

Credit Rating Report

M/S Din Timber (DT)

Rating

Long Term	: CCC₁
Date of Rating	: 11 February 2010
Valid Till	: 10 August 2010

Analysts:
Sheikh Abdul Ahad Md. Sadeki

Financial Analyst
sadeki@crab.com.bd

Razib Ahmed

Senior Financial Analyst
razib.ahmed@crab.com.bd

Financial Highlights

	BDT in Million	
	2007	2008
Total revenue	370.20	371.30
Gross profit	35.73	33.50
EBITDA	34.03	31.72
Current liabilities	318.25	307.38
Shareholders' equity	34.09	39.61
Total assets	352.35	347.00
Gross profit margin	9.65%	9.02%
EBITDA to interest	1.72x	1.91x
ROAA	2.84%	3.18%
Current ratio	0.30x	0.30x

01. RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned '**CCC₁**' (Pronounced Triple C one) rating in the Long Term to M/S Din Timber in view of the performance of the Company for the business year 2008 and other relevant information.

Corporate entities rated '**CCC₁**' in the long term belong to 'very weak capacity' cohort. Such companies have very weak capacity to meet financial obligations. These companies have very weak standing and are subject to very high credit risk.

CRAB has performed the present rating assignment based on audited financial statements of December 2008 and other relevant information. The rating also takes into account business profile, past record and trend of operating performance, balance sheet strength and loan payment history of the Company.

M/S Din Timber is a sister concern of Din Timber Industries International Private limited which is a family owned business, started operating from 1920. The Company is engaged in buying and selling of timber from local source and abroad. Timbers are mainly imported from Myanmar and Poland since 1992. The Company availed bank limit facilities for import of timber. Until 2004 the transactions with the bank was satisfactory and in 2004, the Company stopped import of timber and could not repay the loan to the bank. Subsequently loans become overdue and classified.

At the request of the Company overdue accounts were rescheduled on 30.12.2004 for two years tenure; up to 2006 payable on monthly installment basis. The company had paid few installments but could not pay liabilities according to terms and condition. Bank filed Arthorin suit against the Company and also filed 11 criminal cases. Further Bank rescheduled the loan for 2nd time on 01.12.2008 for an amount of BDT 321 million.

But the Company is not paying the obligations according to Solenamah Decree. Import of timber is still stopped. According to Solenamah Decree the Company will not be able to do business with any other Bank or Financial Institution without prior permission of IBBL. CRAB views that such incident indicates the inability of the Company to service its debt obligations.

