

# INITIAL CREDIT RATING REPORT S.K. TRADING CORPORATION



Ref. no.: FR/2023/32952

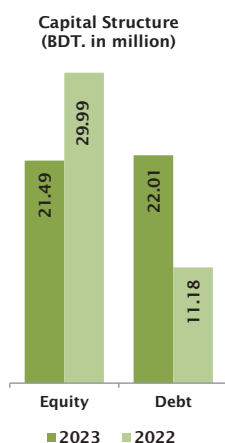
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## Key Snapshot:

BDT. in million

Particulars	2023	2022
Revenue	137.96	119.96
EBIT	15.29	13.19
Net Profit	12.35	11.21
Total Assets	43.49	41.16
Total Equity	21.49	29.99
Total debt	22.01	11.18
Net Profit Margin (%)	9.0	9.3
CCC (Days)	76	85
ICR (X)	12.21	29.31



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	08 August 2023	07 August 2024

**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 and Medium Enterprise Three) rating under the SME Rating to **S.K. Trading Corporation** (hereinafter referred as "SKTC" 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 business network
- Good Profitability margin
- Comfortable interest coverage position
- Satisfactory banking relationship
- Good mortgage security coverage against loan

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

- Low disclosure in the financial statements
- Highly levered capital structure
- Tight liquidity position considering long cash conversion cycle
- No insurance coverage for the inventory in stock
- Manual accounting system

The SME rating implies that the enterprise has **above average credit quality**.

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