

SURVEILLANCE CREDIT RATING REPORT

MONARCH BANGLADESH LIMITED

Ref. no.: FR/2023/030373



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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB2	ST-4	Stable	28 March 2023	23 March 2024

Bank	Mode	Disbursed Amount	Outstanding Amount	Bank Loan Rating
Islami Bank Bangladesh Ltd. (09.03.2023)	HPSM	568.35	738.35	blr BBB2
	Baim TR/Stimulus	80.00	57.42	blr ST-4

Tk. in Million

Financial: Based on Audited financial statements up to 30 June 2022.

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

Key Snapshot:

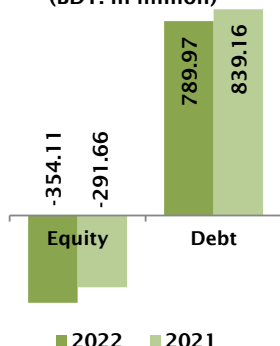
Particulars	2022	2021
Revenue	50.22	0.85
Operating Exp.	29.19	29.60
EBIT	-9.11	-29.26
Financial Exp.	53.03	56.01
Net Profit	-62.4	-85.28
Total Assets	435.8	547.5
Total Equity	-354	-291
Debt	789.9	839.1
Net Profit Margin (%)		
Current Ratio (X)	3.37	192.1
Debt/Equity (X)	-2.23	-2.88
DSCR (X)	-0.17	-0.52

RATING RATIONALE

WCRCL has assigned 'BBB2' (pronounced as Triple B Two) rating for the Long Term and 'ST-4' (pronounced as Short Term Four) rating for Short Term to **Monarch Bangladesh Limited** (hereinafter referred to as '**MBL**' or '**The company**') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating declaration. WCRCL has also assigned 'blr BBB2' (pronounced as Bank Loan Rating Triple B Two) rating to the long term loan outstanding and blr ST-4 (pronounced as bank loan rating Short Term Four) rating to aggregate Short Term Limit.

The above ratings have been assigned based on the fundamentals of the company which include experienced and proactive management, sponsors have depth knowledge about their business, good market demand of the service line, good liquidity position considering poor current liabilities, comfortable security arrangement, enjoy Locational advantage i.e. kotbari, Cumilla, having sister concern support.

Capital Structure (BDT. in million)



However, the above factors are constrained to operational bottleneck due to average disclosure in the financial statements, negative profitability in recent year, high leverage position in the capital structure, negative interest coverage position in recent year, high dependency on external borrowings, poor banking conduct, brand image and reputation risk.

The long term rating implies that the company 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 is regarded as having some speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it may face uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

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

Analysts:

Md. Al Amin Jewel
jewel@wasocreditrating.com

Rafiul Bary
rafi@wasocreditrating.com