

Report Contents:

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

SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	22 January 2024	21 January 2025

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

RATING RATIONALE

WCRCL has reaffirmed ‘WCRSME3’ (pronounced as WASO Credit Rating Small And Medium Enterprise Three) rating under the SME Rating to **City Label House** (hereinafter referred as “CLH” or “The Enterprise”) based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

Key Snapshot:

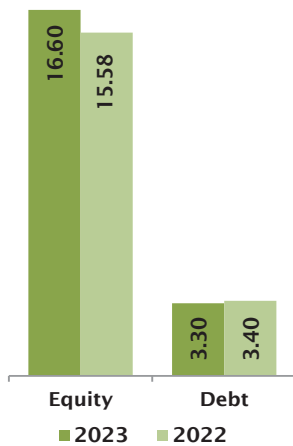
BDT. In. Million

Particulars	2023	2022
Revenue	45.32	36.53
EBIT	6.00	5.25
Net Profit	5.50	4.63
Total Assets	19.90	18.98
Total Equity	16.60	15.58
Debt	3.30	3.40
Net Profit Margin (%)	12.1	12.7
CCC (Days)	90	114
ICR (X)	12.00	8.38

The above rating has been assigned based on the fundamentals of the enterprise which includes:

- Experienced and skilled management
- Good Profitability margin
- Low levered capital structure
- Satisfactory banking relationship

Capital Structure (BDT. in million)



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

- No 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.

WCRCL also viewed the enterprise with “Stable” outlook and believes that CLH will be able to maintain its good fundamentals in the foreseeable future.

Analysts:

Nowrin Yesmin
 nowrin@wasocreditrating.com

Mst. Irin Akter
 irin@wasocreditrating.com

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 changes in any macro and micro factors in the economy.