2nd SURVEILLANCE CREDIT RATING REPORT
AFZAL CONSTRUCTION

Ref. no.: CRAR-10576/2023

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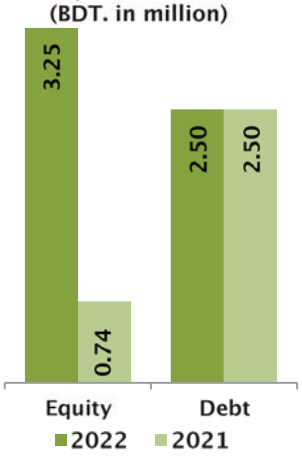
Key Snapshot:

BDT. in million

Particulars	2022	2021
Revenue	15.00	20.39
EBIT	2.76	4.19
Net Profit	2.51	3.94
Total Assets	5.75	3.24
Total Equity	3.25	0.74
Debt	2.50	2.50
Net Profit Margin (%)	16.7	19.3
CCC (Days)	45	11
ICR (X)	10.82	16.43

Capital Structure (BDT. in million)



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	31 October 2023	30 October 2024

***Financial Based on**-unaudited financial statement for31 December 2022.*

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

BDT. in million

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
Mutual Trust Bank Limited	SOD	2.50	Nil	30.10.2023
	B.G	2.50	Nil	

RATING RATIONALE

WCRCL has reaffirmed **'WCRSME3'** (pronounced as WASO Credit Rating Small Enterprise **Three**) rating under the SME Rating to **Afzal Construction** (hereinafter referred as "**AC**" 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
- Low levered capital structure
- Good interest coverage position
- Satisfactory banking relationship
- Good liquidity position with short cash conversion cycle

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

- Low disclosure of financial statement
- No insurance coverage
- High competition in the market
- 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 AC 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.