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| SME Rating | Rating Notch | Outlook | Date of Declaration | Date of Expiration |
|------------|--------------|---------|---------------------|--------------------|
| | WCRSME3 | Stable | 08 August 2023 | 17 July 2024 |

BDT. in million

| Bank Name | Mode of Investment | Sanctioned Amount | Outstanding Amount | Date of Outstanding |
|--------------------------------|--------------------|-------------------|--------------------|---------------------|
| Islami Bank Bangladesh Limited | Bai-Murabaha (TR) | 7.00 | 7.53 | 07.08.2023 |

Financial Based on-management prepared financial statements up to 31st December 2022.

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

Key Snapshot:

BDT. In Million

| Particulars | 2021 | 2022 |
|-----------------------|-------|-------|
| Revenue | 41.02 | 45.12 |
| EBIT | 4.79 | 5.50 |
| Net Profit | 4.43 | 4.90 |
| Total Assets | 44.83 | 46.92 |
| Total Equity | 39.30 | 40.67 |
| Debt | 5.53 | 6.25 |
| Net Profit Margin (%) | 10.8 | 10.9 |
| CCC (Days) | 220 | 214 |
| ICR (X) | 14.41 | 10.45 |

RATING RATIONALE

WCRCL has reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Mukti Matsha Khamar (hereinafter referred as "MMK" 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
- Low levered capital structure
- Good interest coverage position
- Satisfactory banking relationship
- Good mortgage security coverage against loan

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

- Low disclosure in the financial statements
- 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 is adjudged to above average credit quality.

WCRCL also viewed the enterprise with "Stable" outlook and believes that MMK 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:

Mst. Irin Akter
irin@wasocreditrating.com

Monira Isalm
monira@wasocreditrating.com

