

INITIAL CREDIT RATING REPORT  
M/S MD. BABUL MUNSI



Ref. no.: CRAR-18232/2023

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	31 October 2023	30 October 2024

*Methodology: SME rating methodology published on the WCRCL website at [www.wasocreditrating.com](http://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 M/s Md. Babul Munsii (hereinafter referred as “MBM” or “The Enterprise”) based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

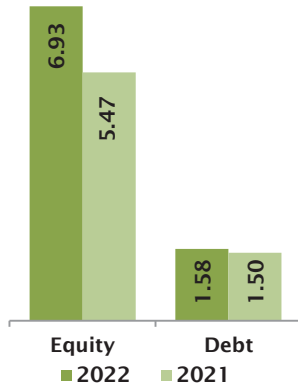
Key Snapshot:

Particulars	BDT. in million	
	2022	2021
Revenue	20.05	11.57
EBIT	1.19	0.81
Net Profit	1.08	0.73
Total Assets	8.51	6.97
Total Equity	6.93	5.47
Debt	1.58	1.50
Net Profit Margin (%)	5.4	6.3
CCC (Days)	79	120
ICR (X)	10.56	11.36

The above rating has been assigned based on the fundamentals of the enterprise which includes:

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

Capital Structure (BDT. in million)



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

- Low disclosure in the financial statements
- Small scale in the business
- Rented business premises and storage facility
- Tight liquidity position considering long cash conversion cycle
- No insurance coverage for the inventory in stock
- Manual accounting system

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

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WCRCL also viewed the enterprise with “Stable” outlook and believes that MBM 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.