

INITIAL CREDIT RATING REPORT RASHED ENGINEERING WORKS



Ref. no.: FR/2023/33273

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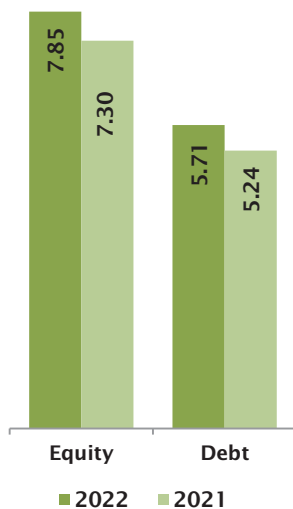
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Key Snapshot:

BDT. in million

| Particulars | 2022 | 2021 |
|-----------------------|-------|-------|
| Revenue | 17.25 | 15.00 |
| EBIT | 2.02 | 1.73 |
| Net Profit | 1.77 | 1.50 |
| Total Assets | 13.56 | 12.54 |
| Total Equity | 7.85 | 7.30 |
| Total debt | 5.71 | 5.24 |
| Net Profit Margin (%) | 10.3 | 10.0 |
| CCC (Days) | 163 | 178 |
| ICR (X) | 9.18 | 8.63 |

Capital Structure
(BDT. in million)



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| SME Rating | Rating Notch | Outlook | Date of Declaration | Date of Expiration |
|------------|--------------|---------|---------------------|--------------------|
| | WCRSME3 | Stable | 22 August 2023 | 21 August 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 **Rashed Engineering Works** (hereinafter referred as "REW" 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
- Good business network
- Good Net Worth of the Proprietor
- Good Profitability margin
- Low levered capital structure
- Comfortable interest coverage position
- Satisfactory banking relationship

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

- Low disclosure in the financial statements
- Small Scale in the business
- Tight liquidity position considering long cash conversion cycle
- Tight security arrangement
- 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 REW 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.