

INITIAL CREDIT RATING REPORT
ZARA STYLE LIMITED



Ref. no.: CRAR-18178/2023

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

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 **Zara Style Limited** (hereinafter referred as "ZSL" or "The Company") 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 company which includes:

- Experience of promoter in the garments industries
- Experienced and proactive management
- Presence of fire insurance policy
- Availability of the supply of raw materials
- Satisfactory banking relationship
- Low levered in the capital structure

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

- Average disclosure of financial statements
- Vulnerability in raw- materials price in the local and international market may impact profitability
- Tight liquidity position with long cash conversion cycle

The rating implies that the enterprise has an **above average credit quality**.

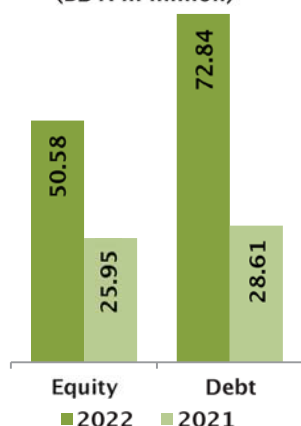
WCRCL also viewed the enterprise with "Stable" outlook and believes that ZSL will be able to maintain its good fundamentals in the foreseeable future. This rating may be revised in case of any extraordinary changes in line with the sponsor's equity investment, debt obligations, management, business operations and/or changes in any macro and micro factors in the economy.

Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	217.57	148.90
EBIT	27.56	23.21
Net Profit	24.63	20.76
Total Assets	123.42	54.56
Total Equity	50.58	25.95
Total debt	72.84	28.61
Net Profit Margin (%)	11.3	13.9
CCC (Days)	80	56

Capital Structure (BDT. in million)



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