

3rd SURVEILLANCE CREDIT RATING REPORT DHAKA TANNERIES LIMITED

Ref. no.: FR/2023/034100



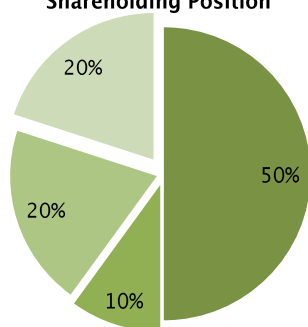
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Key Snapshot:

Tk. In million		
Particulars	2023	2022
Revenue	157.77	5.47
COGS	138.45	4.99
Net Profit	4.30	-6.70
Total Assets	61.35	85.19
Total Equity	0.35	2.72
Liabilities	61.00	82.46
Net Profit Margin (%)	2.73	122.41
Current Ratio(x)	0.53	0.65

Shareholding Position



- Mrs. Shahin Ara Akther Nahar
- Mr. Omar Sharif
- Mrs. Selina Akther
- Mrs. Hajera Khatun

Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB-	ST 4	Stable	26 September 2023	18 September 2024

Tk. in million				
Bank Name	Mode of Investment	Limit	Outstanding Amount as on 28.08.2023	Bank Loan Rating
Janata Bank Limited	CC (Hypo)	30.00	29.80	blr ST 4
	ECC (Hypo)	26.00	25.99	
	L/C Sight	20.00	0.00	
	LC (De)	10.00	0.00	blr BBB-
	Term Loan	12.80	10.80	

* blr= Bank Loan Rating

Financial Based on Audited statements up to 30th June 2023, 2022, and 2021.

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

RATING RATIONALE

WCRCL has reaffirmed and assigned 'BBB-' (pronounced as Triple B Minus) rating to the entity for long term and 'ST 4' (pronounced as Short Term Four) for short term to 'Dhaka Tanneries Limited' (hereinafter referred to as 'DTL or the company') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating assessment. WCRCL also reaffirmed 'blr ST-4' (pronounced as Bank loan rating Short Term Four) rating to Export Cash credit/ECC Hypo/ECC (Q) aggregate limit of Tk. 86.00 million and also assigned 'blr BBB-' (pounced as Bank loan long term outstanding amount of Tk. 10.80 million.

The above ratings have been reaffirmed based on the fundamentals of state of the art leather machineries, good relationship with the buyers, moderate banking repayment behavior, increasing business trends. However, the above factors are constrained to operational bottleneck due to stressed liquidity position with long cash conversion cycle, highly levered concern, and stocks left in the inventory for much longer time.

The long-term rating has below average credit quality. The short-term rating has below average ability to meet short term financial commitments.

WCRCL also viewed the company with "Stable" outlook and believes that DTL 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.