

# INITIAL CREDIT RATING REPORT MKS ENGINEERING



Ref. no.: CRAR-17855/2023

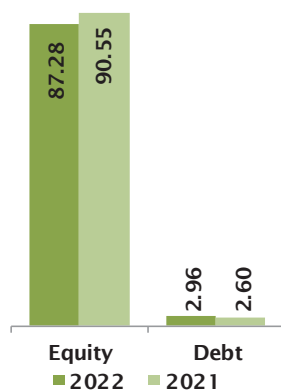
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## Key Snapshot:

BDT. in million		
Particulars	2022	2021
Revenue	123.34	112.16
EBIT	14.01	12.34
Net Profit	13.87	12.09
Total Assets	90.24	93.15
Total Equity	87.28	90.55
Total debt	2.96	2.60
Net Profit Margin (%)	11.2%	10.8%
CCC (Days)	132.00	150.00

Capital Structure  
(BDT. in million)



SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	17 October 2023	16 October 2024

**Financial Based** on-audited financial statements up to 31 December 2022.

**Methodology:** SME rating methodology published on the WCRCL website at [www.wasocreditrating.com](http://www.wasocreditrating.com)

## RATING RATIONALE

WCRCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small & Medium Enterprise Three) rating under the SME Rating to **MKS Engineering** (hereinafter referred as "MKSE" 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:

- Long business experiences of the proprietor in the business
- Good mortgage security coverage against loan
- Maintained sound business relation with supplier & buyer
- Good profitability margin
- Good Net worth of the proprietor
- Low levered capital structure
- Equity Based enterprise

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

- Tight liquidity position with long cash conversion cycle
- No insurance coverage for the inventory in stock
- Inventory holding risk
- Small scale in the business
- Medium disclosure of financial statements
- Manual accounting system

The SME rating implies that the enterprise is adjudged to **Above average credit quality**.

WCRCL also viewed the enterprise with "**Stable**" outlook and believes that MKSE 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.

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