

**Report Contents:**

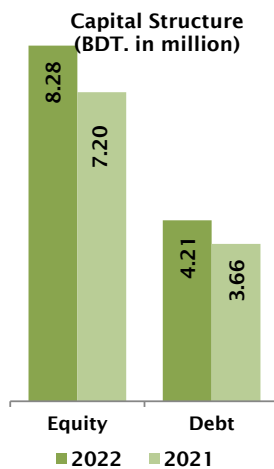
Particulars	Page
Rating Rationale	1
Business Management	2
Business Analysis	2
Financial Position Analysis	3
Banking Relationship	4
Risk Factor Analysis	4
Rating Observation	5

SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	26 December 2023	25 December 2024

**Key Snapshot:**

Tk. In Million

Particulars	2022	2021
Revenue	60.25	52.40
EBIT	3.64	3.17
Net Profit	3.05	2.66
Total Assets	12.49	10.86
Total Equity	8.28	7.20
Debt	4.21	3.66
Net Profit Margin (%)	5.1	5.1
CCC (Days)	43	46
ICR (X)	7.04	7.04



**Analysts:**

**Shudhan Mallick**

shudhan@wasocreditrating.com

**Maharan Nasrin**

maharn@wasocreditrating.com

**Financial Based on-** Management prepared financial statements up to 31<sup>st</sup> December 2022.

**Methodology:** SME Rating Methodology published on the WCRCL website at [www.wasocreditrating.com](http://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 Arav Enterprise (hereinafter referred to as ‘AE’ or ‘The Enterprise’) based on its financial and other relevant qualitative and quantitative information up-to the date of the rating assessment.

The above ratings have been assigned based on the fundamentals of the enterprise which experienced and skilled management, strong business network, low leverage position in the capital structure, maintained sound business relation with supplier & buyer, comfortable security arrangement and good banking conduct. However, the above factors are constrained to some extent by lack of disclosure in the financial statements, manual accounting system, price volatility of the products and stressed liquidity position considering long cash conversion cycle.

The SME rating implies that the enterprise is adjudged to above average credit quality.

WCRCL also viewed the enterprise with “Stable” outlook and believes that AE 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.