

INITIAL CREDIT RATING REPORT AL-AKSA STEEL MILLS LIMITED

Ref. no.: CRAR-17859/2023



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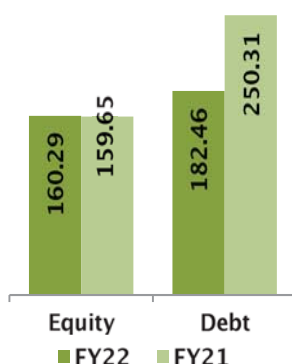
Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB	ST 3	Stable	03 October 2023	02 October 2024

Tk. in Million				
Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Bank Loan Rating
Mercantile Bank PLC (25.09.2023)	Term Loan	100.00	41.10	blr BBB
	L/C (Sight)	200.00	19.10	
	LTR	(100.00)	-	
	OD	120.00	84.60	
	BG (Bid Bond/PG)	20.00	18.00	blr ST 3
	BG (Single Deal)	18.00	15.50	
	BG (Single Deal)	7.40	7.40	

Key Snapshot:

BDT. in million		
Particulars	FY22	FY21
Revenue	330.23	386.67
EBIT	1.36	7.42
Net Profit	0.64	1.93
Total Assets	342.75	409.96
Total Equity	160.29	159.65
Total debt	182.46	250.31
Net Profit Margin (%)	0.20	0.50
CCC (Days)	-143	-126
ICR (X)	2.86	1.59

Capital Structure
(BDT. in million)



Analysts:

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Financial Based on-Audited statements up to 30th June 2022.

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

RATING RATIONALE

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

The above ratings have been assigned based on the fundamentals of the company which include experienced directors and management, maintained sound relation with supplier & buyer, equipped with power backup, comfortable interest coverage position, good banking conduct and good mortgage security coverage against loan.

However, the above factors are constrained by manual accounting system, highly levered capital structure, tight liquidity position, no insurance coverage for the inventory in stock, volatile raw material price and medium disclosure of financial statements.

The long term rating implies that the entity has average credit quality. The short term rating implies that the company has average ability to meet short term financial commitments.

WCRCL also viewed the company with "Stable" outlook and believes that AASML 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.