

SURVEILLANCE CREDIT RATING REPORT DAN FOODS LIMITED

Ref. no.: FR/2023/031885



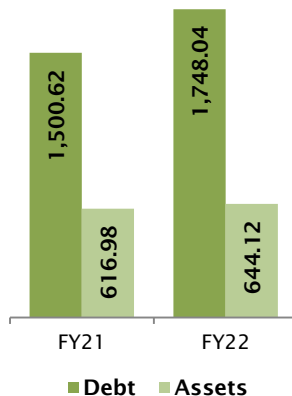
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Key Snapshot:

Tk. in million		
Particulars	FY22	FY21
Revenue	602.38	396.57
COGS	569.08	377.32
Gross Profit	33.29	19.25
Profit from Operation	-134.44	-84.36
Financial Exp.	78.24	63.43
PAT	-220.27	-150.52
Total Assets	644.12	616.98
Total Debt	1,748.0	1,500.6
Total Equity	-1,103.9	-883.64
Debt/Equity (X)	-1.58	-1.70
ICR (X)	-1.77	-1.34

Capital Structure
(Tk. in million)



Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB3	ST-4	Stable	12 June 2023	26 June 2024

Tk. In Million				
Banks	Mode	Limit Amount	Outstanding Amount	Bank Loan Rating (blr)
Mercantile Bank Limited (11.06.2023)	Hire Purchase	4.20	1.40	blr BBB3
	Hire Purchase (Eventual)	27.00	3.40	
	Hire Purchase (Eventual)	90.00	37.10	
	Term Loan (Eventual)	28.60	19.00	
	Hire Purchase (Eventual)	45.00	38.80	
	Hire Purchase (Eventual)	(45.00)	37.90	blr ST-4
	Hire Purchase (Eventual)	15.00	5.30	
	Hire Purchase	(63.00)	31.90	
	LC (Sight/UPAS)	70.00	1.90	
	LTR	(60.00)	44.10	
	Time Loan	300.00	300.00	
	SOD (G)	300.00	276.80	
	BG	10.00	6.10	
	SOD (FDR)	8.00	8.00	
	Time Loan (Single Deal)	180.00	180.00	
	L/C (Single Deal)	70.00	2.30	

Financial Based on-Audited statements up to 30 June 2022.

Methodology: Corporate rating methodology published on the WCRCL website at www.wasocreditrating.com

RATING RATIONALE

WCRCL has reaffirmed 'BBB3' (pronounced as Triple B Three) rating for the Long Term and 'ST-4' (pronounced as Short Term Four) rating for Short Term to **Dan Foods Limited** (hereinafter referred to as '**DFL**' or '**The Company**') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance. WCRCL has also reaffirmed 'blr BBB3' (pronounced as Bank Loan Rating Triple B Three) rating to the long term loan outstanding and "blr ST-4" (pronounced as Bank Loan Rating Short Term Four) rating to the aggregated short term limit.

The above ratings have been assigned based on the fundamentals of the company which include experience of promoter in the food industries, experienced and skilled management, financial flexibility arising from Pandugar Group, brand name "DAN CAKE" with same logo, color, and style as it has currently been using in Denmark, insurance coverage against fire, satisfactory health and safety measures, owned factory premises and good infrastructural arrangement.

However, the above factors are constrained to average disclosure in the financial statements, negative profitability, high levered in the capital structure, stressed liquidity position considering high current liabilities, negative interest coverage position, and vulnerability in raw materials price in the local and international market may impact profitability.

The long term rating implies that the company is subject to medium credit risk and considered medium grade and as such may possess certain speculative characteristics. The short term rating implies that currently the entity has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

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

--- End of Rationale ---