

2nd SURVEILLANCE CREDIT RATING REPORT M K FABRICS AND FASHION



Ref. no.: FR/2023/031561

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SME Rating	WCRSE/WCRME	Outlook	Date of Declaration	Date of Expiration
	WCRSE 3	Stable	12 June 2023	11 June 2024

WCRSE 3 rating is equivalent to Bangladesh Bank SME rating scale of SME 3 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

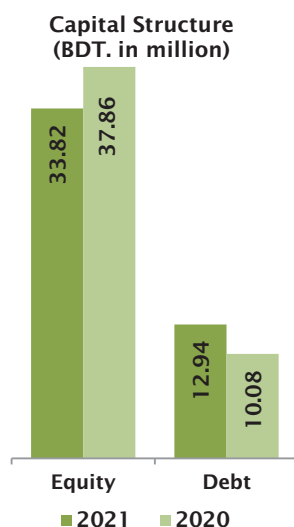
Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Tk. in million Date of Outstanding
Mercantile Bank Limited	SOD	8.00	4.24	31.05.2023

Financial Based on-unaudited financial statements up to 31 December 2021.

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

Key Snapshot:

Particulars	Tk. in million	
	2021	2020
Revenue	42.50	39.00
EBIT	2.93	3.09
Net Profit	1.97	1.83
Total Assets	46.76	47.94
Total Equity	33.82	37.86
Debt	12.94	10.08
Net Profit Margin (%)	4.6%	4.7%
CCC (Days)	28.31	2.44
ICR (X)	3.10	2.48



RATING RATIONALE

WCRCL has reaffirmed 'WCRSE 3' (pronounced as WASO Credit Rating Small Enterprise Three) rating under the SME Rating to M K Fabrics and Fashion (hereinafter referred as "MKFF" 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
- Good mortgage security coverage against loan
- Good Net Worth of the Proprietor
- 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
- Low management information system (MIS) and Manual accounting system

The SME rating implies that the enterprise is adjudged to above average level of credit worthiness in relation to other small enterprises.

WCRCL also viewed the enterprise with "Stable" outlook and believes that MKFF will be able to maintain its good fundamentals in the foreseeable future.

Analysts:

Md. Rafiul Bary
rafi@wasocreditrating.com

Md. Al Amin Jewel
jewel@wasocreditrating.com