

INITIAL CREDIT RATING REPORT ABU MOHAMMED AND COMPANY

Ref. no.: FR/2023/30379



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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB3	ST-3	Stable	12 March 2023	11 March 2024

Bank Name	Mode of Investment	Sanctioned/ Limit Amount	Outstanding as on 12.03.2023	Bank Loan Rating
Al-Arafah Islami Bank Limited	LC (Inner MPI-TR)	100.00 (55.00)	10.46 (10.01)	blr ST-3
Islami Bank Bangladesh Limited	Composite Limit	330.00	193.13	

Tk. in Million

Financial Based Audited financial statements up to 30th June, 2021.

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

Key Snapshot:

BDT in million

Particulars	FY2021	FY2020
Revenue	937.36	892.73
EBIT	58.11	56.43
Net Profit	31.59	30.01
Total Assets	1,104	1,097
Total Equity	874.80	858.19
Debt	229.69	238.42
Net Profit Margin (%)	3.4%	3.4%
CCC (Days)	261	273
ICR (X)	2.33	2.27

RATING RATIONALE

WCRCL has assigned 'BBB3' (pronounced as Triple B Three) rating for the Long Term and has also reaffirmed 'ST-3' (pronounced Short Term Three) rating for Short Term to 'Abu Mohammed and Company' (hereinafter referred to as 'AMC' or 'The Enterprise') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating declaration. WCRCL has also reaffirmed "blr ST-3" (pronounced as Bank Loan Rating Short Term Three) rating to the aggregate short term loan.

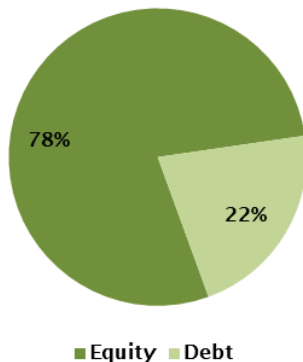
The above rating has been assigned based on the fundamentals of the enterprise which includes:

- Experienced and skilled management
- Satisfactory banking relationship
- Good business network
- Sales revenue was in increased trend
- Low levered capital structure

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

- Tight liquidity position with long cash conversion cycle
- Low interest coverage ratio
- Average disclosure of financial statements
- No insurance coverage

Capital Structure
(BDT. in million)



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The long term rating implies that the entity rated in this category is subject to medium credit risk and considered medium grade and as such may possess certain speculative characteristics. The short term rating implies that the entity has an acceptable ability to repay short term debt obligations from internal sources. However, it is expected to rely on external sources of committed financing due to downturn in economic or industry circumstances.

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