

2nd SURVEILLANCE CREDIT RATING REPORT HAFEZ IRON HARDWARE AND SANITARY STORES

Ref. no.: CRAR-3871/2023



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	21 November 2023	20 November 2024

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

RATING RATIONALE

WCRCL has reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Hafez Iron Hardware and Sanitary Stores (hereinafter referred as "HIHSS" or "The Enterprise") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

Key Snapshot:

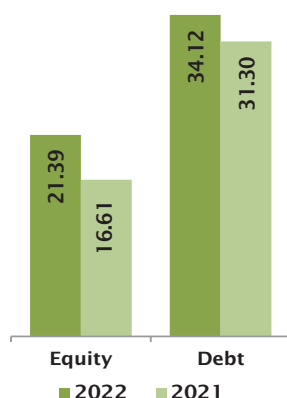
BDT. in million

Particulars	2022	2021
Revenue	318.55	277.00
EBIT	15.53	12.96
Net Profit	13.37	11.00
Total Assets	55.50	47.91
Total Equity	21.39	16.61
Total debt	34.12	31.30
Net Profit Margin (%)	4.2	4.0
CCC (Days)	47	52
ICR (X)	7.22	6.63

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
- Comfortable interest coverage position
- Satisfactory banking relationship

Capital Structure
(BDT. in million)



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
- Highly levered capital structure
- Tight security arrangement

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

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

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