

Credit Rating Report
Clewiston Trading Limited
Rating Awarded:

Long Term : BBB₁
 Date of Rating : 16 February 2010
 Validity Till : 30 June 2011

Analysts:

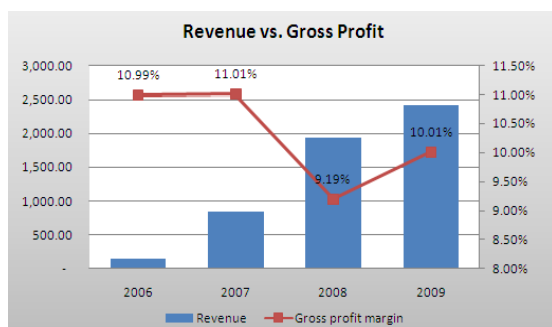
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Financial Highlights

BDT in Million

	2008	2009
Revenue	1,949.10	2,441.36
EBIT	112.49	162.52
Net Worth	100.85	189.66
Gross Profit Margin	9.19%	10.01%
Debt Ratio	72.78%	65.25%
Times Interest Earned	4.82x	5.25x
Current Ratio	2.74	3.53
Debtors Days	12	17
Inventory Days	27	36


01. RATIONALE

Credit Rating Agency of Bangladesh (CRAB) Limited has assigned **BBB₁** (*Pronounced as Triple B One*) rating in the long term to Clewiston Trading Limited based on its Un-audited financial statements and other relevant information.

Corporate entities rated '**BBB₁**' in the long term have adequate capacity to meet financial commitments but are susceptible to adverse economic conditions or changing circumstances. Such companies are subject to moderate credit risk.

Clewiston Trading Limited (CTL) is a trading concern of Clewiston Group. The company is engaged in trading from 2006 through food grains, chemicals and recently steel scrap. It imports the trading goods from different sources in abroad and distributes those in the local market through brokers and dealers.

CRAB views that prices of food grains and steel scrap depends on international price movement which is volatile. Devaluation of Taka against foreign currencies also affects the import business negatively.

The group (Clewiston Group) started trading business from 2000 through NAM Corporation. As of 31 December 2009, the Group has five separate trading businesses including CTL, set up in 2006. Over the last ten years of operation, the management of the group successfully operates its trading businesses and didn't incur any huge loss.

The rating reflects CTL's increasing trend of earnings and moderate profitability as well as satisfactory interest coverage. CRAB views that the management of working capital is one of the most challenging tasks for CTL. The rating is also constrained by



CRAB Ratings

Corporate

business risk borne by trading specially of steel scrap, relatively high cost of goods sold, competition from similar traders or ship-wrecking industries, etc. The nature of trading business also implies high leverage and in case of CTL it has 65.25% in 2009 and 72.78% in 2008. Its credit history with State Bank of India and BRAC Bank Limited was found satisfactory apart from several overdues with no default history.

The earnings of CTL increased due to inclusion of steel scrap besides other goods. The profitability of CTL fluctuated due to price fluctuation and higher carrying and storing cost of its inventory leads to increase financial expenses. Throughout the operation its closing cash balances were very low compare to its inventory and receivables. CTL's asset turnover is found satisfactory over the years. The rating also considers the support from the group regarding financial issues, average MIS, monitoring system and management strength.