

SURVEILLANCE CREDIT RATING REPORT MOTALEB MONOWARA COMPOSITE (PVT.) LIMITED

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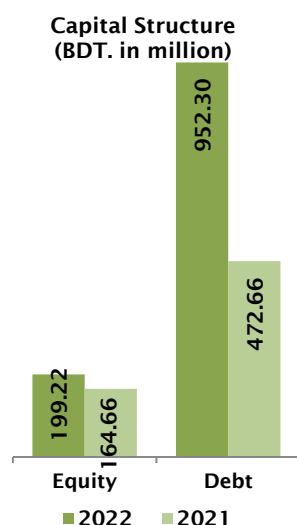


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Key Snapshot:

| Tk. in million | | |
|-----------------------|--------|--------|
| Particulars | 2022 | 2021 |
| Revenue | 1,037 | 224.74 |
| EBIT | 78.11 | 21.91 |
| Net Profit | 34.57 | 7.34 |
| Total Assets | 1,151 | 637.32 |
| Total Equity | 199.22 | 164.66 |
| Debt | 952.30 | 472.66 |
| Net Profit Margin (%) | 3.3 | 3.3 |
| Debt/Equity (X) | 4.78 | 2.87 |
| ICR (X) | 2.01 | 1.66 |



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| Entity Rating | Long Term | Short Term | Outlook | Date of Declaration | Date of Expiration |
|---------------|-----------|------------|---------|---------------------|--------------------|
| | A3 | ST-3 | Stable | 28 March 2023 | 28 December 2023 |

| Tk. in Million | | | | |
|--|-----------------|--------------|--------------------|-------------------|
| Bank | Facilities | Limit Amount | Outstanding Amount | Bank Loan Ratings |
| First Security Islami Bank Ltd. (10.03.2023) | HPSM (Ind.) | 140.00 | 124.63 | blr A3 |
| | HPSM (Mach.) | 100.00 | 92.85 | |
| | BTB L/C | 450.00 | 502.21 | |
| | Bai Salam (PSI) | 45.00 | 49.70 | |
| | Baim (Hypo) | 100.00 | 101.82 | blr ST-3 |
| | L/C | 60.00 | 12.17 | |
| | Baim (PIF) | 20.00 | 7.30 | |
| | BG (PG) | 10.00 | 0.00 | |
| | Cash Incentive | 11.88 | 12.70 | |

Financial Based on Audited financial statements for 30 June 2022.

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

RATING RATIONALE

WCRCL has reaffirmed **A3** rating (Pronounced Single A Three) for the long term and **ST-3** rating (Pronounced Short Term-Three) for the short term to **Motaleb Monowara Composite (Pvt.) Limited** (hereinafter referred to as 'MMCPL' or 'The Company') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance. WCRCL has also reaffirmed **blr A3** rating to long term loan outstanding and **blr ST-3** rating to short term loan limit.

The above ratings have been assigned based on experienced sponsors and key management, established good business network, good interest coverage position, comfortable security arrangement, insurance coverage against fire, satisfactory health and safety measures, good infrastructure arranged company, regular loan repayment history, owned factory premises and good infrastructural arrangement.

However, the above factors are constrained to some extent by average disclosure in financial statements, high levered in the capital structure, stressed liquidity position, profitability margins were fluctuating pattern, and adverse shock in RMG industry may affect revenue growth.

The long term rating implies the company is subject to low credit risk and considered upper grade. The short term rating implies that the company has an acceptable ability to repay short term debt obligations. It is expected to rely on external sources of committed financing. Based on its evaluation of near term covenant compliance, WCRCL believes that the issuer may require covenant relief in order to maintain orderly access to funding lines.

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