

# SURVEILLANCE CREDIT RATING REPORT SHABED ALI SPINNING MILLS LIMITED

Ref. no.: FR/2022/027861



## Report Contents:

Particulars	Page
Rating Rationale	1
Corporate Profile	2
Shareholding Position Analysis	2
Allied Sister Concern	2
Management Evaluation	3
Industry Analysis	3
Business Analysis	5
Financial Position Analysis	6
Banking Facilities & Liability Position	7
Risk Factor Analysis	7
Rating Observations	8

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB2	ST-3	Stable	06 December 2022	05 December 2023

Tk. in million				
Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount as on 04.10.2022	Bank Loan Rating
AB Bank Limited	Term Loan	158.24	158.24	blr BBB2
	Revolving L/C		6.28	
	Acceptance (Sight/Deferred/UPAS)	650.00	--	
	(Revolving TR)	(240.00)	--	blr ST-3
	(Revolving TR)	(240.00)	--	
	SBD BG	41.36	41.36	
	SDB LC	1042.64	917.33	

## Key Snapshot:

Particulars	FY22	FY21
Sales	2303.85	3487.30
EBIT	182.80	581.62
Net Profit	101.89	516.88
Total Assets	950.19	2720.10
Total Equity	191.51	1704.61
Total debt	758.67	1015.49
Net Profit Margin (%)	4.42	516.88
Current Ratio (X)	0.85	1.72
CCC (Days)	45	26

**Financial Based on-** Audited financial statements of FY22.

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

## RATING RATIONALE

WCRCL has reaffirmed 'BBB2' (pronounced as Triple B Two) rating to the entity for long term and ST-3' (pronounced as Short Term Three) for short term to Shabed Ali Spinning Mills Limited (hereinafter referred as "SASML" or "the company") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating assessment. WCRCL has also assigned 'blr BBB2' (pronounced as Bank Loan Rating Triple B Two) to long term outstanding and 'blr ST-3' (pronounced as Bank Loan Rating short term Three) rating to the aggregated short term limit. The above ratings have been assigned based on the fundamentals of the entity, which include experienced and skilled management, direct monitoring of business by the directors, strong customer supplier base, available power backup, growing profitability. However, the above factors are constrained to poor disclosure of financial statement, high inventory pile-up affecting working capital.

The long-term rating is subject to medium credit risk and considered medium grade and as such may possess certain volatile 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 believes that the issuer may require covenant relief in order to maintain orderly access to funding lines.

## Analysts:

**Ummay Fatema**  
fatema@wasocreditrating.com

**Md. Al Amin Jewel**  
jewel@wasocreditrating.com

