

1st SURVEILLANCE CREDIT RATING REPORT DARADI & CO



Ref. no.: CRAR-14928/2023

Report Contents:

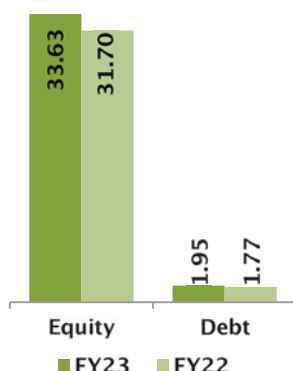
Particulars	Page
Rating Rationale	1
Entity Profile	2
Business Management	2
Industry Analysis	2
Business Analysis	3
Financial Position Analysis	3
Banking Relationship	4
Risk Factor Analysis	5
Rating Observation	5

Key Snapshot:

BDT. in million

Particulars	FY23	FY22
Revenue	53.30	48.45
EBIT	7.05	5.40
Net Profit	6.90	5.40
Total Assets	35.58	33.47
Total Equity	33.63	31.70
Total debt	1.95	1.77
Net Profit Margin (%)	12.9	11.1
CCC (Days)	150	149
ICR (X)	47.01	1,80

Capital Structure
(BDT. in million)



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	10 October 2023	09 October 2024

Methodology: SME rating methodology published on the WCRCCL website at www.wasocreditrating.com

RATING RATIONALE

WCRCCL has reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Daradi & Co (hereinafter referred as "DC" 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
- Owned business premises and storage facility
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good business network
- Good Profitability margin
- Using zig-zag kiln technology, which is environment friendly
- Low levered capital structure
- Comfortable interest coverage position

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

- Tight liquidity position with long cash conversion cycle
- Inventory holding risk
- Market saturation or high competition
- Price volatility of the raw materials
- Lack of disclosure in the financial statements

The SME rating implies that the enterprise has above average credit quality.

WCRCCL also viewed the enterprise with "Stable" outlook and believes that DC 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.