

INITIAL CREDIT RATING REPORT MAHIM FASHION LIMITED



Ref. no.: FR/2023/32884

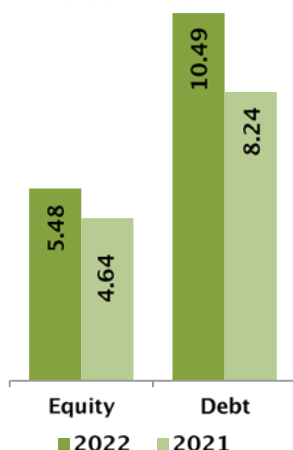
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Key Snapshot:

Particulars	BDT. in million	
	2022	2021
Revenue	65.84	67.11
EBIT	1.75	1.22
Net Profit	0.85	0.78
Total Assets	15.97	12.87
Total Equity	5.48	4.64
Total debt	10.49	8.24
Net Profit Margin (%)	1.3%	1.2%
CCC (Days)	14	-16
ICR (X)	3.05	11.60

Capital Structure
(BDT. in million)



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SME Rating	Rating Notches	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	25 July 2023	24 July 2024

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

RATING RATIONALE

WCRCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small & Medium Enterprise Three) rating under the SME Rating to Mahim Fashion Limited (hereinafter referred as "MFL" 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:

- Experience of promoter in the garments industries
- Experienced and proactive management
- Good interest coverage position
- Availability of the supply of raw materials
- Comfortable security arrangement
- Satisfactory banking relationship
- Good liquidity position with long short conversion cycle

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

- Moderately disclosure in the financial statement
- Low management information system (MIS) and Manual accounting system
- Vulnerability in raw- materials price in the local and international market may impact profitability
- Highly levered capital structure

The rating implies that the company has an above average credit quality.

WCRCL also viewed the company with "Stable" outlook and believes that MFL 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.