

INITIAL CREDIT RATING REPORT THE MORAL ENTERPRISE



Ref. no.: CRAR-18137/2023

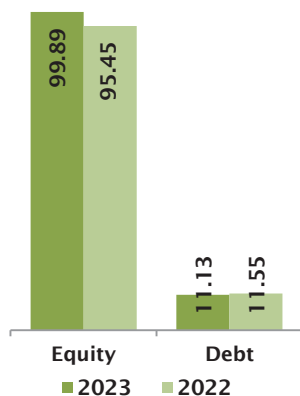
Report Contents:

Particulars	Page
Rating Rationale	1
Entity Profile	2
Business Management	2
Market Review	2
Business Analysis	3
Financial Position Analysis	3
Banking Relationship	4
Risk Factor Analysis	5
Rating Observation	5

Key Snapshot:

BDT. in million		
Particulars	2023	2022
Revenue	374.73	356.89
EBIT	44.84	40.83
Net Profit	42.52	38.96
Total Assets	111.02	107.00
Total Equity	99.89	95.45
Total debt	11.13	11.55
Net Profit Margin (%)	11.3	10.9
CCC (Days)	57	59
ICR (X)	54.49	65.17

Capital Structure
(BDT. in million)



Analysts:

Mahmud Hasan
roin@wasocreditrating.com

Md. Rafiul Bary
rafi@wasocreditrating.com

SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	17 October 2023	16 October 2024

Methodology: SME rating methodology published on the WCRCCL website at 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 The Moral Enterprise (hereinafter referred as "TME" 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
- 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 TME 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.