

# INITIAL CREDIT RATING REPORT COMMUNICATION OF SYSTEM



Ref. no: CRAR-18293/2023

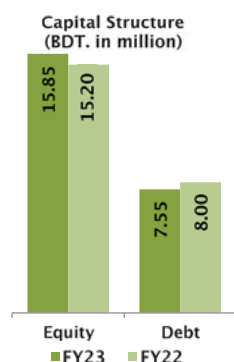
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## Key Snapshot:

BDT. in million

Particulars	FY23	FY22
Revenue	19.01	18.01
EBIT	4.15	3.77
Net Profit	3.50	3.20
Total Assets	23.40	23.19
Total Equity	15.85	15.20
Total debt	7.55	8.00
Net Profit Margin (%)	18.4	17.8
CCC (Days)	215	216
ICR (X)	9.25	9.08



## Analysts:

**Sohag Gosh Prashant**  
prashant@wasocreditrating.com

**Shudhan Mallick**  
shudhan@wasocreditrating.com

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

**Methodology:** SME rating methodology published on the WCRCL website at [www.wasocreditrating.com](http://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 Communication of System (hereinafter referred as "COS" 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:

- Long business experience of the proprietor in the business
- Good business network
- Good Profitability margin
- Low levered capital structure
- Comfortable interest coverage position
- Satisfactory banking relationship
- Good mortgage security coverage against loan

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

- Medium disclosure in the financial statements
- Tight liquidity position considering long cash conversion cycle
- No insurance coverage for the inventory in stock

The SME rating implies that the enterprise has above average credit quality.

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