

2nd SURVEILLANCE CREDIT RATING REPORT ARTICLE LABEL & ACCESSORIES LIMITED

Ref. no.: FR/2023/31220



Report Contents:

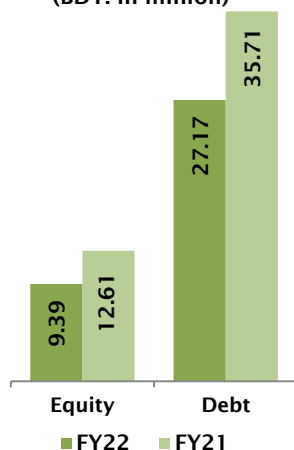
Particulars	Page
Rating Rationale	1
Business Profile	2
Management	2
Business Analysis	2
Financial Analysis	3
Banking Relationship	4
Risk Factor Analysis	4
Rating Observation	5

Key Snapshot:

Tk. in million

Particulars	FY22	FY21
Revenue	100.36	157.92
EBIT	5.56	6.26
Net Profit	4.15	6.26
Total Assets	36.56	48.32
Total Equity	9.39	12.61
Debt	27.17	35.71
Net Profit Margin (%)	4.1	4.0
CCC (Days)	-84	-68
ICR (X)	6.52	n/a

Capital Structure
(BDT. in million)



Analysts:

Shudhan Mallick
shudhan@wasocreditrating.com

Md. Al Amin Jewel
jewel@wasocreditrating.com

SME Rating	WCRSE/WCRME	Outlook	Date of Declaration	Date of Expiration
	WCRSE 3	Stable	07 May 2023	06 May 2024

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

Tk. in million

Bank	Facilities	Limit Amount	Outstanding Amount	Outstanding Date
National Bank Ltd.	CCH)	10.00	1.80	30/04/2023

Financial Based on- Audited financial statements up to 30th June 2022.

Methodology: SME Rating Methodology published on the WCRCL website at www.wasocreditrating.com

RATING RATIONALE

WCRCL has reaffirmed **WCRSE 3** (Pronounced WASO Credit Rating Small Enterprise Three) rating under the SME Rating to **Article Label & Accessories Limited** (hereinafter referred to as 'ALAL' or 'The company') 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 directors and management team
- Maintained sound relation with supplier, buyer and lender
- Comfortable security arrangement
- Good liquidity position with short cash conversion cycle
- Maintained insurance policy
- Owned factory premises
- Strong business network

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

- Highly levered company
- Extensive competition to the market
- Technological obsolesce
- Average disclosure of financial statements
- Low management information system (MIS) and Manual accounting system

The SME rating implies that the company is adjudged to above average level of credit worthiness in relation to other small enterprises.

WCRCL also viewed the company with "Stable" outlook and believes that ALAL will be able to maintain its good fundamentals in the foreseeable future.