

# INITIAL CREDIT RATING REPORT ARAFAT LIBRARY



Ref. no.: FR/2023/32401

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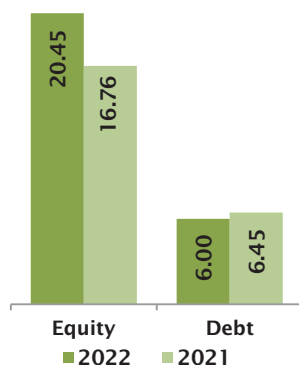
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## Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	32.80	28.50
EBIT	4.27	2.82
Net Profit	3.77	2.35
Total Assets	26.45	23.21
Total Equity	20.45	16.76
Total debt	6.00	6.45
Net Profit Margin (%)	11.5%	8.3%
CCC (Days)	232	243
ICR (X)	8.54	6.04

Capital Structure  
(BDT. in million)



## Analysts:

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SME Rating	WCRSE/WCRME	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 WCRCL website at [www.wasocreditrating.com](http://www.wasocreditrating.com)

## RATING RATIONALE

WCRCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small Enterprise Three) rating under the SME Rating to Arafat Library (hereinafter referred as "AL" 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
- 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
- No insurance coverage
- 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 level of credit worthiness in relation to other small enterprises.

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