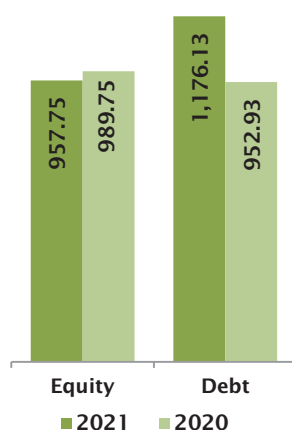


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## Key Snapshot:

Tk. in million		
Particulars	2021	2020
Revenue	3,728	2,903
COGS	3,474	2,681
Gross Profit	253.6	222.4
Operating Exp.	79.53	69.18
EBIT	174.0	153.2
Financial Exp.	0.32	0.64
Net Profit	146.5	131.3
Total Assets	2,133	1,942
Total Equity	957.7	989.7
Debt	1,176	952.9
Net Profit Margin (%)	3.93	4.50
Current Ratio (X)	1.59	1.74
CCC (Days)	72	64
Debt/Equity (X)	1.23	0.96
ICR (X)	549.9	239.0

Capital Structure  
(BDT. in million)

## Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	AA3	ST-3	Stable	31 May 2023	24 April 2024

Tk. in Million				
Bank	Mode	Limit Amount	Outstanding Amount	Bank Loan Rating
Eastern Bank Ltd. (30.04.2023)	L/C	4.00	1.10	blr ST-3
	Acceptance	(4.00)	2.16	
	Import Loan	(2.00)	0.58	
	Demand Loan	(0.50)	0.00	
HSBC (30.04.2023)	FDBP	0.50	0.00	blr ST-3
	Letter of Credit	1,890.00	237.05	
	Clean Import Loan	1,680.00	143.98	
	Accepted Bills	--	335.73	
	Guarantee	8.40	6.18	
	OD	180.00	0.00	

**Financial:** Based on Audited financial statements up to 31 December 2021.

**Methodology:** Corporate rating methodology published on the WCRCL website at [www.wasocreditrating.com](http://www.wasocreditrating.com).

## RATING RATIONALE

WCRCL has assigned 'AA3' (pronounced as Double A Three) rating for the Long Term and 'ST-3' (pronounced as Short Term Three) rating for Short Term to **Shanta Denims Limited** (hereinafter referred to as '**SDL**' or '**The company**') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating declaration. WCRCL has also reaffirmed "blr ST-3" (pronounced as Bank Loan Rating Short Term Three) rating to the aggregate short term limit.

The above ratings have been assigned based on the fundamentals of the company which include experience of promoter in the garments industries, experienced and proactive management, financial flexibility arising from Dewhirst Group, increased trend of revenue, good interest coverage position, presence of fire insurance policy, availability of the supply of raw materials, satisfactory safety measures, satisfactory banking relationship, owned factory premises and good infrastructural arrangement.

However, the above factors are constrained to operational bottleneck due to average disclosure in the financial statement, vulnerability in raw-materials price in the local and international market may impact profitability, high levered in the capital structure, stressed liquidity position considering poor current assets, adverse shock in RMG industry may affect revenue growth.

The long term rating implies that the company is judged to be of very high quality and subject to very low credit risk. The short term rating implies that, the company has an acceptable ability to repay short term debt obligations from internal sources. However, it is expected to rely on external sources of committed financing due to downturn in economic or industry circumstances.

WCRCL also viewed the company with "**Stable**" outlook and believes that **SDL** will be able to maintain its good fundamentals in the foreseeable future.