

# INITIAL CREDIT RATING REPORT SOUTH ASIA ENGINEERING WORKS



Ref. no.: FR/2023/31584

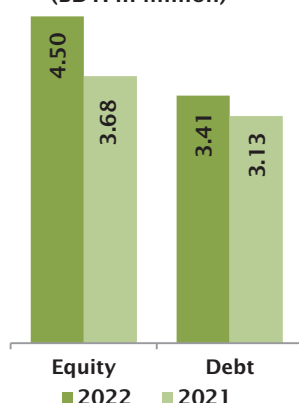
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## Key Snapshot:

BDT. in million		
Particulars	2022	2021
Revenue	13.65	11.87
EBIT	1.66	1.37
Net Profit	1.29	1.02
Total Assets	7.91	6.80
Total Equity	4.50	3.68
Debt	3.41	3.13
Net Profit Margin (%)	9.5	8.6
CCC (Days)	178	188
ICR (X)	6.72	6.09

**Capital Structure**  
(BDT. in million)



## Analysts:

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SME Rating	WCRSE/WCRME	Outlook	Date of Declaration	Date of Expiration
	WCRSE 4	Stable	12 June 2023	11 June 2024

WCRSE 4 rating is equivalent to Bangladesh Bank SME rating scale of SME 4 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

**Methodology:** SME rating methodology published on the WCRCL website at [www.wasocreditrating.com](http://www.wasocreditrating.com)

## RATING RATIONALE

WCRCL has assigned 'WCRSE 4' (pronounced as WASO Credit Rating Small Enterprise Four) rating under the SME Rating to South Asia Engineering Works (hereinafter referred as "SAEW" 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
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Regular loan repayment history
- Long experience track of the proprietor
- Good interest coverage position
- Low levered capital structure

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

- Tight liquidity position with long cash conversion cycle
- Rented business premises and storage facility
- No insurance coverage
- Low disclosure of financial statements
- Low management information system (MIS) and Manual accounting system

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

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