

# INITIAL CREDIT RATING REPORT VANDARY AUTO RICE MILL



Ref. no.: FR/2023/33366

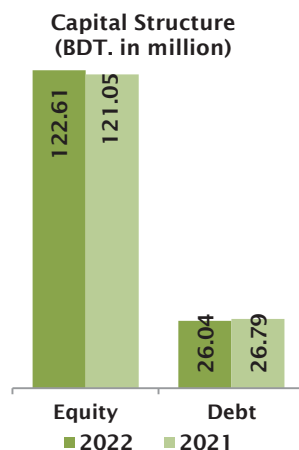
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## Key Snapshot:

BDT. in million

Particulars	FY22	FY21
Revenue	246.94	235.18
EBIT	21.61	20.65
Net Profit	15.81	14.75
Total Assets	148.65	147.84
Total Equity	122.61	121.05
Debt	26.04	26.79
Net Profit Margin (%)	6.4	6.3
CCC (Days)	65	65
ICR (X)	26.89	16.51



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME4	Stable	05 September 2023	04 September 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 Vandary Auto Rice Mill (hereinafter referred as "VARM" 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 mortgage security coverage against loan
- Good business network
- Owned business premises and storage facility
- 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
- Banking behavior is not good and have over due
- Low disclosure of financial statements
- Low management information system (MIS) and Manual accounting system

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

This rating may downgrade if the enterprise fails to improve its banking conduct in future.

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