

4th SURVEILLANCE CREDIT RATING REPORT
FRIENDSHIP GARMENTS

Ref. no.: CRAR-6255/2023



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME4	Stable	14 November 2023	13 November 2024

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

Key Snapshot:

BDT. in million

Particulars	2022
Revenue	46.70
EBIT	5.55
Net Profit	5.38
Total Assets	28.16
Total Equity	20.19
Debt	7.97
Net Profit Margin (%)	11.5
CCC (Days)	207
ICR (X)	34.18

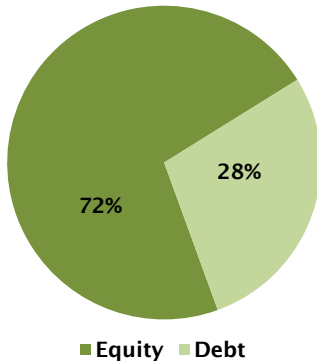
RATING RATIONALE

WCRCL has reaffirmed 'WCRSME4' (pronounced as WASO Credit Rating Small and Medium Enterprise Four) rating under the SME Rating to Friendship Garments (hereinafter referred to as 'FG' or 'The enterprise') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating assessment.

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

- Long business experiences of the proprietor in the business
- Maintained sound business relation with supplier & buyer
- Low levered capital structure
- Comfortable interest coverage position
- Good mortgage security coverage against loan

Capital Structure (BDT. in million)



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

- Low disclosure in the financial statements
- Small scale in the business
- 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 average credit quality.

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WCRCL also viewed the enterprise with "Stable" outlook and believes that FG 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.