

5th SURVEILLANCE CREDIT RATING REPORT ARA TECHNOLOGIES LIMITED

Ref. no.: FR/2023/033396



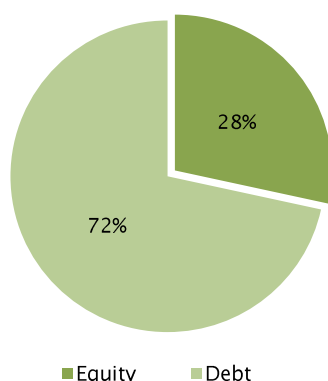
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Key Snapshot:

Tk. In Million			
Particulars	FY23	FY22	
Revenue	329.7	273.1	
EBITDA	21.31	21.04	
Net Profit	7.64	5.97	
Total Assets	85.63	54.89	
Total Equity	24.33	15.81	
Debt	61.29	39.07	
Net Profit Margin (%)	2.47%	3.23%	
Current Ratio (X)	1.55	1.55	
CCC (Days)	149	161	
D/E Ratio (X)	1.58	1.60	
ICR (X)	2.20	2.15	

Capital Structure-FY23



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	30 August 2023	09 August 2024

WCRSME3 rating is equivalent to Bangladesh Bank SME rating scale of SME 3 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

Tk. In Million			
Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount as on 28.08.2023
Meghna Bank Limited	Time Loan (WO)	(49.500)	16.25
	Time Loan (LP)	(49.50)	25.79
	L/C	55.00	0.00
	Rev LTR	(49.50)	31.07
	OD (G)	(8.00)	8.60
Standard Bank Ltd.	OD (G) (WCSP)	32.50	34.09
	Rev. L/C	50.00	0.00
	Rev. MPI-TR	(30.00)	3.40
	Rev. BG	30.00	0.00
	Bai-Muajjal (G)	(30.00)	30.00

Financial Based on- Management prepared financial statements for the periods ended on 30th June 2023, 2022, and 2021.

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 **ARA Technologies Limited** (hereinafter referred to as 'ARATL' or 'The Company') 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 company which includes good business network, sponsors have good knowledge about their business, positive business trend, profitable business performance and have insurance coverage. However, the above rating has been moderated to some extent due to some factors like highly levered capital structure, tight liquidity position with long cash conversion cycle, no disclosure in the financial statements, highly levered concern, and poor debt coverage position.

The SME rating implies that the company has adjudged above average level of credit quality.

WCRCL also viewed the company with "Stable" outlook and believes that ARATL 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.