

# INITIAL CREDIT RATING REPORT SHAHID CLOTH STORE



Ref. no.: FR/2023/33586

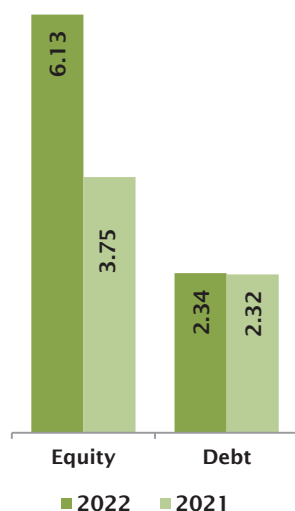
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## Key Snapshot:

BDT. in million		
Particulars	2022	2021
Revenue	10.80	9.50
EBIT	1.89	1.32
Net Profit	1.89	1.31
Total Assets	8.47	6.07
Total Equity	6.13	3.75
Total debt	2.34	2.32
Net Profit Margin (%)	17.5	13.8
CCC (Days)	130	123

**Capital Structure**  
(BDT. in million)



## Analysts:

**Md. Ashraful Islam**  
ashraful@wasocreditrating.com

**Ummay Fatema**  
fatema@wasocreditrating.com

SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	12 September 2023	11 September 2024

**Methodology:** SME rating methodology published on the WCRCCL website at [www.wasocreditrating.com](http://www.wasocreditrating.com)

## RATING RATIONALE

WCRCCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to **Shahid Cloth Store** (hereinafter referred as "SCS" 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
- Good Profitability margin
- Low levered capital structure
- Comfortable 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
- Small Scale in the business
- 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**.

WCRCCL also viewed the enterprise with "Stable" outlook and believes that SCS 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.