

CREDIT RATING REPORT On APEX TANNERY LIMITED

REPORT: RR/62185/23

This is a credit rating report as per the provisions of the Credit Rating Companies Rules, 2022. CRISL's entity rating is valid one year for long-term rating and 6 months for short term rating. CRISL's Bank Loan rating (blr) is valid one year for long-term facilities and up-to 365 days (according to tenure of short term facilities) for short term facilities. After the above periods, the rating will not carry any validity unless the enterprise goes for rating surveillance. CRISL followed Corporate Rating Methodology published in CRISL website www.crislbd.com

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Entity Rating
Long Term: AA-
Short Term: ST-3

Outlook: Stable

APEX TANNERY LIMITED

ACTIVITY
Leather Processing

**DATE OF
INCORPORATION**
July 26, 1976

CHAIRMAN
Syed Manzur Elahi

**MANAGING
DIRECTOR**
Mr. A.K.M. Rahmatullah

EQUITY
Tk.966.05 million

TOTAL ASSETS
Tk.3,207.82 million

Public Limited Company

Date of Rating: February 01, 2023		Valid up to: January 31, 2024
	Long Term	Short Term
Entity Rating	AA-	ST-3
Outlook	Stable	
Bank Facilities Rating		
Bank/FI	Mode of Exposures (Figures in million)	Bank Loan Ratings
Agrani Bank Limited	Working Capital Loan Limit of Tk.1,750.00	blr AA-
Uttara Bank Limited	Working Capital Loan Limit of Tk.759.00	blr AA-

1.0 RATIONALE

CRISL has assigned 'AA-' (pronounced as double A minus) rating in the Long Term and 'ST-3' rating in the Short Term to Apex Tannery Limited (ATL). The above has been done on the basis of its financials and other relevant quantitative and qualitative information up to the date of rating with due consideration of its fundamentals such as good production facility, good market share, experienced management team, good customer base etc. However, the above factors are constrained, to some extent, by debt based capital structure, decline in solvency indicators, bank dependent working capital management etc.

Entities rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. The short term rating indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

CRISL also placed the company under "Stable Outlook" for its steady business growth and consistent fundamentals and believes that the company will be able to maintain its fundamentals with the same trend in foreseeable future.

2.0 CORPORATE PROFILE

2.1 The Genesis

Apex Tannery Limited is a fully export oriented leather processing company. ATL was incorporated in July 26, 1976 as a private limited company under the Companies Act 1913 (amended in 1994). The company started its commercial operation during the same year. ATL was converted into a public limited company in 1986. Europe, China, South America, Japan, India and all other major leather markets of the world are the prime focused of ATL. The shares of the company are traded in both the bourses of the country under 'A' category. The authorized and paid up capital stood at Tk.500.00 million and Tk.152.40 million respectively as on June 30, 2022. The company has shifted its production facility to Savar as per Government requirement in FY2016-17. The company utilized 51.17% of its total capacity and produced 16.37 million sft. of processed leather during FY2021-22. Mr. Syed Manzur Elahi is the Chairman of the Board and Mr. A.K.M. Rahmatullah, MP is currently leading the management team as the Managing Director. The company has been operating from its own premises located at BSCIC Chamra Shilpa Nagari, Harindhara, Hemayetpur, Savar, Dhaka-1340.

2.2 Ownership Pattern

There have been no major changes found in the shareholding pattern of the company during the period under surveillance. Total outstanding shares stood at 15.24 million as on June 30, 2022. in which 30.40% shares are hold by the sponsors & Directors and remaining 69.60% are hold by institutional shareholders and general public.

Md. Asaduzzaman Khan
Chief Executive Officer
Credit Rating Information and Services Limited