

# 8<sup>th</sup> SURVEILLANCE CREDIT RATING REPORT ABA JUTE AND TWINE INDUSTRIES LIMITED



Ref. no.: CRA/202/2023

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BB+	ST 4	Negative	19 November 2023	22 November 2024

Tk. in Million

Bank Name	Mode Of Investment	Sanctioned / Limit Amount	Outstanding as on 30.10.2023	Classification Status	Bank Loan Rating
Janata Bank PLC	Term Loan	110.90	183.84	SMA	blr BB+
	CC (Hypo)	60.00	74.54	SMA	blr ST 4

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

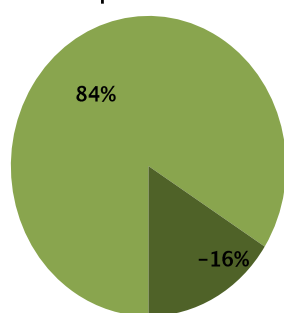
*Methodology: Corporate rating methodology published on the WCRC website at [www.wasocreditrating.com](http://www.wasocreditrating.com)*

## Key Snapshot:

Tk. in million

Particulars	FY2022	FY2021
Revenue	29.77	30.61
EBIT	-8.05	-6.12
Net Profit	-24.23	-19.84
Total Assets	196.75	212.31
Total Equity	-46.27	-22.04
Debt	243.02	234.35
Net Profit Margin (%)	-81.40	-64.83
Current Ratio (X)	0.44	0.53
Interest Coverage Ratio (X)	-0.50	-0.45

Capital Structure



■ Debt ■ Equity

## Analysts:

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## RATING RATIONALE

WCRC has assigned 'BB+' (pronounced as Double B Plus) rating for the Long Term and 'ST4' (pronounced as Short Term Four) rating for Short Term to **Aba Jute and Twine Industries Limited** (hereinafter referred as "AJTIL" or "The Company") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance. WCRC has also assigned 'blr BB+' (pronounced as bank loan rating Double B Plus) rating for the Long Term loan outstanding and 'blr ST 4' (pronounced as bank loan rating Short Term Four) rating for Short Term Loan Limit.

The above ratings have been assigned based on the fundamentals of the company which include sponsors have good knowledge about their business, ecofriendly and advanced technology which is complies with Government regulation, location advantage, factory set up on their own land, good infrastructural arrangement, government cash incentive. However, the above factors are constrained by sharp decrease in revenue, very high administrative expense and finance expense end up with net loss, tight liquidity position with low quick ratio and long cash conversion cycle, very highly levered capital structure, negative equity in capital structure, Special mention in (SMA) position of bank loan, low coverage position, poor banking relationship.

The long term rating implies that the entity has subject to moderately below average credit quality. The short term rating implies that the entity has well below average ability to meet short term financial commitments.

WCRC also viewed the company with "Negative" outlook and believes that AJTIL will be able to maintain its good fundamentals in the foreseeable future. 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.