

CREDIT RATING REPORT MUSTAFA & SONS



Ref. no.: FR/2022/26324

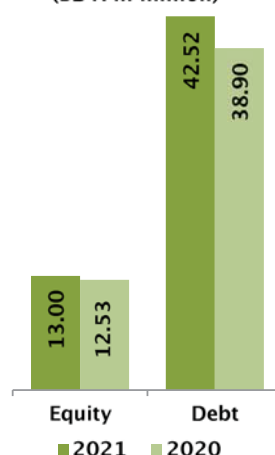
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Key Snapshot:

| BDT. in million | | |
|-----------------------|--------|--------|
| Particulars | 2021 | 2020 |
| Revenue | 202.98 | 176.50 |
| EBIT | 17.14 | 15.32 |
| Net Profit | 14.11 | 12.53 |
| Total Assets | 55.52 | 51.43 |
| Total Equity | 13.00 | 12.53 |
| Total debt | 42.52 | 38.90 |
| Net Profit Margin (%) | 7.0% | 7.1% |
| CCC (Days) | 68.00 | 74.46 |
| ICR (X) | 6.31 | 6.20 |

Capital Structure
(BDT. in million)



Analysts:

Md. Akter Hossain
akter@wasocreditrating.com

Md. Rafiul Bary
rafi@wasocreditrating.com

| SME Rating | WCRSE/WCRME | Outlook | Date of Declaration | Date of Expiration |
|------------|-------------|---------|---------------------|--------------------|
| | WCRSE 3 | Stable | 11 October 2022 | 10 October 2023 |

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

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 Mustafa & Sons (hereinafter referred as "MS" 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:

- Experienced and skilled management
- Good business network
- Good Profitability margin
- Good liquidity position with short cash conversion cycle
- Comfortable interest coverage position
- Maintained sound business relation with supplier & buyer

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

- Highly levered capital structure
- No insurance coverage for the inventory in stock
- Lack of disclosure in the financial statements
- 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 MS will be able to maintain its good fundamentals in the foreseeable future.