



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

Credit Rating Report

**Persona Hair &
Beauty Ltd.**

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Authorized Signature:

Name:

Designation:

Date:

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(ACRSL10018/12)

ENTITY: PERSONA HAIR & BEAUTY LTD. (PHBL)

RATINGS SUMMARY

CREDIT RATING – Entity	CURRENT	PREVIOUS
Long-Term	A-	N/A
Short-Term	ST-3	N/A
Date	February 20, 2012	

RATINGS EXPLANATION

A-	Long Term: This category for an institution is considered to offer moderate degree of safety for timely repayment of financial obligations. This level of rating has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions compared to the higher-rated categories.
ST-3	Short Term: Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

MAJOR RATING CONSIDERATIONS

Strengths:

- **Brand loyal segment provides revenue and pricing stability while new expansion to drive growth.** Premium service and highly qualified beauticians make the customers brand loyal. Recently PHBL has introduced five new branches which are also helping to speed up its revenue earnings.
- **PHBL has incorporated a highly sophisticated inventory management system which is improving the operational efficiency.** Software based inventory management system allows Persona to efficiently meet demands and thereby, ensures sound working capital management.
- **Debt expense remains within operational limits.** PHBL's operational income has been consistently covering its debt servicing expense since FY09.

Concerns:

- **Shrinking profitability concerning.** As the new outlets of PHBL have not started to utilize their full capacity yet, the fixed cost pertaining to service, operational and financial costs of those outlets is the main reason behind shrinking profitability of the entire company.
- **PHBL's high debt level remains high and increasing trend of leverage ratios.** The company has maintained very high debt level for the last three years for its expansion; as a result its debt-to-equity ratio, operating cash flow-to-total debt ratio and total debt-to-EBITDA ratios' performance is decreasing over years.

PHBL ACTIVITY
Personal and Beauty
Care Service

INCORPORATED IN
2006

CHAIRMAN
Hossain Nasarat Ali Khan

MANAGING DIRECTOR
Kaniz Almas Khan

TOTAL ASSETS
Tk. 475.7 Million

TOTAL EQUITY
Tk. 46.6 Million

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