

INITIAL CREDIT RATING REPORT GUINEA CONSTRUCTION WORKS



Ref. no.: FR/2023/32674

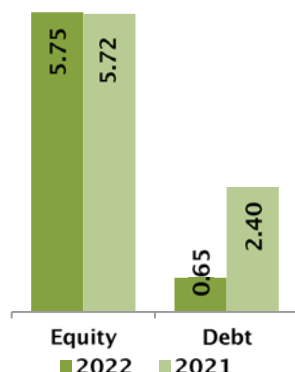
Report Contents:

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

Key Snapshot:

BDT. in million			
Particulars	2022	2021	
Revenue	10.41	8.20	
EBIT	2.53	1.92	
Net Profit	2.40	1.80	
Total Assets	6.41	8.12	
Total Equity	5.75	5.72	
Total debt	0.65	2.40	
Net Profit Margin (%)	23.	22.0%	
CCC (Days)	33	70	
ICR (X)	19.16	16.02	

Capital Structure (BDT. in million)



Analysts:

Md. Akter Hossain
akter@wasocreditrating.com

Md. Rafiul Bary
rafi@wasocreditrating.com

SME Rating	WCRSME	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	25 July 2023	24 July 2024

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

Financial Based on-*unaudited* financial statements up to 31 December 2022.

RATING RATIONALE

WCRCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Guinea Construction Works (hereinafter referred as "GCW" 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
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Good business network
- Good Profitability margin
- Good liquidity position with short cash conversion cycle
- Low levered capital structure
- Comfortable interest coverage position

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

- No insurance coverage for the inventory in stock
- Lack of disclosure in the financial statements
- Low management information system (MIS) and Manual accounting system

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 GCW 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.