

# INITIAL CREDIT RATING REPORT J. ALAM AGRO LIMITED



Ref. no.: FR/2023/033098

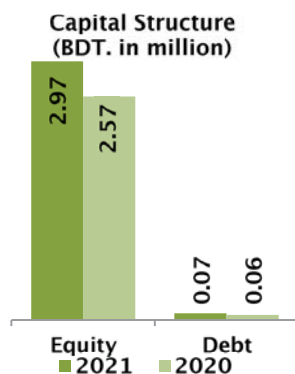
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## Key Snapshot:

BDT. in million

Particulars	FY21	FY20
Revenue	4.95	4.08
EBIT	0.40	0.53
Net Profit	0.40	0.53
Total Assets	3.04	2.62
Total Equity	2.97	2.57
Total debt	0.07	0.06
Net Profit Margin (%)	8.2	13.0
CCC (Days)	136	121
FFO	0.40	0.53



## Analysts:

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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME4	Stable	08 August 2023	07 August 2024

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

## RATING RATIONALE

WCRCL has assigned 'WCRSME4' (pronounced as WASO Credit Rating Small and Medium Enterprise Four) rating under the SME Rating to J. Alam Agro Limited (hereinafter referred as "JAAL" 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:

- Experienced and skilled management
- Good business network
- Low levered capital structure
- Satisfactory banking relationship

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

- Very small scale of business operation
- Manual accounting system
- Stressed liquidity position with long cash conversion cycle
- No insurance coverage for the inventory in stock
- Not updated financial data and moderated disclosure in the financial statements

The SME rating implies that the company is adjudged to average credit quality.

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