

2nd SURVEILLANCE CREDIT RATING REPORT LEATHER CLUB



Ref. no.: FR/2023/30452

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| SME Rating | WCRSE/WCRME | Outlook | Date of Declaration | Date of Expiration |
|------------|-------------|---------|---------------------|--------------------|
| | WCRSE 3 | Stable | 28 March 2023 | 27 March 2024 |

WCRSE 3 rating is equivalent to Bangladesh Bank SME rating scale of SME 3 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

| Bank Name | Mode of Investment | Sanctioned Amount | Outstanding Amount | Date of Outstanding |
|-------------------------|--------------------|-------------------|--------------------|---------------------|
| Mercantile Bank Limited | CC (H) | 4.50 | 4.47 | 27.03.2023 |
| | Hire Purchase-SE | 0.60 | 0.23 | |

BDT. in million

Key Snapshot:

BDT. in million

| Particulars | 2021 | 2020 |
|-----------------------|--------|--------|
| Revenue | 45.70 | 44.50 |
| EBIT | 3.66 | 3.91 |
| Net Profit | 3.13 | 3.04 |
| Total Assets | 20.71 | 20.32 |
| Total Equity | 12.37 | 13.54 |
| Total debt | 8.34 | 6.79 |
| Net Profit Margin (%) | 6.8% | 6.8% |
| CCC (Days) | 123.00 | 128.00 |
| ICR (X) | 6.93 | 4.47 |

Financial Based on-Unaudited financial statements up to 31 December 2021.

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

RATING RATIONALE

WCRCL has assigned 'WCRSE 3' (pronounced as WASO Credit Rating Small Enterprise Three) rating under the SME Rating to Leather Club (hereinafter referred as "LC" or "The Enterprise") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

The above rating has been assigned based on the fundamentals of the enterprise which includes:

- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good business network
- Good interest coverage position
- Low levered capital structure

However, the above rating has been moderated to some extent due to some factors like:

- Low disclosure of financial statements
- Tight liquidity position with long cash conversion cycle
- Low management information system (MIS) and Manual accounting system

The SME rating implies that the enterprise is adjudged to above average level of credit worthiness in relation to other small enterprises.

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

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