

INITIAL CREDIT RATING REPORT MITALI FOOD INDUSTRIES LIMITED



Ref. no.: FR/2022/27785

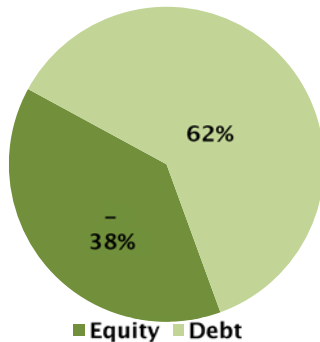
Report Contents:

| Particulars | Page |
|-----------------------------|------|
| Rating Rationale | 1 |
| Entity Profile | 2 |
| Business Management | 2 |
| Market Review | 2 |
| Business Analysis | 3 |
| Financial Position Analysis | 3 |
| Banking Relationship | 4 |
| Risk Factor Analysis | 5 |
| Rating Observation | 5 |

Key Snapshot:

| BDT. in million | | |
|-----------------------|--------|--------|
| Particulars | FY21 | FY20 |
| Revenue | 49.19 | 60.14 |
| EBIT | 1.53 | 2.31 |
| Net Profit | -7.82 | -1.18 |
| Total Assets | 59.36 | 59.15 |
| Total Equity | -99.18 | -91.00 |
| Total debt | 158.54 | 150.15 |
| Net Profit Margin (%) | -15.9 | -2.0 |
| CCC (Days) | 347 | 285 |
| ICR (X) | 0.17 | 0.74 |

Capital Structure
(BDT. in million)



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| SME Rating | WCRSE/WCRME | Outlook | Date of Declaration | Date of Expiration |
|------------|-------------|----------|---------------------|--------------------|
| | WCRSE 5 | Negative | 06 November 2022 | 05 November 2023 |

WCRSE 5 rating is equivalent to Bangladesh Bank SME rating scale of SME 5 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

Financial Based on-audited financial statements up to 30th June 2021.

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

RATING RATIONALE

WCRCL has assigned 'WCRSE 5' (pronounced as WASO Credit Rating Small Enterprise Five) rating under the SME Rating to **Mitali Food Industries Limited** (hereinafter referred as "MFIL" or "The Company") 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 company which includes:

- Strong business network
- Long business experiences of the proprietor
- Comfortable security arrangement
- Owned factory premises
- Maintained sound business relation with supplier & buyer

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

- Vulnerability in price in the local market may impact profitability
- Tight liquidity position with long cash conversion cycle
- Highly levered capital structure
- Low interest coverage ratio
- No insurance coverage for the inventory in stock
- Proprietorship business concern has low legal obligation as an entity

The SME rating implies that the company is adjudged to below average level of credit worthiness in relation to other small enterprises.

WCRCL also viewed the enterprise with "**Negative**" outlook and believes that **MFIL** will be able to maintain its good fundamentals in the foreseeable future.