

4th SURVEILLANCE CREDIT RATING REPORT ARTEK COMMUNICATION

Ref. no.: FR/2023/30715



Report Contents:

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

| SME Rating | WCRSE/WCRME | Outlook | Date of Declaration | Date of Expiration |
|------------|-------------|---------|---------------------|--------------------|
| | WCRSE 3 | Stable | 10 April 2023 | 08 April 2024 |

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

| Tk. in million | | | | |
|-------------------------|--------------------|-------------------|--------------------|---------------------|
| Bank Name | Mode of Investment | Sanctioned Amount | Outstanding Amount | Date of Outstanding |
| Mercantile Bank Limited | CC (H) | 4.50 | 2.00 | 28.03.2023 |
| | Stimulus | 1.50 | 1.50 | |
| | Term Loan | 1.50 | 1.16 | |

Key Snapshot:

| Tk. in million | | |
|-----------------------|-------|-------|
| Particulars | 2022 | 2021 |
| Revenue | 89.28 | 80.00 |
| EBIT | 6.52 | 5.55 |
| Net Profit | 5.89 | 5.22 |
| Total Assets | 40.65 | 41.32 |
| Total Equity | 29.40 | 29.73 |
| Debt | 11.24 | 11.59 |
| Net Profit Margin (%) | 6.6 | 6.5 |
| CCC (Days) | 91 | 103 |
| ICR (X) | 14.09 | 38.40 |

Financial Based on-management prepared financial statements up to 31st December 2022.

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

RATING RATIONALE

WCRCL has reaffirmed 'WCRSE 3' (pronounced as WASO Credit Rating Small Enterprise Three) rating under the SME Rating to ARTEK Communication (hereinafter referred as "AC" or "The Enterprise") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

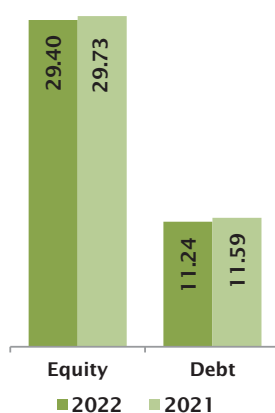
The above rating has been reaffirmed based on the fundamentals of the enterprise which includes:

- Experienced and skilled management
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good business network
- Low levered capital structure
- Good interest coverage position

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

- Low disclosure of financial statements
- Low management information system (MIS) and Manual accounting system
- Rented factory premises

Capital Structure
(BDT. in million)



Analysts:

Shudhan Mallick
shudhan@wasocreditrating.com

Md. Al Amin Jewel
jewel@wasocreditrating.com

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

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