

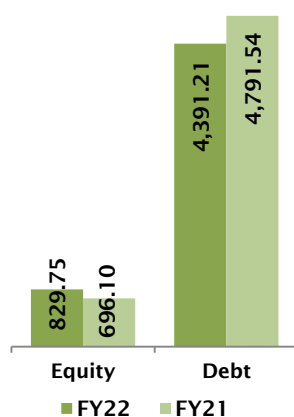
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Key Snapshot:

Tk. in million

Particulars	FY22	FY21
Revenue	2,626	2,547
EBIT	530.39	516.85
Net Profit	133.65	131.16
Total Assets	5,220	5,487
Total Equity	829.75	696.10
Debt	4,391	4,791
Net Profit Margin (%)	5.1	5.1
CCC (Days)	133	155
ICR (X)	1.41	1.41
Current ratio(X)	0.84	0.73
Debt/Equity Ratio(X)	5.29	6.88

Capital Structure
(BDT. in million)

Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB+	ST 3	Stable	22 August 2023	21 August 2024

TK in Million

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Bank Loan Rating
Southeast Bank Limited (03.07.2023)	Term Loan	4490.31	4893.72	blr BBB+
The Premier Bank Limited (03.07.2023)	LC-BTB		244.71	blr ST 3
	ABP-BTB	400.00	100.88	
	EDF		50.33	
	LC-Cash	100.00	38.84	
Mercantile Bank Limited (03.07.2023)	ABP-Cash		33.83	
	BTB L/C	225.00	181.50	
	L/C (Sight/Deferred /UPAS/EDF)	80.00	0.00	
	BG	28.40	24.00	

*blr – Bank Loan Rating

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

Financial Based on- Management prepared financial statements up to 30th June 2022.

RATING RATIONALE

WCRCL has reaffirmed 'BBB+' (pronounced as Triple B Plus) rating to the entity for long term and 'ST 3' (pronounced as Short Term Three) for short term to **Aaron Denim Limited** (hereinafter referred as "ADL") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating assessment. WCRCL has also assigned 'blr BBB+' (pronounced as bank loan rating Triple B Plus) rating to the long term loan outstanding and 'blr ST 3' (pronounced as bank loan rating Short Term Three) rating to aggregate short term limit.

The above ratings have been assigned based on experienced & skilled management, good business network, good profitability margin, strong buyer base, comfortable security arrangement, good operating profit, maintain insurance policy, owned factory premises, satisfactory health and safety measures.

However, the above factors are constrained to some extent by low disclosure in the financial statement, highly levered in the capital structure, tight liquidity position considering long cash conversion cycle, moderate infrastructural arrangement & moderate interest coverage position.

The long term rating implies that the entity has moderate credit quality. The short term rating implies that the company has average ability to meet short term financial commitments.

WCRCL also viewed the company with "Stable" outlook and believes that ADL will be able to maintain its good fundamentals in the foreseeable future. This rating may be revised in case of any extraordinary changes in line with the sponsor's equity investment, debt obligations, management, business operations and/or changes in any macro and micro factors in the economy.