

INITIAL CREDIT RATING REPORT CONTROLWARE ENGINEERING LIMITED



Ref. no.: FR/2023/32283

Report Contents:

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

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB	ST 3	Stable	04 July 2023	03 July 2024

Tk in million				
Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount as on 03/07/2023	Bank Loan Rating (blr)
Mercantile Bank Limited	LC	20.00	1.2	blr ST 3
	LTR	(10.00)	--	
	BG	40.00	18.0	
	OD	10.00	12.00	

Key Snapshot:

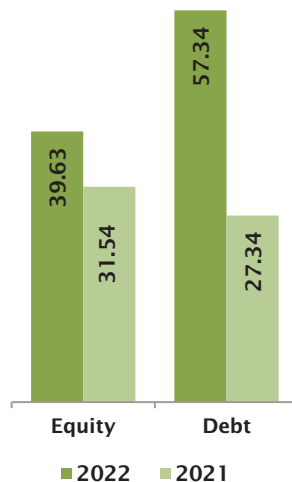
BDT. in million		
Particulars	2022	2021
Revenue	190.68	300.96
EBIT	13.95	18.10
Net Profit	8.09	12.91
Total Assets	96.97	58.88
Total Equity	39.63	31.54
Total debt	57.34	27.34
Net Profit Margin (%)	4.2%	4.3%
CCC (Days)	72	36

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

RATING RATIONALE

WCRCL has assigned BBB (Pronounced Triple B) rating for the Long Term and ST 3 (Pronounced Short Term Three) rating for Short Term to Controlware Engineering Limited (hereinafter referred to as 'CEL' or 'The Company') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating declaration. WCRCL also assigned blr ST 3 (Pronounced Bank Loan Rating Short Term-Three) for the aggregated short term loan limit.

Capital Structure
(BDT. in million)



The above ratings have been assigned based on the fundamentals of the company which includes:

- Experienced and skilled management
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good business network
- Low levered capital structure

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

- Low disclosure of financial statements
- Sales revenue and profitability is in decreasing position.
- Low management information system (MIS) and Manual accounting system

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The long term rating implies that the entity has Average Credit Quality. The short term rating implies that, the company has average ability to meet short term financial commitments.

WCRCL also viewed the company with Stable outlook and believes that CEL 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.