INITIAL CREDIT RATING REPORT

JHARNA TRADERS

Ref. no.: FR/2023/34156

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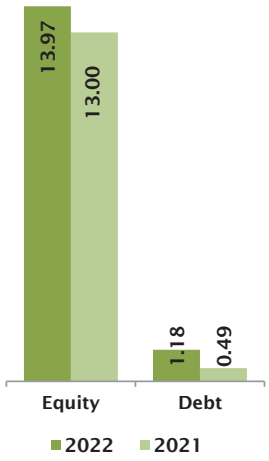
Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	27.50	34.50
EBIT	2.30	2.80
Net Profit	2.17	2.63
Total Assets	15.15	13.49
Total Equity	13.97	13.00
Total debt	1.18	0.49
Net Profit Margin (%)	7.9	7.6
CCC (Days)	173	130
ICR (X)	30.26	25.23

Capital Structure (BDT. in million)



Analysts:

Md. Ashraful Islam
ashraful@wasocreditrating.com

Ummay Fatema
fatema@wasocreditrating.com

SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	03 October 2023	02 October 2024

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

RATING RATIONALE

WCRCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to **Jharna Traders** (hereinafter referred as "JT" 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
- Good business network
- Owned business premises and storage facility
- Good Profitability margin
- Low levered capital structure
- Comfortable interest coverage position
- Satisfactory banking relationship
- Good mortgage security coverage against loan

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

- Low disclosure in the financial statements
- Small Scale in the business
- Tight liquidity position considering long cash conversion cycle
- Manual accounting system

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

WCRCL also viewed the enterprise with "Stable" outlook and believes that JT 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.