

2nd SURVEILLANCE CREDIT RATING REPORT CHITTAGONG STEEL



Ref. no.: FR/2022/028738

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SME Rating	WCRSE/WCRME	Outlook	Date of Declaration	Date of Expiration
	WCRSE 3	Stable	27 December 2022	20 December 2023

WCRSE 3 rating is equivalent to Bangladesh Bank SME rating scale of SME 3 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

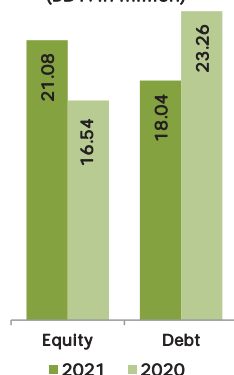
Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
NCC Bank Limited	CC(H)	15.00	15.00	26.12.2022
	BG(P)	2.00	2.00	
	Total	17.00	17.00	

BDT. In million

Key Snapshot:

Particulars	2020	2021
Revenue	140.00	138.00
EBIT	5.44	5.36
Net Profit	3.48	3.38
Total Assets	39.85	39.12
Total Equity	16.54	21.08
Debt	23.26	18.04
Net Profit Margin (%)	2.5	2.4
CCC (Days)	81	93
ICR (X)	2.80	2.74

Capital Structure
(BDT. in million)



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Financial Based on-Management prepared financial statements up to 31st December 2021.

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

RATING RATIONALE

WCRCL has reaffirmed 'WCRSE 3' (pronounced as WASO Credit Rating Small Enterprise Three) rating under the SME Rating to Chittagong Steel (hereinafter referred as "CS" 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
- Satisfactory banking relationship
- Low levered capital structure
- Good interest coverage position
- Good security arrangement

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

- Lack of disclosure in the financial statements
- Tight liquidity position with long cash conversion cycle
- Low management information system (MIS) and Manual accounting system

The SME rating implies that the enterprise is adjudged to above average level of credit worthiness in relation to other small enterprises.

WCRCL also viewed the enterprise with "Stable" outlook and believes that CS will be able to maintain its good fundamentals in the foreseeable future.