

# 2<sup>nd</sup> SURVEILLANCE CREDIT RATING REPORT AUTOMO JAPAN



Ref. no.: FR/2023/33787

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| SME Rating | Rating Notch | Outlook | Date of Declaration | Date of Expiration |
|------------|--------------|---------|---------------------|--------------------|
|            | WCRSME3      | Stable  | 12 September 2023   | 11 September 2024  |

| BDT. in million         |                    |                   |                    |                     |
|-------------------------|--------------------|-------------------|--------------------|---------------------|
| Bank Name               | Mode of Investment | Sanctioned Amount | Outstanding Amount | Date of Outstanding |
| Mercantile Bank Limited | OD                 | 3.00              | 2.97               | 11.09.2023          |
|                         | LC                 | 20.00             | 17.97              |                     |
|                         | LTR                | (4.00)            | -                  |                     |
|                         | Time Loan          | (3.00)            | -                  |                     |

## Key Snapshot:

| BDT. in million       |       |       |
|-----------------------|-------|-------|
| Particulars           | 2022  | 2021  |
| Revenue               | 27.09 | 23.49 |
| EBIT                  | 2.87  | 2.83  |
| Net Profit            | 2.58  | 2.49  |
| Total Assets          | 10.48 | 7.48  |
| Total Equity          | 8.68  | 3.02  |
| Debt                  | 1.80  | 4.46  |
| Net Profit Margin (%) | 9.5   | 10.6  |
| CCC (Days)            | 70    | 63    |
| ICR (X)               | 11.21 | 9.00  |



## Analysts:

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Financial Based on-management prepared financial statements up to 31<sup>st</sup> December 2022.

Methodology: SME rating methodology published on the WCRCL website at [www.wasocreditrating.com](http://www.wasocreditrating.com)

## RATING RATIONALE

WCRCL has upgraded 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Automo Japan (hereinafter referred as "AJ" 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
- Good business network
- Satisfactory banking relationship
- Low levered capital structure
- Good interest coverage position

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

- Low disclosure of financial statements
- Tight liquidity position with long cash conversion cycle
- 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 AJ 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.