

INITIAL CREDIT RATING REPORT
ARAF METAL INDUSTRIES

Ref. no.: CRAR-19341/2024



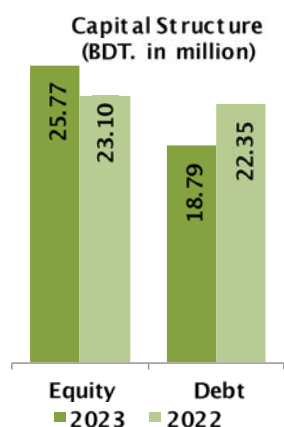
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Key Snapshot:

BDT. in million

| Particulars | 2023 | 2022 |
|-----------------------|--------|-------|
| Revenue | 116.44 | 99.59 |
| EBIT | 12.44 | 10.08 |
| Net Profit | 12.05 | 9.53 |
| Total Assets | 44.56 | 45.45 |
| Total Equity | 25.77 | 23.10 |
| Total debt | 18.79 | 22.35 |
| Net Profit Margin (%) | 10.3% | 9.6% |
| CCC (Days) | 105 | 124 |
| ICR (X) | 32.07 | 18.11 |



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| SME Rating | Rating Notches | Outlook | Date of Declaration | Date of Expiration |
|------------|----------------|---------|---------------------|--------------------|
| | WCRSME3 | Stable | 29 January 2024 | 28 January 2025 |

Financial Based on—unaudited financial statements up to 31st December 2023.

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 Enterprise Three) rating under the SME Rating to Araf Metal Industries (hereinafter referred as “AMI” 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:

- Long business experience of the proprietor in the business
- 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:

- No disclosure of financial statements
- Average 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 AMI 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.