

1st SURVEILLANCE CREDIT RATING REPORT
SETU KNITWEAR & ITS SISTER CONCERN
SARKER AUTO TRADERS



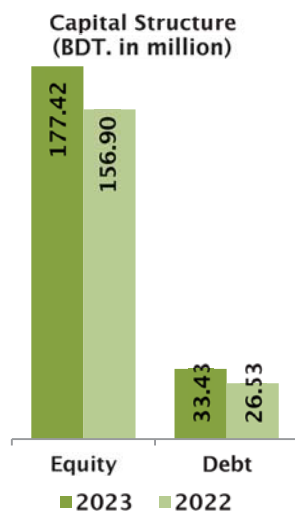
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Key Snapshot:

BDT. in million			
Particulars	2023	2022	
Revenue	298.10	283.91	
EBIT	38.08	36.17	
Net Profit	34.82	33.11	
Total Assets	210.85	183.42	
Total Equity	177.42	156.90	
Total debt	33.43	26.53	
Net Profit Margin (%)	11.7%	11.7%	
CCC (Days)	175	172	
ICR (X)	25.21	27.41	



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SME Rating	Rating Notches	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	26 September 2023	25 September 2024

Financial Based on—unaudited financial statements up to 30 June 2023.

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

RATING RATIONALE

WCRCL has reaffirmed ‘WCRSME3’ (pronounced as WASO Credit Rating Small & Medium Enterprise Three) rating under the SME Rating to **Setu Knitwear & its Sister Concern Sarker Auto Traders** (hereinafter referred as “SKSAT” 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
- Owned business premises and storage facility
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good interest coverage position
- Low levered capital structure

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

- Tight liquidity position with long cash conversion cycle
- Intense price war among rivalry firms operating in the similar business
- Limited product line and unstable product demand
- Medium disclosure of financial statements
- Low management information system (MIS) and Manual accounting system

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

WCRCL also viewed the enterprise with “Stable” outlook and believes that SKSAT 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.