

INITIAL CREDIT RATING REPORT PADMA PET LIMITED

Ref. no.: FR/2022/28354



Report Contents:

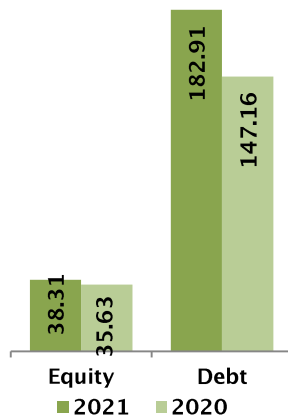
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Key Snapshot:

Tk. in million

Particulars	FY21	FY20
Revenue	44.15	94.77
EBIT	5.38	18.69
Net Profit	2.67	11.35
Total Assets	221.22	182.79
Total Equity	38.31	35.63
Total debt	182.91	147.16
Net Profit Margin (%)	6.1%	12.0%
CCC (Days)	130	76
ICR (X)	3.45	9.92

**Capital Structure
(BDT. in million)**



Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB2	ST-3	Stable	27 December 2022	26 December 2023

Tk. in Million

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Bank Loan Rating
Uttara Bank Limited (11.12.2022)	Term Loan	462.70	12.48	blr BBB2
	PIF	420.00	3.43	blr ST-3
United Finance (11.12.2022)	Lease Finance	24.85	15.52	blr ST-3

Financial Based on-Audited statements up to 30th June 2021.

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

RATING RATIONALE

WCRCL has assigned 'BBB2' (pronounced as Triple B Two) rating for the Long Term and 'ST-3' (pronounced as Short Term Three) rating for Short Term to **Padma Pet Limited** (hereinafter referred to as '**PPL**' or '**The Company**') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance. WCRCL has assigned 'blr BBB2' (pronounced as Bank Loan Rating Triple B Two) rating to the long term loan outstanding and 'blr ST-3' (pronounced as Bank Loan Rating Short Term Three) rating to short term loan limit.

The above ratings have been assigned based on the fundamentals of the company which include experienced management team, satisfactory health and safety measures, established market position and stable customer profile which reflects healthy turnover and margins, experienced and skilled management, strong interest coverage position and owned factory premises and good infrastructural arrangement.

However, the above factors are constrained by average disclosure in the financial statement, manual accounting process, highly levered capital structure, tight Liquidity position with long cash conversion cycle and Volatile market price of the raw materials.

The long term rating implies that the entity is subject to medium credit risk. And considered medium grade and as such may possess certain speculative characteristics. The short term rating implies that the company has acceptable ability to repay short term debt obligations from internal sources. However, it is expected to rely on external sources of committed financing due to downturn in economic or industry circumstances.

WCRCL also viewed the company with "**Stable**" outlook and believes that **PPL** will be able to maintain its good fundamentals in the foreseeable future.