

INITIAL CREDIT RATING REPORT ZARA INTERNATIONAL



Ref. no.: FR/2023/32432

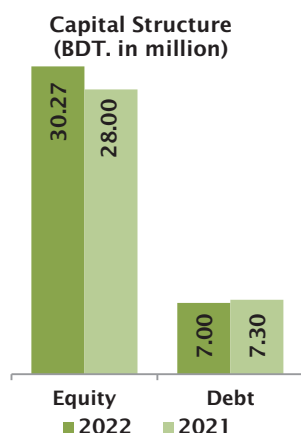
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Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	75.04	72.00
EBIT	8.32	7.90
Net Profit	7.65	7.25
Total Assets	37.27	35.30
Total Equity	30.27	28.00
Total debt	7.00	7.30
Net Profit Margin (%)	10.2%	10.1%
CCC (Days)	123	122
ICR (X)	12.58	12.15



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SME Rating	Rating Notch	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 SME3 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

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

RATING RATIONALE

WCRCCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small Enterprise Three) rating under the SME Rating to Zara International (hereinafter referred as "ZI" 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:

- Owned business premises and storage facility
- Satisfactory banking relationship
- 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
- No insurance coverage
- Low disclosure of financial statements
- Low management information system (MIS) and Manual accounting system

The SME rating implies that the Enterprise has above Average Credit Quality.

WCRCCL also viewed the enterprise with "Stable" outlook and believes that ZI 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.