

INITIAL CREDIT RATING REPORT
ISLAM FABRICS LIMITED



Ref. no.: CRAR-19134/2024

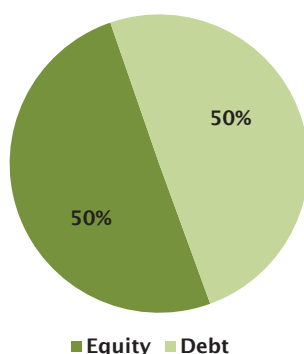
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Key Snapshot:

Particulars	2022
Revenue	56.56
EBIT	6.04
Net Profit	5.05
Total Assets	21.43
Total Equity	10.77
Total debt	10.66
Net Profit Margin (%)	8.9
CCC (Days)	104
ICR (X)	6.12

Capital Structure
(BDT. in million)



Analysts:

Mahmud Hasan
roin@wasocreditrating.com

Md. Akter Hossain
akter@wasocreditrating.com

SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	29 January 2024	28 January 2025

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

RATING RATIONALE

WCRCL has assigned reaffirmed Upgraded ‘WCRSME3’ (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Islam Fabrics Limited (hereinafter referred as ‘IFL’ 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:

- Experienced and skilled management
- Good business network
- Good profitability margin
- Low levered capital structure
- Comfortable interest coverage position
- Good mortgage security coverage against loan

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

- Medium 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 Company has above average credit quality.

WCRCL also viewed the Company with ‘Stable’ outlook and believes that IFL 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.