

SURVEILLANCE CREDIT RATING REPORT L K BROTHERS



Ref. no.: FR/2022/26079

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SME Rating	WCRSE/WCRME	Outlook	Date of Declaration	Date of Expiration
	WCRSE 3	Stable	11 October 2022	14 September 2023

WCRSE 3 rating is equivalent to Bangladesh Bank SME rating scale of SME 3 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
Islami Bank Bangladesh Limited	Bai-M TR	4.00	3.23	04.10.2022

BDT. in million

Financial Based on-unaudited financial statements for 31st December 2021.

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

Key Snapshot:

Particulars	2021	2020
Revenue	47.00	42.70
EBIT	2.46	4.33
Net Profit	2.35	3.42
Total Assets	16.00	15.34
Total Equity	9.97	7.23
Total debt	6.03	8.25
Net Profit Margin (%)	5.0%	8.0%
CCC (Days)	112	101
ICR (X)	n/a	4.76

RATING RATIONALE

WCRCL has re-affirmed 'WCRSE 3' (pronounced as WASO Credit Rating Small Enterprise Three) rating under the SME Rating to **L K Brothers** (hereinafter referred as "LKB" or "The Enterprise") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

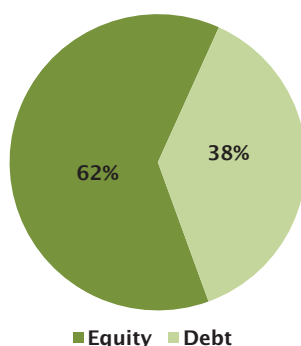
The above rating has been assigned based on the fundamentals of the enterprise which includes:

- Experienced and skilled management
- Highly satisfactory banking relationship
- Owned business premises & storage facility
- Good mortgage security coverage against loan
- Low levered capital structure

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

- Tight liquidity position with long cash conversion cycle
- Low disclosure of financial statements
- Low management information system (MIS) and Manual accounting system

**Capital Structure
(BDT. in million)**



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The SME rating implies that the enterprise is adjudged **above average level** of credit worthiness in relation to other small enterprises.

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