

3rd SURVEILLANCE CREDIT RATING REPORT NAYEEM ENTERPRISE



Ref. no.: FR/2023/031474

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 | 12 June 2023 | 11 June 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

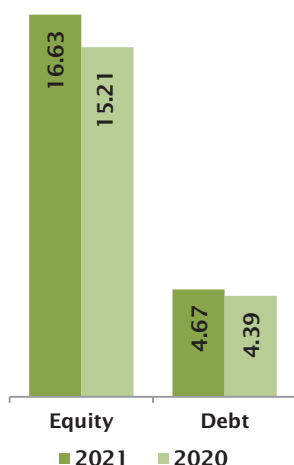
| Bank Name | Mode of Investment | Sanctioned Amount | Outstanding Amount | Date of Outstanding |
|-------------------------|--------------------|-------------------|--------------------|---------------------|
| Mercantile Bank Limited | CC (Hypo) | 4.50 | 8.86 | 23.03.2023 |
| | SOD | 0.80 | - | |
| | BG | 2.00 | - | |

Key Snapshot:

BDT. in million

| Particulars | 2021 | 2020 |
|-----------------------|-------|-------|
| Revenue | 79.53 | 75.94 |
| EBIT | 8.57 | 6.49 |
| Net Profit | 7.85 | 5.98 |
| Total Assets | 21.30 | 19.60 |
| Total Equity | 16.63 | 15.21 |
| Debt | 4.67 | 4.39 |
| Net Profit Margin (%) | 9.9% | 7.9% |
| CCC (Days) | 69.15 | 67.99 |
| ICR (X) | 11.97 | 12.66 |

Capital Structure
(BDT. in million)



Analysts:

Md. Rafiul Bary
rafi@wasocreditrating.com

Md. Al Amin Jewel
jewel@wasocreditrating.com

Financial Based on-unaudited financial statements up to 31 December 2021.

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 Four) rating under the SME Rating to Nayeem Enterprise (hereinafter referred as "NE" 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
- Owned business premises and storage facility
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good business network
- Good Net Worth of the Proprietor
- Good interest coverage position
- Low levered capital structure

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

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