

# CREDIT RATING REPORT

## HEDRON CHEMICALS LIMITED



Ref. no.: FR/2021/19331

### Report Contents:

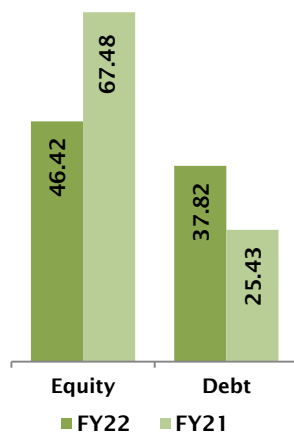
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### Key Snapshot:

Tk. in million

Particulars	FY22	FY21
Revenue	11.01	5.72
EBIT	0.62	-1.06
Net Profit	0.09	-2.86
Total Assets	84.24	92.31
Total Equity	46.42	67.48
Debt	37.82	25.43
Net Profit Margin (%)	0.8	-50.0
CCC (Days)	-171	-63
ICR (X)	1.34	-0.60

Capital Structure  
(BDT. in million)



### Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB3	ST-4	Stable	07 May 2023	06 May 2024

TK in Million

Name of the Bank	Mode of Investment	Sanctioned Limit	Outstanding Amount	Bank Loan Rating
Shimanto Bank Limited (12.04.2023)	OD	3.00	2.99	blr ST-4
	LTR	3.07	3.10	
	SME Term Loan	5.20	5.69	
	Time Loan	1.90	1.92	blr BBB3
	Term Loan	0.80	0.80	

**Financial Based on-** Audited financial statement of up to 30<sup>th</sup> June 2022.

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

### RATING RATIONALE

WCRCL has reaffirmed 'BBB3' (pronounced Triple B Three) rating for the Long Term and 'ST-4' (pronounced Short Term Four) rating for Short Term Hedron Chemicals Limited (hereinafter referred as "HCL" 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 assigned "blr BBB3" (pronounced as Bank Loan Rating Triple B Three) rating to the long term loan outstanding and "blr ST-4" (pronounced as Bank Loan Rating Short Term Four) rating to the aggregated short term limit.

The above ratings have been assigned based on strong business network, experienced & skilled management, low levered company, owned factory premise, good infrastructural arrangement, satisfactory health and safety measure and strong buyer base.

However, the above factors are constrained to some extent by average disclosure in the financial statement, overall poor profitability ratios, poor interest coverage position and no insurance policy. Overall profitability was negative and if the poor financial performance will continue it may impact in future credit rating.

The short term rating implies that, the company 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 believes that the issuer may require covenant relief in order to maintain orderly access to funding lines.

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