

INITIAL CREDIT RATING REPORT FARIA FASHION



Ref. No.: CRAR- 18133/2023

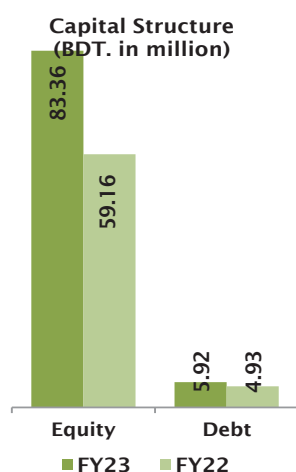
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Key Snapshot:

BDT. in million

Particulars	FY23	FY22
Revenue	285.24	252.24
EBIT	24.85	21.82
Net Profit	24.15	21.56
Total Assets	89.28	64.09
Total Equity	83.36	59.16
Total debt	5.92	4.93
Net Profit Margin (%)	8.5	8.5
CCC (Days)	35	39
ICR (X)	35.61	85.25



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	10 October 2023	09 October 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 Faria Fashion (hereinafter referred as "FF" 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
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good interest coverage position
- Low levered capital structure

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

- Low disclosure of financial statements
- Rented factory premises
- Tight liquidity position with long cash conversion cycle
- 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 FF 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.