

2nd SURVEILLANCE CREDIT RATING REPORT MAHIM COTTON



Ref. no.: CRAR- 11379/2023

Report Contents:

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

SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	07 November 2023	17 December 2024

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
Islami Bank Bangladesh PLC	Baim	3.50	1.65	24.09.2023

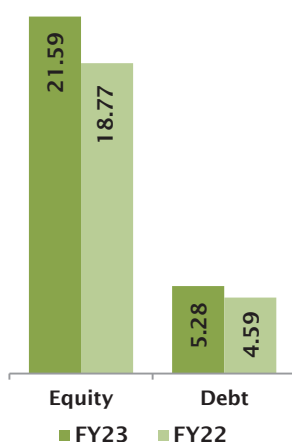
Financial Based on-unaudited financial statements up to 30th June 2023.

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

Key Snapshot:

Particulars	FY23	FY22
Revenue	43.58	37.90
EBIT	4.72	4.11
Net Profit	4.18	3.64
Total Assets	26.87	23.36
Total Equity	21.59	18.77
Total debt	5.28	4.59
Net Profit Margin (%)	9.6	9.6
CCC (Days)	100	107
ICR (X)	23.49	23.49

Capital Structure
(BDT. in million)



RATING RATIONALE

WCRCL has reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to **Mahim Cotton** (hereinafter referred as "MC" 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 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
- 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 MC 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.

Analysts:

Shudhan Mallick
shudhan@wasocreditrating.com

Maharan Nasrin
maharan@wasocreditrating.com