Credit Rating Report
Alliance Holding Limited

Rating Awarded:
Long Term : A_3
Date of Rating : 07 April 2010
Validity Till : 30 June 2011

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Financial Highlights of Alliance Holding Limited
BDT in Million

Particulars	2007	2008	2009
Fixed Asset	5.63	8.78	10.444
Current Assets	150.18	159.06	219.56
Total Assets	155.81	420.72	1,111.21
Shareholders' Equity	128.29	249.93	1,035.96
Total Borrowed fund	25.15	164.40	68.40
Total Current Liabilities	27.53	170.80	75.25
Total Income from Dividend, Capital Gain, Sales Revenue & Interest	14.252	18.994	789.93
Earning Before Interest, Tax, Depreciation and Amortization	5.69	7.80	771.40
Financial Expenses	3.74	4.00	1.52
Net Profit after Tax	1.10	2.79	768.72

Name of the Company	Total Investment as on 31.12.2009 (BDT in million)	Net Asset Value of companies	(%) of Share Holding Position Of AHL	NAV of AHL as on 31.12.2009 (BDT)
Global Beverage	8.80	193.71	88.00%	170.47
Ocean Containers Ltd.	0.00	1299.10	0.00%	0.00
Summit Alliance Port Ltd	263.23	1944.96	29.95%	582.52
Ejab Alliance Ltd	10.00	26.22	50.00%	13.11
Alliance TG-Supply Ltd	0.12	-5.66	10.00%	-0.57
Alliance Media Ltd	0.10	-0.02	33.00%	-0.01
Alliance Properties Ltd	0.10	-24.30	50.00%	-12.15
Nekan Alliance PEB Ltd.	5.00	10.34	50.00%	5.17
PEB Steel Alliance Ltd.	46.75	297.18	46.72%	138.84
Alliance Knit Composite Ltd.	2.00	147.68	20.00%	29.54
Union Accessories Ltd.	2.34	26.76	27.50%	7.36
Ispahani Summit Alliance Terminal Ltd. (ISATL)	540.00	540.00	30.00%	162.00
Rabab Fashion Industries	1.50	39.63	15.00%	5.95
Rabab Washing Industries	1.28	8.45	15.00%	1.27
Total	881.21			1103.49

01. RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned **A_3** (**Pronounced as Single A Three**) in the long-term to Alliance Holding Limited (Herein after referred as **AHL**).

Corporate entities rated **A_3** 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.

Alliance derives its revenue mainly from dividend and capital gains from its investment, which has an integrated presence in the Container Yard, Carbonated beverage, Textiles, Financial Institutions, Real Estate Development, IT and Dairy Segments.

The rating draws comfort that NAV (book value basis) of its total investment in 14 different undertaking was BDT 1103.49 million, against its investment of BDT 881.21 million - 25% value added. Summit Alliance Port's, which contributed around 52.78% of its NAV, market value per share as of 31 Dec 2009 was BDT 1899.20 (8.58x of book value NAV) indicates the value addition of the investment, besides its high liquidity.

The rating also considers the quality of investment on case by case basis as well as aggregate impact on the financial profile of AHL. The quality of investment shows a mixed trend, where 80% of its investment (3 companies) reflected moderate to above moderate financial profile where as the rest 20% (11 companies) financial profile are still weak. However, investment risk from 11 companies would be partially offset by the profit making companies.

Capital gain from sale of Ocean Container's share expanded the operating profit margin and net profit margin to 97.65% and 97.32% in FY09 from 41.08% and 14.67% in FY08 respectively. For the same reason, its equity jumped to BDT 1035.96 million in FY09 from BDT 420.72 million in FY08 vis a vis its borrowed fund which dropped to BDT 68.40 million in FY09 from BDT 164.40 million in FY08, resulted in a very low gearing of 0.07x in FY09 compared to 0.68x in FY08. Borrowed fund/EBITDA also significantly improved to 0.09x in FY09 against 21.07x in FY08. In effect, the coverage ratios were high.

The holding company enjoyed adequate liquidity as reflected in its current ratio (2.92x in FY09 improved from 0.93x in FY08). Current assets consist of its investment available for sale (IPDC and Summit Power Ltd.), loans and advances to its associates. AHL enjoys adequate liquidity on account of free cash flow from operations (FCF/Debt: 39.83) and unutilized working capital limits (secured by financial securities) (Limit BDT 21.5 million, utilized around 85% of limit). AHL also enjoys adequate financial flexibility.

As part of holding company policy, AHL extended inter company loans to few loss making companies in order to support the operation and it is likely to extend further loans, where repayment of loan may defer.

AHL has plans to expand its business horizon and the expansion is likely to be funded primarily out of internal accruals and debt funding. The rating is constrained by the extent of additional debt into capital structure.