

INITIAL CREDIT RATING REPORT MAHATHIR AUTO RICE MILL

Ref. no.: CRAR-18214/2023



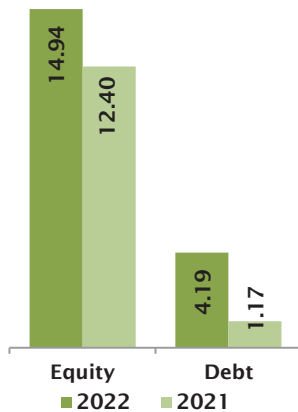
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Key Snapshot:

| BDT. in million | | |
|-----------------------|-------|-------|
| Particulars | 2022 | 2021 |
| Revenue | 77.50 | 76.00 |
| EBIT | 5.03 | 4.92 |
| Net Profit | 4.85 | 4.74 |
| Total Assets | 19.13 | 13.57 |
| Total Equity | 14.94 | 12.40 |
| Debt | 4.19 | 1.17 |
| Net Profit Margin (%) | 6.3 | 6.2 |
| CCC (Days) | 53.37 | 50.79 |
| ICR (X) | 27.92 | 27.33 |

**Capital Structure
(BDT. in million)**



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| SME Rating | Rating Notch | Outlook | Date of Declaration | Date of Expiration |
|------------|--------------|---------|---------------------|--------------------|
| | WCRSME3 | Stable | 25 October 2023 | 24 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 Mahathir Auto Rice Mill (hereinafter referred as "MARM" 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:

- Long business experiences of the proprietor in the business
- Maintained sound business relation with supplier & buyer
- Owned business premises and storage facility
- Low levered capital structure
- Maintain insurance coverage
- Good liquidity position with short cash conversion cycle
- 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
- 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 MARM 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.