

INITIAL CREDIT RATING REPORT
ELITE SHOES



Ref. no.: CRAR-18041/2023

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 | 12 December 2023 | 11 December 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 Elite Shoes (hereinafter referred as “ES” 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 | 28.82 | 34.71 |
| EBIT | 2.47 | 2.10 |
| Net Profit | 1.85 | 2.10 |
| Total Assets | 20.57 | 19.85 |
| Total Equity | 17.41 | 16.64 |
| Debt | 3.16 | 3.21 |
| Net Profit Margin (%) | 6.4 | 6.1 |
| CCC (Days) | 193 | 146 |
| ICR (X) | 3.94 | n/a |

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
- Low levered capital structure
- Comfortable interest coverage position
- Satisfactory banking relationship
- Good mortgage security coverage against loan

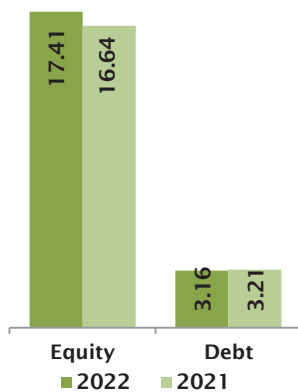
However, the above rating has been moderated to some extent due to some factors like:

- 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 ES 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:

Md. Rifat Ahmed
rifat@wasocreditrating.com

Md. Sazedul Islam
sazedul@wasocreditrating.com