

3rd SURVEILLANCE CREDIT RATING REPORT APPROACH ACCESSORIES LIMITED

Ref. no.: FR/2023/033237



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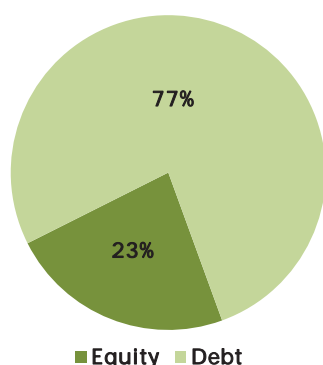
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Key Snapshot:

BDT. in million

Particulars	FY2021	FY22
Revenue	110.14	63.18
EBIT	12.95	5.28
Net Profit	9.60	2.06
Total Assets	70.51	65.82
Total Equity	37.27	15.23
Total debt	33.24	50.59
Net Profit Margin (%)	8.7	3.3
CCC (Days)	180	224
ICR (X)	4.29	1.80

Capital Structure
(BDT. in million)



Analysts:

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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	30 August 2023	28 August 2024

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
Mercantile Bank Limited	OD	2.50	1.17	29.08.2023

Financial Based on-audited financial statements of 30th June FY22.

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 Approach Accessories Limited (hereinafter referred as "AAL" 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:

- Experienced and skilled management
- Maintained sound business relation with supplier & buyer
- Satisfactory banking relationship
- 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 with long cash conversion cycle
- Average disclosure of financial statements
- Adverse shock in RMG industry may affect revenue growth
- Rented factory premises

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

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