

INITIAL CREDIT RATING REPORT ZAKIR & BROTHERS CO.

Ref. no.: CRAR-18300/2023



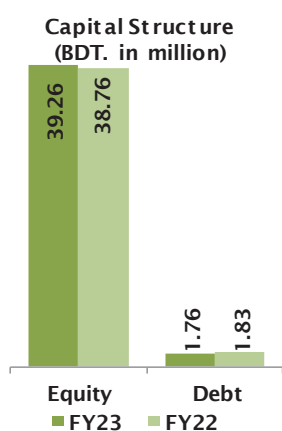
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Key Snapshot:

BDT. in million

Particulars	FY23	FY22
Revenue	56.06	48.75
EBIT	2.60	2.07
Net Profit	2.50	2.00
Total Assets	41.01	40.59
Total Equity	39.26	38.76
Total debt	1.76	1.83
Net Profit Margin (%)	4.5%	4.1%
CCC (Days)	97	111
ICR (X)	133.16	111.75



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SME Rating	Rating Notches	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	31 October 2023	30 October 2024

Financial Based on-audited financial statements up to 30 June 2023.

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

RATING RATIONALE

WCRCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small & Medium Enterprise Three) rating under the SME Rating to Zakir & Brothers Co. (hereinafter referred as "Z&BC" 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
- Low levered capital structure
- Good Business network
- Comfortable interest coverage position
- Owned business premises and storage facility

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

- Medium disclosure of financial statement
- Tight liquidity position with long cash conversion cycle
- No insurance coverage for the inventory in stock
- 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 Z&BC 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.