

1st SURVEILLANCE CREDIT RATING REPORT S. K. ENTERPRISE



Ref. no.: FR/2023/31384

Report Contents:

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

SME Rating	WCRSE/WCRME	Outlook	Date of Declaration	Date of Expiration
	WCRSE 3	Stable	31 May 2023	30 May 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

BDT. in million

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
BRAC Bank Limited	OD	7.50	7.49	30.05.2023

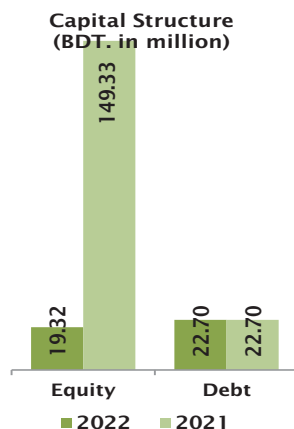
Financial Based on-Management prepared financial statements up to 31st December 2022.

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

Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	156.28	135.03
EBIT	4.79	4.08
Net Profit	2.99	2.28
Total Assets	42.02	39.03
Total Equity	19.32	149.33
Total debt	22.70	22.70
Net Profit Margin (%)	1.9	1.7
CCC (Days)	82	94
ICR (X)	2.66	2.26



RATING RATIONALE

WCRCL has reaffirmed 'WCRSE 3' (pronounced as WASO Credit Rating Small Enterprise Three) rating under the SME Rating to **S. K. Enterprise** (hereinafter referred as "SKE" 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
- Good interest coverage position
- Good mortgage security coverage against loan
- Satisfactory banking relationship
- Good business network

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

- Low disclosure of financial statements
- Highly levered capital structure
- Inventory holding risk
- Tight liquidity position with long cash conversion cycle
- Low management information system (MIS) and Manual accounting system

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 SKE will be able to maintain its good fundamentals in the foreseeable future.