Return on Equity	-0.63%	15.65%

Profitability Ratios of the Company

1.0 RATIONALE:

Credit Rating Agency of Bangladesh Ltd. (CRAB) has assigned **BBB₃ (Tippel B Three)** rating in the long term to Al-Madina Pharmaceuticals Ltd (hereinafter referred to as AMPL or the Company) based on the audited financials of FY 2008-2009 and other relevant information.

Corporate entities rated **BBB₃** in the long term belong to 'Adequate Capacity' group. Such corporate entities have adequate capacity to meet their financial commitments but are more susceptible to adverse economic conditions or changing circumstances and are also subject to moderate credit risk.

The rating reflects the Company's strength with its moderate financials and moderate business risk. Financial Solvency, wide range of markets, reputation & goodwill for performing contractual obligation, sufficient warehouse facility to procure & store raw material for at least 6 months, and experience & knowledge based in veterinary medicine manufacturing. The rating also factors experience of the management and credit history.

Al-Madina Pharmaceuticals Ltd is a manufacturer of dairy and poultry medicines for both national and international markets. The Company also manufactures active pharmaceutical for leading multinational companies. The Company's factory is located at Kakil, Tilar Gati, Sathaish, Tongi, Gazipur.

Al-Madina Pharmaceuticals Ltd. was founded by three business person, the founder of the Company has interests in various sectors in Bangladesh including garments and trading. Al-Madina Pharmaceuticals has three line of production, it produces Agrovvet Powder,

Agrovvet Tablet, Agrovvet Liquid Syrup. The Company produces 60 different types of products; at the time of inception the Company produced 50 products under different names. At 100% capacity utilization the Company can generate sales of BDT 25 million per month. At present the company generates sales level of BDT 10 million per month.

Company's revenue from sales experienced substantial growth 327% in 2009, indicating the increasing demand for the Company's products. Turnover was BDT 10.02 million in 2008, (in 2009 turnover was BDT 42.78 million) which increased by BDT 32.78 million than that of 2008. Average Cost of goods sold for the last two years has been around 69.60%.

Total asset turnover was 0.76x and 0.24x times and fixed asset turnover was 1.35x and 0.27x times in 2009 and 2008 respectively.

Return on assets of the Company was 11.82% in 2009 which was -0.15% in 2008. Return on equity of the Company was 15.65% in 2009 which was -0.63% in 2008.

Current ratios of the Company were 6.35x and 9.97x in FY 2008 and 2009. The high liquidity position of the Company reflected in current ratios was because the Company kept a lot of inventory tied up in its current assets. The reason behind high inventory processing period was due to the fact that the Company carry vast amount of inventory throughout the year, which was purchased at the beginning of the year as it is norms of pharmaceuticals industry. In order to support the operation the Company purchased its raw material one year advance.

Asset coverage ratio ACR of AMPL was 1.79 times in 2009 which was 2.13 times in the previous year. The times interest earned also shows the Company's ability to cover its interest payments. Interest coverage ratio of AMPL was 8.73 times in 2009 which was 0.93 times in the previous year.

Al-Madina Pharmaceuticals Ltd maintains banking relations with Islami Bank Bangladesh Limited. The banker's confidential report states that the Company's dealings with the Bank had been regular. The profit (interest) and principal payment was paid timely and there was no overdue by the subject.

2.0 Company Profile

Al-Madina Pharmaceuticals Ltd is a manufacturer of dairy and poultry medicines for both national and international markets. The Company also manufactures active pharmaceutical for leading multinational companies. The Company's factory is located at Kakil, Tilar Gati, Sathaish, Tongi, Gazipur.

2.1 Associate Companies

Al-Madina Pharmaceuticals Ltd. was founded by three business person, the founder of the Company has interests in various sectors in Bangladesh including garments and trading. Following exhibit demonstrates the name, nature of business, total asset and net profit of different companies in 2009.