

INITIAL CREDIT RATING REPORT ASHRAF ELECTRONICS



Ref. no.: FR/2023/031558

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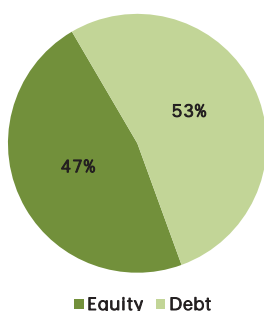
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Key Snapshot:

BDT. In Million

Particulars	2021
Revenue	84.00
EBIT	5.40
Net Profit	5.40
Total Assets	47.50
Total Equity	22.38
Total debt	25.12
Net Profit Margin (%)	6.4
CCC (Days)	218
ICR (X)	5.40

Capital Structure
(BDT. In million)



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SME Rating	WCRSE/WCRME	Outlook	Date of Declaration	Date of Expiration
	WCRSE 5	Negative	12 June 2023	11 June 2024

WCRSE 5 rating is equivalent to Bangladesh Bank SME rating scale of SME 5 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

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

RATING RATIONALE

WCRCL has assigned 'WCRSE 5' (pronounced as WASO Credit Rating Small Enterprise Five) rating under the SME Rating to Asharaf Electronics (hereinafter referred as "AE" 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
- Good business network
- Low levered capital structure

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

- Lack of disclosure in the financial statements
- Tight liquidity position considering long cash conversion cycle
- Low interest coverage ratio
- Poor banking relationship
- Overdue loan behavior
- No update trade license
- Low management information system (MIS) and Manual accounting system

The SME rating implies that the enterprise is adjudged to below average level of credit worthiness in relation to other small enterprises.

WCRCL also viewed the enterprise with "Stable" outlook and believes that AE will be able to maintain its good fundamentals in the foreseeable future.