

INITIAL CREDIT RATING REPORT SHARIKA MOTORS



Ref. no.: FR/2023/33418

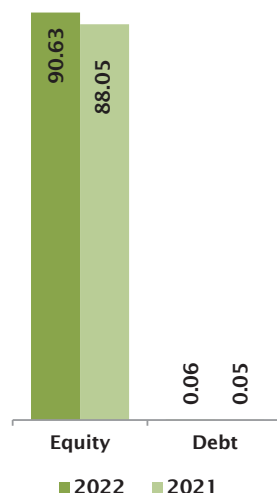
Report Contents:

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

Key Snapshot:

BDT. in million		
Particulars	2022	2021
Revenue	60.02	57.53
EBIT	3.15	2.60
Net Profit	3.09	2.55
Total Assets	90.69	88.10
Total Equity	90.63	88.05
Total debt	0.06	0.05
Net Profit Margin (%)	5.1%	4.4%
CCC (Days)	61.44	52.43
ICR (X)	48.21	51.77

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	22 August 2023	21 August 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 **Sharika Motors** (hereinafter referred as "SM" 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
- Maintained sound business relation with supplier & buyer
- Good Net Worth of the Proprietor
- Low levered capital structure

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

- Low disclosure in the financial statements
- Tight liquidity position considering long cash conversion cycle
- No insurance coverage for the inventory in stock
- 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 SM 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.