

INITIAL CREDIT RATING REPORT SMILE OUTFITS LIMITED

Ref. no.: FR/2023/033299



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME 3	Stable	22 August 2023	21 August 2024

Name of the Bank	Mode of Investment	Sanctioned Amount	Outstanding Amount	Tk. in million Outstanding Date
Bangladesh Commerce Bank Limited	BTB LC/EDF	145.00	--	21.08.2023

Financial Based on- Audited financial statements up to 30 June 2022.

Key Snapshot:

Tk. in million

Particulars	FY22	FY21
Revenue	110.87	5.18
EBIT	4.06	-8.46
Net Profit	2.61	-8.53
Total Assets	81.95	22.88
Total Equity	4.09	1.47
Debt	77.86	21.41
Net Profit Margin (%)	2.4%	-164.5%
CCC (Days)	n/a	n/a
ICR (X)	4.22	-196.36

RATING RATIONALE

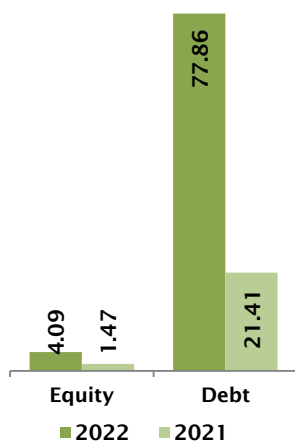
WCRCL has assigned **WCRSME 3** (Pronounced WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to **Smile Outfits Limited** (hereinafter referred to as 'SOL' or 'The Company') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating declaration.

The above rating has been assigned based on the fundamentals of the company which include long period of business track record in history, experienced directors and key management team, maintained sound relation with supplier, buyer and lender, good interest coverage position, availability of the supply of raw materials, satisfactory safety measures, comfortable security arrangement, satisfactory banking relationship, having own transport facility.

However, the above factors are constrained to some extent by average disclosure in financial statements, high levered in the capital structure, tight liquidity position, extensive competition to the market, vulnerability in raw- materials price in the local and international market may impact profitability, rented factory premise, adverse shock in RMG industry may affect revenue growth.

The SME rating implies that the Enterprise has Above Average Credit Quality.

Capital Structure
(BDT. in million)



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WCRCL also viewed the Enterprise with "Stable" outlook and believes that SOL 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.