

# 11<sup>th</sup> SURVEILLANCE CREDIT RATING REPORT

## DABIRUDDIN SPINNINNG MILLS LTD.



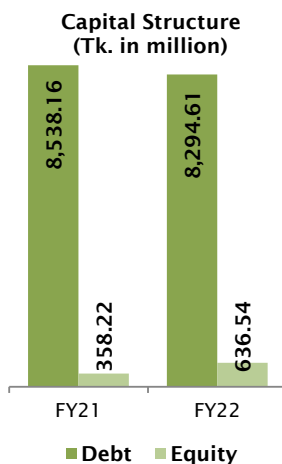
Ref. no.: FR/2023/032551

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### Key Snapshot:

Tk. in million		
Particulars	FY22	FY21
Revenue	6,002	4,859
COGS	4,972	4,021
Gross Profit	1,029	838.05
Profit from Operation	980.47	803.34
Financial Exp.	655.80	647.91
PAT	278.32	131.03
Total Assets	8,931	8,896
Total Debt	8,294	8,538
Total Equity	636.54	358.22
Debt/Equity (X)	13.03	23.83
DSCR (X)	1.50	1.24



### Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	A+	ST 2	Stable	04 July 2023	30 July 2024

Tk. in Million				
Name of Bank	Mode	Disbursement /Limit Amount	Outstanding Amount	Bank Loan Rating
Rupali Bank Ltd. (29.06.2023)	Project Loan	1,704.50	1,572.59	blr A+
	CC Hypo	2,250.00	2,245.57	
	Stimulus	500.00	499.61	blr ST 2
	<b>Sub Total</b>	<b>4,454.5</b>	<b>4,317.77</b>	
Dutch Bangla Bank Ltd. (29.06.2023)	Term Loan	255.50	48.69	blr A+
	LC/EDF	1,500.00	297.86	
	CC Hypo	1,700.00	1,691.97	blr ST 2
	Short Term Loan	300.00	300.00	
	<b>Sub Total</b>	<b>3,755.50</b>	<b>2,238.52</b>	
	<b>Grand total</b>	<b>8,427.10</b>	<b>6,556.29</b>	

**Financial:** Audited Financial Statements up to 30 June 2022.

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

### RATING RATIONALE

WCRCL has assigned 'A+' (pronounced as Single A Plus) rating for the Long Term and 'ST 2' (pronounced as Short Term Two) rating for Short Term to **Dabiruddin Spinning Mills Limited** (hereinafter referred to as '**DSML**' 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 assigned 'blr A+' (pronounced as bank loan rating Single A Plus) rating to the aggregate Long Term Loan Outstanding and "blr ST 2" (pronounced as bank loan rating Short Term Two) rating to the aggregate Short Term Loan Limit.

The above ratings have been assigned based on the fundamentals of the company which include; experience of promoter in spinning industries, experienced and proactive management, group support as having allied concern in the same industry (BSB Spinning), established market position and stable customer profile which reflects healthy turnover, revenue was in increased trend, long standing relationship with clients, mitigate demand risk, good infrastructural arrangement with state of art machineries and good turnover in the initial operation period, insurance coverage against fire, owned factory premises and good infrastructural arrangement.

However, the above factors are constrained to average disclosure of financial statements, high levered capital structure and stressed liquidity position considering long cash conversion cycle, poor interest coverage position, volatile market price of the raw cotton, high inventory and trade debtors affecting working capital, adverse shock in RMG industry may affect revenue growth.

The long term rating implies that the company has very good credit quality. The short term rating implies that the company has an above average ability to meet short term financial commitments.

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