

INITIAL CREDIT RATING REPORT K.M TRADERS



Ref. no.: CRAR-18093/2023

Report Contents:

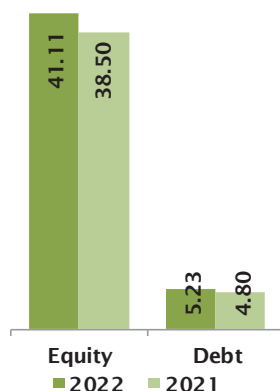
Particulars	Page
Rating Rationale	1
Entity Profile	2
Business Management	2
Business Analysis	2
Financial Analysis	3
Banking Relationship	4
Risk Factor Analysis	4
Rating Observation	5

Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	43.70	38.00
EBIT	4.91	4.18
Net Profit	3.97	3.32
Total Assets	46.35	43.30
Total Equity	41.11	38.50
Total debt	5.23	4.80
Net Profit Margin (%)	9.1%	8.7%
CCC (Days)	327	359
ICR (X)	5.25	4.91

Capital Structure
(BDT. in million)



Analysts:
Fatema Tuj Jahura Jhumu
jhumu@wasocreditrating.com

Nazrul Islam
nazrul@wasocreditrating.com

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

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 assigned 'WCRSME3' (pronounced as WASO Credit Rating Small & Medium Enterprise Three) rating under the SME Rating to K.M Traders (hereinafter referred as "K.MT" 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:

- Maintained sound business relation with supplier & buyer
- Good profitability margin
- Low levered capital structure
- Comfortable interest coverage position
- Comfortable mortgage security coverage against loan

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

- Poor disclosure of financial statements
- Tight liquidity position with long cash conversion cycle
- No insurance coverage for the inventory in stock
- Manual accounting system

The rating implies that the enterprise has above average credit quality.

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