

8th SURVEILLANCE CREDIT RATING REPORT SHAHJAHAN SPINNING MILLS LIMITED

Ref. no.: CRA/844/2023

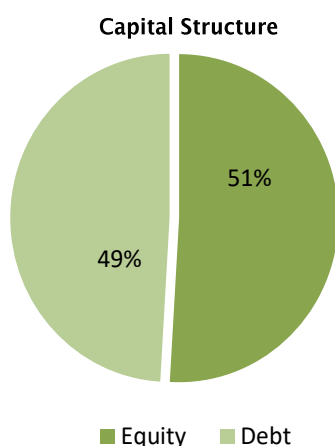


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Key Snapshot:

Tk. in million		
Particulars	FY21	FY22
Revenue	1617.73	776.44
COGS	1301.24	662.08
Gross Profit	316.48	114.34
Profit from Operation	10.36	30.73
Financial Exp.	5.50	0.36
PAT	3.64	26.08
Total Assets	535.42	924.03
Total Debt	108.09	453.40
Total Equity	427.32	470.62
Debt/Equity (X)	0.25	1.04
ICR (X)	1.98	84.53



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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB	ST 3	Stable	17 October 2023	16 October 2024

Tk. In Million

Name of the Bank	Mode of Investment	Sanctioned Limit	Outstanding Amount	Bank Loan Rating
NCC Bank Limited (30.09.2023)	CC(Hypo)	1700.00	169.05	blr ST 3
	PAD	220.00	0.00	
	L/C	150.00	117.40	
	STL-Rev	60.00	0.00	
	LDBC	200.00	0.00	
	LTR Rev	60.00	0.00	

Financial Based on—Audited financial statements up to 30 June 2022, 2021, 2020.

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

RATING RATIONALE

WCRCL has reaffirmed **‘BBB’** (pronounced as Triple B) rating for the Long Term and **‘ST 3’** (pronounced as Short Term Three) rating for Short Term to **Shahjahan Spinning Mills Limited** (hereinafter referred to as **‘SSML’** 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 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 company which include experience of promoter in the textile industries, experienced and skilled management, established market position, have sister concern support, provide supportive facilities to the workers, owned premises and good infrastructural arrangement. However, the above factors are constrained to average disclosure in the financial statement, high levered in the capital structure, decreasing business trends, stressed liquidity position considering poor current assets, poor interest coverage position due to high financial expense, volatile market price of the raw cotton, long cash conversion cycle due to pile up inventory in stock.

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

WCRCL also viewed the company with “Stable” outlook and believes that SSML 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.