

5th SURVEILLANCE CREDIT RATING REPORT
BAY TANNERIES UNIT-2 LIMITED



Ref. no.: CRA/3717/2023

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB	ST 3	Stable	12 December 2023	11 December 2024

Tk. in million

Bank Name	Mode of Investment	Sanctioned / Limit Amount	Outstanding as on 30.11.2023	Bank Loan Rating
Agrani Bank PLC	Project loan	1263.70	1741.61	blr BBB
	LCC (Hypo)	351.50	284.44	
	Leather Segregated	72.00	27.04	blr ST 3
	CC (Hypo)	150.00	82.41	
	CC Hypo	250.00	241.78	

Financial Based on- Audited financial statement up to 30 June 2022, 2021, and 2020.

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

Key Snapshot:

Tk. in million

Particulars	2022	2021
Revenue	288.65	58.94
EBIT	19.55	0.44
Net Profit	3.80	-0.70
Total Assets	2372.37	2140.21
Total Equity	122.71	118.91
Debt	2249.66	2021.29
Net Profit Margin (%)	1.32	-1.18
Current Ratio (X)	1.69	1.57
Debt to Equity (X)	0.18	0.17
Interest Coverage Ratio (X)	1.40	0.87

RATING RATIONALE

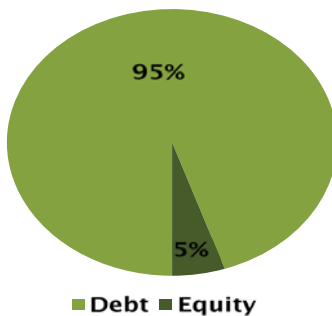
WASO Credit Rating Company (BD) Limited (WCRCL) has upgraded “BBB” (pronounced as Triple B) rating for the Long Term and “ST 3” (pronounced as Short Term Three) rating for Short Term to **Bay Tanneries Unit-2 Limited** (hereinafter referred as “BTU2L” or “The Company”) based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance. WCRCL has also assigned “blr BBB” (Pronoun as Bank Loan Rating Triple B) rating to the total term loan outstanding and “blr ST 3” (Pronounced as Bank Loan Rating Short Term Three) to the aggregated short term limit.

The above ratings have been assigned based on the fundamentals of the company which include sponsors have good knowledge about their business, financial flexibility arise from Bay Group, good quality of the financial statements, experience and proactive management team and stable cost efficiency indicators, increasing business trends. However, the above factors are constrained to operational bottleneck due to stress liquidity position with long cash conversion cycle, and low environmental compliance, poor debt coverage position, lower profit margin.

The long term rating implies that the company has average 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 BTU2L 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.

Capital Structure



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