#### CREDIT RATING REPORT

## SHOB MEHER SPINNING MILLS LIMITED



Ref. no.: FR/2022/021811

#### **Report Contents:**

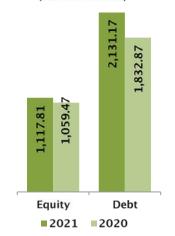
Particulars	Page
Entity Background	2
Analysis of Industry Dynamics	2
Business Analysis	4
Financial Analysis	5
Credibility and Banking	6
Risk Factor Analysis	6
Rating Observations	7

### **Key Snapshot:**

BDT. in million

	ווטווווווו ווו ווו וו טט		
Particulars	2021	2020	
Revenue	1,063.95	976.10	
EBIT	79.57	78.01	
Net Profit	58.35	57.40	
Total Assets	3,248.98	2,892.33	
Total Equity	1,117.81	1,059.47	
Debt	2,131.17	1,832.87	
Net Profit Margin (%)	5.5%	5.9%	
CCC (Days)	313	319	
ICR (X)	7.12	7.19	
_			

# Capital Structure (BDT. in million)



## Analysts:

Maharan Nasrin maharan@wasocreditrating.com

Md. Al Amin Jewel jewel@wasocreditrating.com

<b>Entity</b> <b>Rating</b>	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB3	ST-4	Stable	08 February 2022	07 February 2023

BDT, in million

Bank Name	Mode of Investment	Limit Amount	Outstanding Amount as on 02.02.2022	Bank Loan Rating
Janata Bank Limited	Term Loan	1,607.50	2,117.67	blr BBB3

Financial Based on-Financial statements up to 31 December 2021.

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

# **RATING RATIONALE**

WCRCL has assigned 'BBB3' (pronounced Triple B Three) rating for the Long Term and 'ST-4' (pronounced Short Term Four) rating for Short Term to Shob Meher Spinning Mills Limited (hereinafter referred to as 'SMSML' 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 to **blr BBB3** (pronounced as Triple B Three) rating to the Long Term loan outstanding amount of BDT. 2,768.76 million.

The above ratings have been assigned based on the fundamentals of the company which include good infrastructure facility, skilled management, increasing profitability, and satisfactory leverage position. However, the above factors are constrained by irregularity on loan repayment history, tight liquidity position and very long cash conversation cycle, highly levered firm, no insurance coverage and low discloser of Financial statements.

The long term rating implies that the entity rated in this category 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 entity having significant speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing 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 SMSML will be able to maintain its good fundamentals in the foreseeable future.