

SURVEILLANCE CREDIT RATING REPORT MOHANAGAR STEEL MILLS LIMITED

Ref. no.: FR/2022/026395



Report Contents:

Particulars	Page
Rating Rationale	1
Owners Profile	2
Business Management	2
Market Review	3
Business Analysis	3
Financial Position Analysis	4
Banking Relationship	5
Risk Factor Analysis	5
Rating Observation	6

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB2	ST-3	Stable	06 November 2022	30 November 2023

Key Snapshot:

Tk. in million

Particulars	FY21	FY20
Revenue	410.07	228.05
EBIT	29.37	7.40
Net Profit	-2.40	-4.05
Total Assets	448.44	369.53
Total Equity	-9.36	-6.96
Debt	457.80	376.49
Net Profit Margin (%)	-0.6	-1.8
CCC (days)	149	242
ICR (X)	0.92	0.65

Financial Based on- Audited financial statements up to 30 June 2021.

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

RATING RATIONALE

WCRCL has reaffirmed 'BBB2' (pronounced Triple B Two) rating for the Long Term and 'ST-3' (pronounced Short Term Three) rating for Short Term to **Mohanagar Steel Mills Limited** (hereinafter referred as "MSML" or "The Company") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance. WCRCL has also reaffirmed 'blr BBB2' (pronounced as Bank Loan Rating Triple B Two) rating to the long term loan outstanding and 'blr ST-3' (pronounced as Bank Loan Rating Short Term Three) for short term bank loan limit.

The above ratings have been assigned based on the fundamentals of the company which include experienced and Skilled management, good business network, long track of business, steady growth in revenue, comfortable security arrangement, owned business premises, having sister concern support.

However, the above factors are constrained to some extent by average disclosure of financial statements, high leverage position in the capital structure with negative equity, tight liquidity position with long cash conversion cycle, volatile raw material price, marginal interest coverage position, high dependency on external sources for working capital requirement.

The long term rating implies that the entity rated in this category is subject to medium credit risk. And considered medium grade and as such may possess certain speculative characteristics. The short term rating implies that the company has acceptable ability to repay short term debt obligations from internal sources. However, it is expected to rely on external sources of committed financing due to downturn in economic or industry circumstances.

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

Analysts:

Md. Al Amin Jewel
jewel@wasocreditrating.com

Monira Islam
monira@wasocreditrating.com

