

INITIAL CREDIT RATING REPORT SHAZAHAN TRADERS



Ref. no.: FR/2023/32402

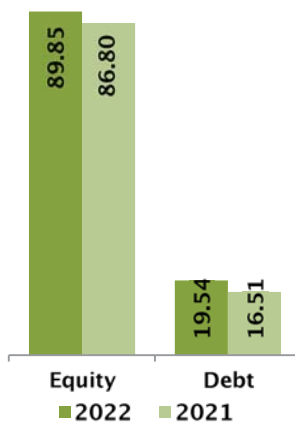
Report Contents:

| 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 | 97.52 | 96.02 |
| EBIT | 6.92 | 5.81 |
| Net Profit | 6.05 | 5.05 |
| Total Assets | 109.39 | 103.31 |
| Total Equity | 89.85 | 86.80 |
| Total debt | 19.54 | 16.51 |
| Net Profit Margin (%) | 6.2 | 5.3 |
| CCC (Days) | 202 | 190 |
| ICR (X) | 8.14 | 7.82 |

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



Analysts:

Md. Monjur Alam Bappy
bappy@wasocreditrating.com

Ummay Fatema
fatema@wasocreditrating.com

| SME Rating | WCRSME | Outlook | Date of Declaration | Date of Expiration |
|------------|---------|---------|---------------------|--------------------|
| | WCRSME3 | Stable | 04 July 2023 | 03 July 2024 |

WCRSME3 rating is equivalent to Bangladesh Bank SME rating scale of SME 3 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

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 **Shazahan Traders** (hereinafter referred as "ST" 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 interest coverage position
- Low levered capital structure

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

- Tight liquidity position with long cash conversion cycle
- Low disclosure of financial statements
- Low management information system (MIS) and Manual accounting system

The SME rating implies that the enterprise is adjudged to **above average credit quality** to other small and medium enterprises.

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