

2nd SURVEILLANCE CREDIT RATING REPORT LEO ICT CABLES LIMITED

Ref. no.: FR/2023/032389



Report Contents:

Particulars	Page
Rating Rationale	1
Shareholding Position	2
Management Evaluation	2
Market Review	3
Business Analysis	3
Financial Position Analysis	4
Banking Relationship and Security	4
Risk Factor Analysis	5
Rating Observation	5

SME Rating	WCRSME	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	04 July 2023	28 June 2024

WCRSME3 rating is equivalent to Bangladesh Bank SME rating scale of SME 3 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 reaffirmed **WCRSME3** (pronounced as WASO Credit Rating Small & Medium Enterprise Three) rating under the SME Rating to **Leo ICT Cables Limited** (hereinafter referred to as 'LICL' or 'The Company') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating declaration.

The above ratings have been assigned based on the fundamentals of the enterprise which experience of the sponsors in related business, good demand of the product in the local market, good business network, have own brand name "Leo Cables", good interest coverage position, comfortable security arrangement, and owned factory premises. However, the above factors are constrained to some extent by vulnerability in high debt in the means of finance, manual accounting process, price volatility of trading products, stressed liquidity position due to pile up inventory in stock and long receivable days, highly levered firm, and moderate disclosure in the financial statements.

The SME rating implies that Leo ICT Cables Limited is adjudged to above average credit quality to other small & medium enterprises. 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.

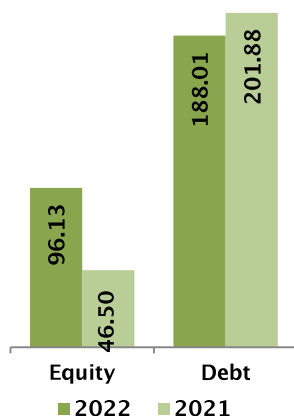
WCRCL also viewed Leo ICT Cables Limited with "Stable" outlook and believes that the enterprise will be able to maintain its good fundamentals in the foreseeable future.

Key Snapshot:

BDT. in million

Particulars	FY22	FY21
Revenue	147.62	125.71
EBIT	14.55	13.86
Net Profit	9.63	11.13
Total Assets	284.14	248.37
Total Equity	96.13	46.50
Debt	188.01	201.88
Net Profit Margin (%)	6.5%	8.9%
CCC (Days)	-126	-149
ICR (X)	2.96	5.07

Capital Structure (BDT. in million)



Analysts:

Maharan Nasrin
maharan@wasocreditrating.com

Md. Al Amin Jewel
jewel@wasocreditrating.com