

2nd SURVEILLANCE CREDIT RATING REPORT
BANIK BROTHERS

Ref. no.: CRAR-6094/2023



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	12 December 2023	11 December 2024

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

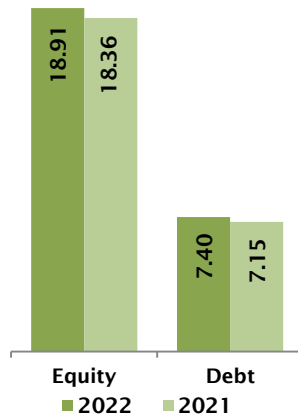
RATING RATIONALE

WCRCL has reaffirmed ‘WCRSME3’ (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Banik & Brothers (hereinafter referred as “BB” or “The Enterprise”) based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

Key Snapshot:

Particulars	BDT. in million	
	2022	2021
Revenue	101.50	92.50
EBIT	8.25	6.80
Net Profit	6.75	5.60
Total Assets	26.31	25.51
Total Equity	18.91	18.36
Debt	7.40	7.15
Net Profit Margin (%)	6.7%	6.1%
CCC (Days)	60.37	68.49
ICR (X)	5.50	5.67

Capital Structure (BDT. in million)



The above rating has been assigned based on the fundamentals of the enterprise which includes:

- Long business experiences of the proprietor in the business
- Maintained sound business relation with supplier & buyer
- Good profitability margin
- Low levered capital structure
- 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:

- No disclosure in the financial statements
- 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 BB 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.

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