

1st SURVEILLANCE CREDIT RATING REPORT MRIDHA EXCLUSIVE SHOES

Ref. no.: FR/2023/033343



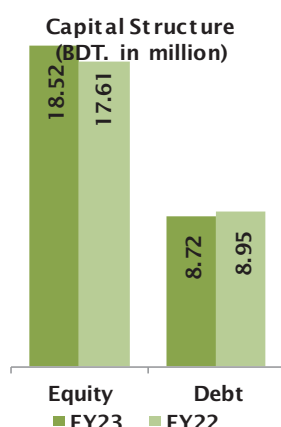
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Key Snapshot:

BDT. in million

Particulars	FY23	FY22
Revenue	49.73	62.16
EBIT	4.40	4.76
Net Profit	3.53	4.01
Total Assets	27.24	26.56
Total Equity	18.52	17.61
Total debt	8.72	8.95
Net Profit Margin (%)	7.1%	6.5%
CCC (Days)	143	99
ICR (X)	8.35	12.34



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	05 September 2023	04 September 2024

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

RATING RATIONALE

WCRCL has reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small & Medium Enterprise **Three**) rating under the SME Rating to **Mridha Exclusive Shoes** (hereinafter referred as "MES" 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:

- Long business experience of the proprietor in the business
- Good profitability margin
- Good liquidity position with short cash conversion cycle
- Comfortable interest coverage position
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Have insurance coverage for the inventory in stock

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
- 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 **MES** 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.