

# 8<sup>th</sup> SURVEILLANCE CREDIT RATING REPORT MODHUMOTI STEEL ENGINEERING

Ref. no.: CRAR-4004/2023



## Report Contents:

Particulars	Page
Rating Rationale	1
Business Profile	2
Industry Analysis	2
Business Analysis	2
Financial Strength Analysis	3
Credibility and Banking Relationship	4
Risk Factor Analysis	5
Rating Observation	5

SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	31 October 2023	05 November 2024

BDT. In Million

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
Uttara Bank PLC	CC (H)	50.00	44.54	17.09.2023

**Financial Based on-** Financial statements up to 31<sup>st</sup> December 2022.

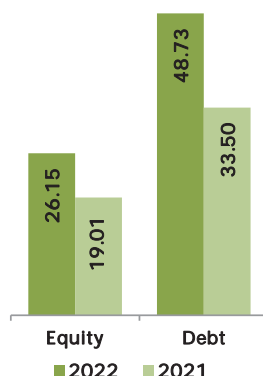
**Methodology:** SME rating methodology published on the WCRCL website at [www.wasocreditrating.com](http://www.wasocreditrating.com)

## Key Snapshot:

BDT. In Million

Particulars	2022	2021
Revenue	78.90	60.05
EBIT	14.07	9.00
Net Profit	9.75	5.00
Total Assets	74.88	52.51
Total Equity	26.15	19.01
Debt	48.73	33.50
Net Profit Margin (%)	12.4	8.3
CC (Days)	219	403
ICR (X)	3.25	2.25

Capital Structure  
(BDT. In million)



## RATING RATIONALE

WCRCL has reaffirmed 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating to Modhumoti Steel Engineering (hereinafter referred to as 'MSE' 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 experienced and skilled management, good business network, owned business premises and storage facility, satisfactory banking relationship, good mortgage security coverage against loan and good interest coverage position.

However, the above factors are constrained to some extent by low disclosure in the financial statements, tight liquidity position considering long cash conversion cycle, no insurance policy, high levered capital structure and manual accounting system.

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

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

## Analysts:

**Mst. Irin Akter**  
[irin@wasocreditrating.com](mailto:irin@wasocreditrating.com)

**Monira Islam**  
[monira@wasocreditrating.com](mailto:monira@wasocreditrating.com)