

# INITIAL CREDIT RATING REPORT AUTO TRADING

Ref. no.: CRAR-18260/2023

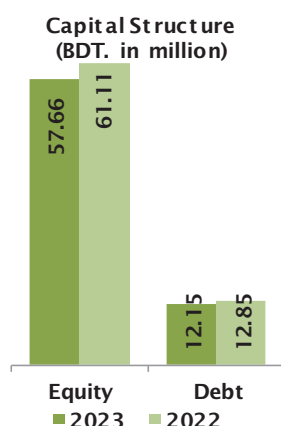


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## Key Snapshot:

BDT. in million		
Particulars	2023	2022
Revenue	124.72	114.22
EBIT	2.99	2.46
Net Profit	1.62	1.17
Total Assets	69.81	73.95
Total Equity	57.66	61.11
Total debt	12.15	12.85
Net Profit Margin (%)	1.3%	1.0%
CCC (Days)	117	134
ICR (X)	2.46	2.13



## Analysts:

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SME Rating	Rating Notches	Outlook	Date of Declaration	Date of Expiration
	WCRSME5	Negative	07 November 2023	06 November 2024

**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 assigned 'WCRSME5' (pronounced as WASO Credit Rating Small & Medium Enterprise Three) rating under the SME Rating to Auto Trading (hereinafter referred as "AT" 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:

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

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

- Poor disclosure of financial statements
- Tight liquidity position with long cash conversion cycle
- No insurance coverage for the inventory in stock
- Manual accounting system
- Poor profitability margin
- Unsatisfactory banking performance in terms of loan repayment
- Rented business premises
- Poor banking conduct with overdue in nature
- BL Loan Status

The rating implies that the enterprise has slightly below average credit quality.

WCRCL also viewed the enterprise with "Negative" outlook and believes that AT 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.