

INITIAL CREDIT RATING REPORT KHAZA TIMBER & FURNITURE MART



Ref. no.: FR/2023/032687

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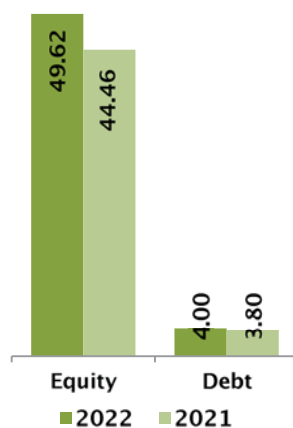
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Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	103.56	98.75
EBIT	7.88	7.03
Net Profit	7.74	6.97
Total Assets	53.62	48.26
Total Equity	49.62	44.46
Total debt	4.00	3.80
Net Profit Margin (%)	7.5	7.1
ICR (X)	78.82	468.33

Capital Structure
(BDT. in million)



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SME Rating	Rating Notch	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 and Medium Enterprise Three) rating under the SME Rating to Khaza Timber & Furniture Mart (hereinafter referred as "KTFM" 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
- Good business network
- Owned business premises and storage facility
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Low levered capital structure
- Good interest coverage position

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

- Tight liquidity position considering long cash conversion cycle
- Low disclosure of financial statements
- Low management information system (MIS) and Manual accounting system

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

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