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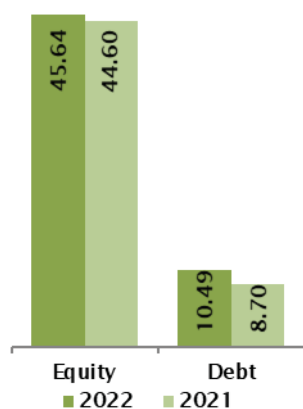
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Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	111.40	103.73
EBIT	14.31	11.76
Net Profit	13.53	11.02
Total Assets	56.13	53.30
Total Equity	45.64	44.60
Debt	10.49	8.70
Net Profit Margin (%)	12.1%	10.6%
CCC (Days)	68	72
ICR (X)	18.23	15.78

Capital Structure
(BDT. in million)



Analysts:

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SME Rating	Rating Notches	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	22 August 2023	21 August 2024

Financial Based on-Audited financial statements for 31st December 2021&2 022.

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

RATING RATIONALE

WCRCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small & Medium Company Three) rating under the SME Rating to Afzal Shoes Limited (hereinafter referred as "ASL" 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:

- Long business experience of the proprietor in the business
- Good profitability margin
- Low levered capital structure
- Comfortable interest coverage position
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Owned business premises and storage facility

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

- Medium disclosure of financial statements
- Tight liquidity position with long cash conversion cycle
- No insurance coverage for the inventory in stock
- Manual accounting system

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

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