

INITIAL CREDIT RATING REPORT SHEIKH & SONS



Ref. no.: FR/2023/32811

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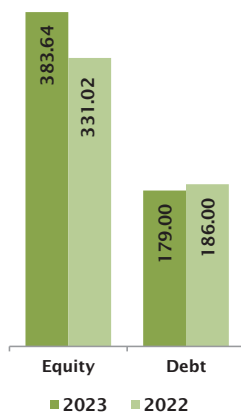
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Key Snapshot:

BDT. in million

Particulars	2023	2022
Revenue	906.33	871.47
EBIT	80.23	76.85
Net Profit	64.25	61.53
Total Assets	562.64	517.02
Total Equity	383.64	331.02
Total debt	179.00	186.00
Net Profit Margin (%)	7.1	7.1
CCC (Days)	207	206
ICR (X)	5.39	5.39

Capital Structure
(BDT. in million)



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	25 July 2023	24 July 2024

Methodology: SME rating methodology published on the WCRCL website at 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 **Sheikh & Sons** (hereinafter referred as "SS" 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
- Highly Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good business network
- 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
- Low disclosure of financial statements
- 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 SS 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.