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SME Rating	Rating Notches	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	05 September 2023	04 September 2024

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
Al-Arafah Islami Bank Limited	Bai-Muajjal	12.00	13.03	31.08.2023
Total		12.00	13.03	

Financial Based on—unaudited financial statements up to 31 December 2022.

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

Key Snapshot:

BDT. in million		
Particulars	2022	2021
Revenue	862.50	750.00
EBIT	83.78	72.65
Net Profit	83.75	72.62
Total Assets	102.05	97.41
Total Equity	93.20	89.29
Total debt	8.84	8.11
Net Profit Margin (%)	9.7%	9.7%
CCC (Days)	18	19
ICR (X)	4,480.32	4,273.53

RATING RATIONALE

WCRCL has re-affirmed 'WCRSME3' (pronounced as WASO Credit Rating Small Enterprise **Three**) rating under the SME Rating to **Haj Sher Ali and Sons** (hereinafter referred as "**HSAS**" 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
- Owned business premises and storage facility
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good liquidity position with long cash conversion cycle
- Low levered capital structure

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

- Unrealistic interest coverage ratio
- Poor disclosure of financial statements
- Low management information system (MIS) and Manual accounting system

The rating implies that the enterprise has an above average credit quality.

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

