



**ARGUS CREDIT RATING SERVICES LTD.  
(ACRSL)**

**Credit Rating Report**

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**Agrani Trading Corporation  
Ltd**

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Designation:

Date:

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(ACRSL10023/12)

ENTITY: AGRANI TRADING CO LTD (ATCL)

**RATINGS SUMMARY**

CREDIT RATING -- Entity	CURRENT	PREVIOUS
Long-Term	BBB+	N/A
Short-Term	ST-4	N/A
Date	March 28, 2012	N/A

**RATINGS EXPLANATION**

BBB+	<b>Long Term:</b> This category for an institution is considered to lack of key protection factors, which results in an inadequate safety. The rating category denotes a moderate credit risk. However, changes in circumstances or economic conditions are more likely to affect the capacity for timely servicing of financial obligations.
ST-4	<b>Short Term:</b> Satisfactory liquidity and other protection factors qualify issues as to investment grade. Risk factors are larger and subject to more variation.

**AGRANI TRADING CO LTD.**

**ACTIVITY**

Retail Distribution

**INCORPORATED ON**

15<sup>th</sup> July 1985

**CHAIRMAN**

Masudur Rahman

**MANAGING DIRECTOR**

Masudur Rahman

**TOTAL ASSETS**

Tk. 524.6 Million

**TOTAL EQUITY**

Tk. 129.2 Million

**HEAD OFFICE**

105/A Bara Moghbazar,  
 Dhaka.

**MAJOR RATING CONSIDERATIONS:**

**Strengths:**

- **ATCL has a long established distributor relationship with its key supplier, driving the revenue growth** through market share gains. More than three decades of business experience with British American Tobacco (BAT) Bangladesh makes ATCL one of the major distributors of BAT. As ATCL is expanding distribution centers it is gaining market share from BAT over times.
- **The company maintaining healthy bank transaction profile.** ATCL has been maintaining healthy banking transaction with Pubali Bank, MTBL and Premier Bank over years.
- **ATCL's director is asset rich, anchoring strong financial flexibility.** The director has strong asset rich of real estate properties in the prime locations of Dhaka city which gives an extra cushion against its financial obligations.

**Concerns:**

- **With no pricing power, ATCL's profitability is dependent on BAT's pricing policy.** As ATCL doesn't have any pricing power over the cigarettes, the gross margin is decreasing over years, and the fluctuation of financial and operating expense result in fluctuation in operating margin and net profit margin.
- **Negative cash flows concerning.** Increasing inventory over years affects the cash flows of ATCL as a result the coverage ratios are getting affected.