

1st SURVEILLANCE CREDIT RATING REPORT QUALITY ENTERPRISE



Ref. no.: FR/2023/30177

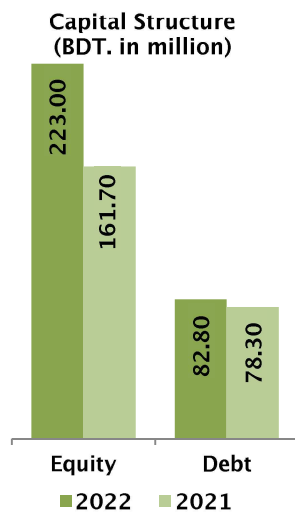
Report Contents:

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

Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	330.00	308.00
EBIT	27.38	19.40
Net Profit	20.78	18.40
Total Assets	305.80	240.00
Total Equity	223.00	161.70
Total debt	82.80	78.30
Net Profit Margin (%)	6.3%	6.0%
CCC (Days)	148.98	138.12
ICR (X)	5.95	19.40



Analysts:

Md. Akter Hossain
akter@wasocreditrating.com

Maharan Nasrin
maharan@wasocreditrating.com

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB3	ST-4	Stable	28 March 2023	27 March 2024

Methodology: Corporate rating methodology published on the WCRCCL website at www.wasocreditrating.com

RATING RATIONALE

WCRCCL has assigned 'BBB3' (pronounced as Triple B Three) rating for the Long Term and has also assigned 'ST-4' (pronounced Short Term four) rating for Short Term to Quality Enterprise (hereinafter referred as "QE" or "The Enterprise") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating declaration. WCRCCL has also assigned "blr ST-4" (pronounced as Bank Loan Rating Short Term four) rating to the aggregate short term loan.

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

- Experienced and skilled management
- Owned business premises and storage facility
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good business network
- Good interest coverage position
- 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
- Inventory holding risk
- No insurance coverage
- Low disclosure of financial statements
- Low management information system (MIS) and Manual accounting system

The long term rating implies that the entity rated in this category is subject to medium credit risk. And considered medium grade and as such may possess certain speculative characteristics. The short-term implies that the entity having some speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it may face uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

WCRCCL also viewed the company with "Stable" outlook and believes that QE will be able to maintain its good fundamentals in the foreseeable future.