

3rd SURVEILLANCE CREDIT RATING REPORT HABIBA GARMENTS



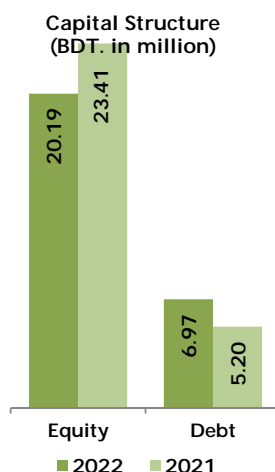
Ref. no.: FR/2023/32526

Report Contents:

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

Key Snapshot:

Particulars	2022	2021
Revenue	46.70	55.00
EBIT	5.55	9.63
Net Profit	5.38	8.99
Total Assets	27.16	28.61
Total Equity	20.19	23.41
Total debt	6.97	5.20
Net Profit Margin (%)	11.5	16.3
CCC (Days)	211	128
ICR (X)	34.18	15.40



Analysts:

Shudhan Mallick
shudhan@wasocreditrating.com

Maharan Nasrin
maharan@wasocreditrating.com

SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	04 July 2023	03 July 2024

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
Uttara Bank Limited	CC (H)	8.00	7.98	08.05.2023

Financial Based on- unaudited financial statements up to 31st December 2022.

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

RATING RATIONALE

WCRCL has reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small And Medium Enterprise Three) rating under the SME Rating to Habiba Garments (hereinafter referred as "HG" 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
- Satisfactory banking relationship
- Low levered capital structure
- Good interest coverage position
- Good security coverage against loan

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

- Tight liquidity position with long cash conversion cycle
- No insurance coverage
- Low disclosure of financial statements
- Low management information system (MIS) and Manual accounting system

The SME rating implies that the enterprise is adjudged above average credit quality.

WCRCL also viewed the enterprise with "Stable" outlook and believes that HG 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.