



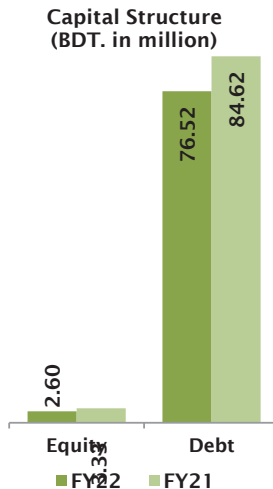
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Key Snapshot:

BDT. in million

Particulars	FY22	FY21
Revenue	32.33	13.92
EBIT	2.39	1.34
Net Profit	0.79	0.95
Total Assets	79.12	87.95
Total Equity	2.60	3.33
Total debt	76.52	84.62
Net Profit Margin (%)	2.4%	6.8%
CCC (Days)	36	78
ICR (X)	1.63	6.01



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	19 December 2023	17 December 2024

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 and Medium Enterprise Three) rating under the SME Rating to **Faruk Enterprise** (hereinafter referred as “FE” 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
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good business network
- Regular loan repayment history
- Long experience track of the proprietor
- Owned business premises and storage facility
- Liquidity position was good evident by short cash conversion cycle

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

- Highly levered capital structure
- Low interest coverage ratio
- Low management information system (MIS) and Manual accounting system
- No Transport Facility

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

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