

INITIAL CREDIT RATING REPORT IDEAL ENGINEERING WORKS



Ref. no.: FR/2023/32715

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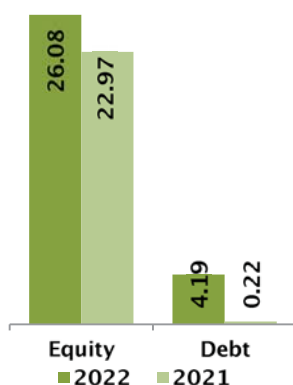
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Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	35.45	31.59
EBIT	3.27	5.07
Net Profit	3.11	5.05
Total Assets	30.27	23.19
Total Equity	26.08	22.97
Total debt	4.19	0.22
Net Profit Margin (%)	8.8	16.0
CCC (Days)	87	92
ICR (X)	24.18	-

Capital Structure (BDT. in million)



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SME Rating	WCRSME	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	04 July 2023	03 July 2024

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

RATING RATIONALE

WCRCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Ideal Engineering Works (hereinafter referred as "IEW" 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 business network
- Good Profitability margin
- Good liquidity position with short cash conversion cycle
- Low levered capital structure
- Comfortable interest coverage position
- Maintained sound business relation with supplier & buyer

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 has above average credit quality.

WCRCL also viewed the enterprise with "Stable" outlook and believes that IEW 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.