

# INITIAL CREDIT RATING REPORT AFROZ TRADING CORPORATION



Ref. no.: FR/2023/34015

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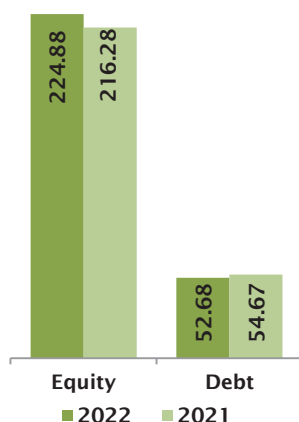
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## Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	176.38	160.35
EBIT	19.68	18.58
Net Profit	12.60	10.98
Total Assets	277.55	270.95
Total Equity	224.88	216.28
Total debt	52.68	54.67
Net Profit Margin (%)	7.1	6.8
CCC (Days)	337	365
ICR (X)	3.91	3.24

Capital Structure  
(BDT. in million)



## Analysts:

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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	12 September 2023	11 September 2024

**Methodology:** SME rating methodology published on the WCRCCL website at [www.wasocreditrating.com](http://www.wasocreditrating.com)

## RATING RATIONALE

WCRCCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Afroz Trading Corporation (hereinafter referred as "ATC" 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 business network
- Owned business premises and storage facility
- Good Profitability margin
- Low levered capital structure
- Comfortable interest coverage position
- Satisfactory banking relationship
- Good mortgage security coverage against loan

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
- Tight security arrangement
- No insurance coverage for the inventory in stock
- 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 ATC 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.