

# 2<sup>nd</sup> SURVEILLANCE CREDIT RATING REPORT A.R.H AUTO CORPORATION



Ref. no.: CRAR-11327/2023

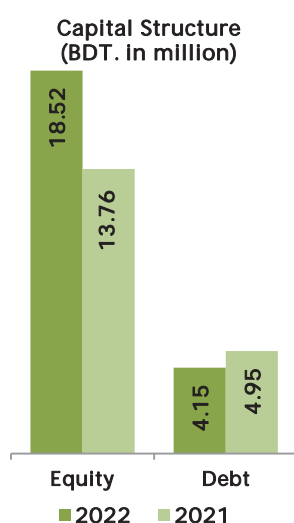
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## Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	10.36	9.01
EBIT	3.62	3.09
Net Profit	2.82	2.30
Total Assets	22.67	18.71
Total Equity	18.52	13.76
Debt	4.15	4.95
Net Profit Margin (%)	27.2	25.6
CCC (Days)	278	390
ICR (X)	16.45	15.44



## Analysts:

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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	31 October 2023	18 October 2024

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
Uttara Bank PLC	CC (H)	3.00	0.98	30.10.2023

*Financial Based on- unaudited 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 reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to A.R.H Auto Corporation (hereinafter referred as "ARHAC" 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:

- Long business experiences of the proprietor in the business
- Owned business premises and storage facility
- Good profitability margin
- Low levered capital structure
- Good interest coverage position
- 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
- High credit sales
- 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 ARHAC 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.