

3rd SURVEILLANCE CREDIT RATING REPORT
SONALI ACCESSORIES CO.



Ref. no.: CRAR-7643/2023

Report Contents:

Particulars	Page
Rating Rationale	1
Entity Profile	2
Business Management	2
Business Analysis	2
Financial Position Analysis	3
Banking Relationship	4
Risk Factor Analysis	4
Rating Observation	5

SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	31 October 2023	10 October 2024

Bank Name	Mode of Investment	Sanctioned Amount	BDT. in million	
			Outstanding Amount	Date of Outstanding
Uttara Bank PLC	CC(H)	15.00	9.36	
	LC	35.00	-	26.10.2023
	LTR	20.00	9.00	

Financial Based on-management prepared financial statements for 31st December 2022.

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

Key Snapshot:

Particulars	BDT. In Million	2022
Revenue	78.67	
EBIT	6.12	
Net Profit	4.04	
Total Assets	39.79	
Total Equity	22.40	
Debt	17.39	
Net Profit Margin (%)	5.1	
CCC (Days)	123	
ICR (X)	3.06	

RATING RATIONALE

WCRCL has reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Sonali Accessories Co. (Hereinafter referred as "SAC" 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
- Good business network
- Good interest coverage position
- Low levered capital structure
- Satisfactory banking relationship

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

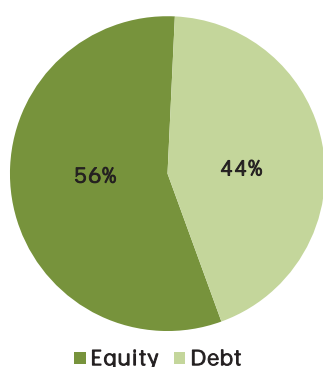
- Low disclosure in the financial statements
- Tight liquidity position considering long cash conversion cycle
- No insurance coverage
- Manual accounting system

The SME rating implies that the enterprise is adjudged to above average credit quality.

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

Capital Structure (BDT. in million)



Analysts:

Mst. Irin Akter
irin@wasocreditrating.com

Monira Islam
monira@wasocreditrating.com