

INITIAL CREDIT RATING REPORT KDH ENGINEERING LIMITED

Ref. no.: FR/2023/32879



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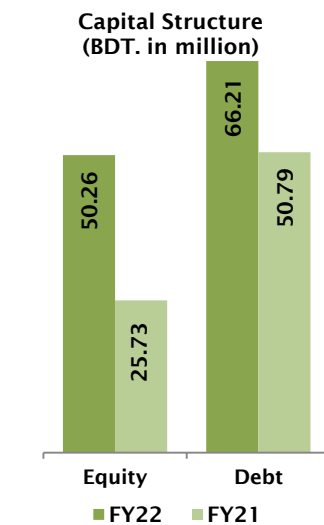
Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB-	ST 3	Stable	08 August 2023	07 August 2024

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Bank Loan Rating
First Security	CC (H)	5.00	-	blr ST 3
Islami Bank	BG	40.00	-	
Limited	LC	30.00	-	
(30.06.2023)	PIF	15.00	-	

*blr – Bank Loan Rating

Key Snapshot:

Particulars	FY22	FY21
Revenue	135.62	46.42
EBIT	35.44	6.71
Net Profit	24.53	4.68
Total Assets	116.47	76.53
Total Equity	50.26	25.73
Debt	66.21	50.79
Net Profit Margin (%)	18.1	10.1
CCC (Days)	-83	-227
ICR (X)	88.59	202.10
Current ratio(X)	1.70	1.42
Debt/Equity Ratio(X)	1.32	1.97



Analysts:

Shudhan Mallick
shudhan@wasocreditrating.com

Maharan Nasrin
maharan@wasocreditrating.com

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

Financial Based on- Audited financial statements up to 30th June 2022.

RATING RATIONALE

WCRCL has assigned 'BBB-' (pronounced as Triple B Minus) rating to the entity for long term and 'ST 3' (pronounced as Short Term Three) for short term to **KDH Engineering Limited** (hereinafter referred as "KEL") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating assessment. WCRCL has also assigned 'blr ST 3' (pronounced as bank loan rating Short Term Three) rating to aggregate short term limit.

The above rating has been assigned based on the fundamentals of the company which includes:

- Skilled and experienced management
- Majority bills of the company are made by short period
- The company has thirty five big on-going project
- Many project already handed over
- The entity is profitable concern
- Maintain insurance policy

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

- Average disclosure in the financial statements
- Highly levered in the capital structure
- Manual accounting system
- Medium scale in the business

The long term rating implies that the entity has below average credit quality. The short term rating implies that the company has average ability to meet short term financial commitments.

WCRCL also viewed the company with "Stable" outlook and believes that **KEL** 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.