

INITIAL CREDIT RATING REPORT CHITTAGONG STEEL



Ref. no.: FR/2023/030655

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SME Rating	WCRSE/WCRME	Outlook	Date of Declaration	Date of Expiration
	WCRSE 3	Stable	10 April 2023	09 April 2024

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

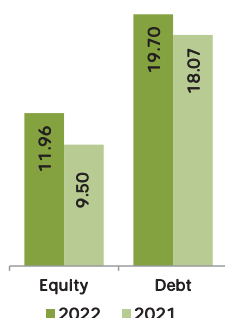
Methodology: SME rating methodology published on the WCRCL website at www.wasocreditrating.com

RATING RATIONALE

Key Snapshot:

BDT. in million			
Particulars	2022	2021	
Revenue	33.67	29.28	
EBIT	4.49	3.87	
Net Profit	4.29	3.69	
Total Assets	28.82	27.57	
Total Equity	11.96	9.50	
Total debt	19.70	18.07	
Net Profit Margin (%)	12.7	12.6	
CCC (Days)	256	280	
ICR (X)	22.67	21.51	

Capital Structure
(BDT. in million)



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WCRCL has assigned '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
- Good interest coverage position

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 considering long cash conversion cycle
- Highly levered capital structure
- 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.