

8th SURVEILLANCE CREDIT RATING REPORT MUKTI TANNERY



Ref. no.: FR/2023/032230

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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME4	Stable	04 July 2023	14 June 2024

WCRSME4 rating is equivalent to Bangladesh Bank SME rating scale of SME 4 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

Tk. in Million

Name of the Bank	Mode of Investment	Limit Amount	Outstanding Amount	Date of Outstanding
Janata Bank Limited	ECC (Pledge)	39.00	38.97	30.06.2023
	CC (Quarbarani)		9.99	
	CC(Pledge)	41.00	11.95	
	LC (Sight)		0.31	

Financial Based on-Audited statements up to 30 June 2022, 2021, 2020.

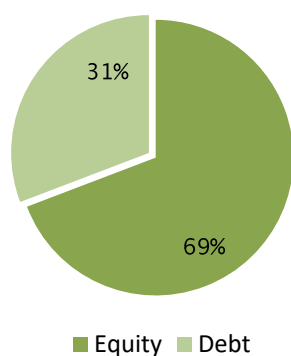
Methodology: SME rating methodology published on the WCRCL website at www.wasocreditrating.com

Key Snapshot:

Tk. in million

Particulars	FY22	FY21
Revenue	67.12	44.02
EBIT	4.65	54.04
Net Profit	0.43	49.89
Total Assets	242.35	438.36
Total Equity	167.72	69.35
Total Debt	74.63	411.00
Net Profit Margin (%)	0.63	113.3
Current Ratio (X)	1.63	0.30
CCC (Days)	-461	-520
Interest Coverage Ratio (X)	1.22	13.87

Capital Structure



RATING RATIONALE

WCRCL has reaffirmed 'WCRSME4' (pronounced as WASO Credit Rating Small and Medium Enterprise Four) rating under the SME Rating to **Mukti Tannery** (hereinafter referred to as 'MT' or 'The Enterprise') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

The above ratings have been assigned based on the fundamentals of the company which include long business track, sponsors have good knowledge about the business, experienced management team and good infrastructural facilities. However, the above rating has been moderated to some extent due to some factors like tight liquidity position with long cash conversion cycle, poor interest coverage ratio, and low disclosure of financial statements.

The SME rating implies that the enterprise is adjudged average credit quality.

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.

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

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