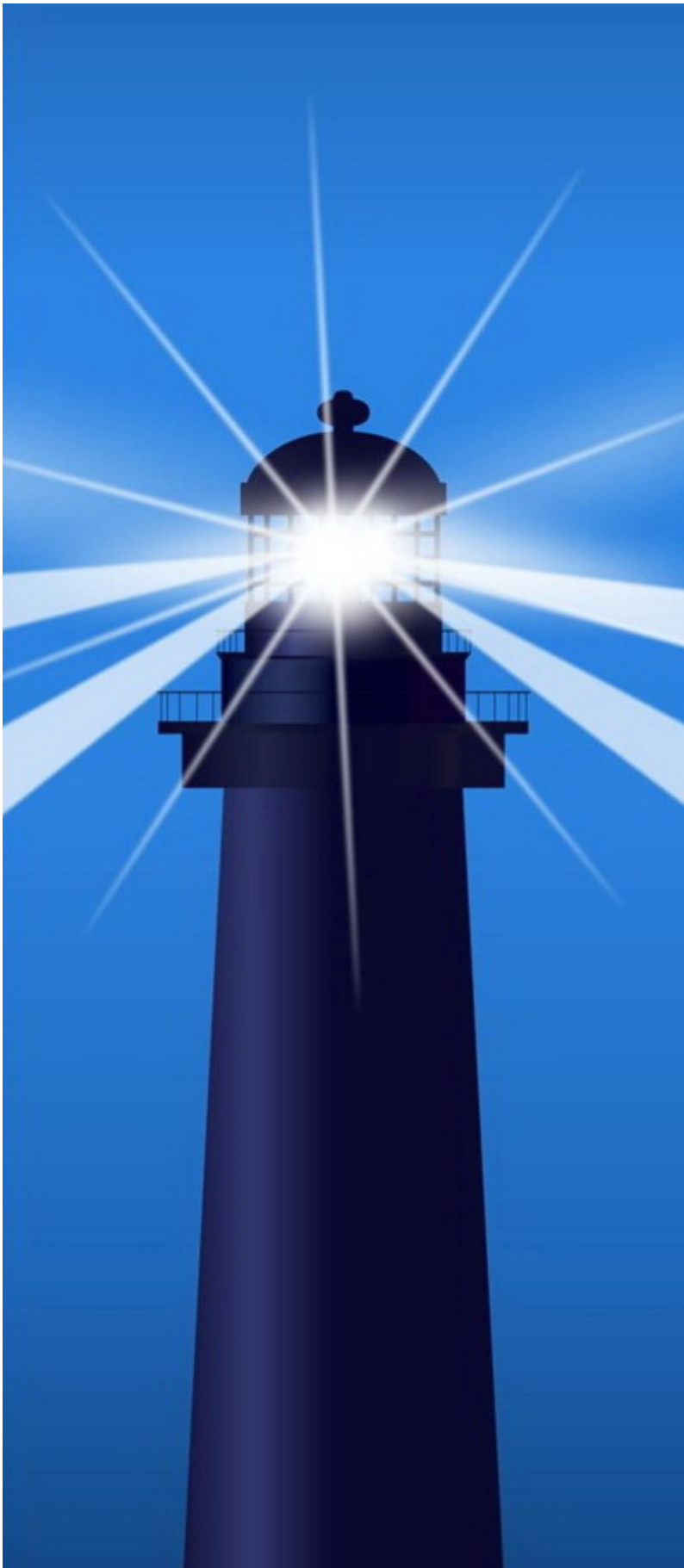


**ARGUS CREDIT RATING SERVICES  
LIMITED. (ACRSL)**

## Credit Rating Report

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**M B Spinning Mills Limited**



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Name:

Designation:

Date:

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**Ref No** : ACRSL30687/22  
**Company Name** : M B Spinning Mills Limited (MBSML)  
**Assigned Ticker** : MBSpinMillimitedNara  
**Activity** : Yarn Manufacturer, Manufacturing  
**Incorporated On** : 26 May 2011  
**Head Office** : 16, S M Maleh Road, Tanbazar, Narayanganj, Bangladesh

**Rating Type** : Corporate / Entity  
**Rating Validity** : 22 Nov 2023  
**Analyst(s)** : ACRSL Analyst Team  
**Committee(s)** : ACRSL Rating Committees

#### Rating Summary

Credit Rating	Current	Previous
Long-Term	BBB-	N/A
Short-Term	ST-4	N/A
Publishing Date	23 Nov 2022	N/A

#### Rating Explanation

Rating	Explanation
BBB-	Investment grade. Good credit quality and moderate expectation of credit risk. When assigned this rating indicates the obligor has adequate capacity to meet its financial obligations but this capacity remains more vulnerable to adverse economic conditions.
ST-4	Satisfactory liquidity and other protection factors qualify issues as to investment grade. Risk factors are larger and subject to more variation.

Rating Validity: This validity assumes no additional loan over that disclosed in FY22 [Ending June 30] audited/management certified balance sheet and that management has disclosed all material & adverse to financials since FY22.

## 1 CORPORATE PROFILE

### 1.1 COMPANY DESCRIPTION

- **History: M B Spinning Mills Limited (MBSML)** was incorporated as a private limited company at may 26 2011 under the company act 1994. The entity is headed by Mr. Md. Golam Rahman Mamun, the Managing Director of MBSML. The company focuses on yarn product with state of the art finishing facilities. MBSML uses specialized machines to achieve various manufacturing process with specialized detailed designing.
- **Financial Base:** At the end of FY2022, MBSML's total assets stood at BDT 2236.12 MN, equity at BDT 129.32 MN, revenue at BDT 1800.00 MN and net profit at BDT124.32 MN.
- **Special Note:** At the time of publication of this credit rating report by ARGUS Credit Rating Service Limited (ACRSL), management certified financial statements to FY22 (ending June 30) were available, projections for FY23 and FY24 were arrived after taking in to consideration subsequent events up to the date of reporting, management feedback, and industry insights.

### 1.2 OWNERSHIP STRUCTURE

- **M B Spinning Mills Limited** has 3 directors including the managing director. The Promoters / Partners of M B Spinning Mills have the following attributes-
  - Mr. Md. Golam Rahman Mamun, the managing director of MBSML is a reputed figure in the business arena of Bangladesh.
  - All the Partners are highly qualified having strong educational, professional background and experience in Textile industry.

Table 1 Nature of Ownership/Directors' Shareholding Percentage

Designation	Name	Shares
Managing Director	Mr. Golam Rahman Mamun	90.00%
Director	Mrs. Rubena Islam	5.00%
Director	Mr. Azhar Ali	5.00%

### 1.3 OPERATIONS

- **Corporate Office:** House-16, S M Saleh Road, Tanbazar, Narayangonj.

### 1.4 PRODUCTS AND SERVICES

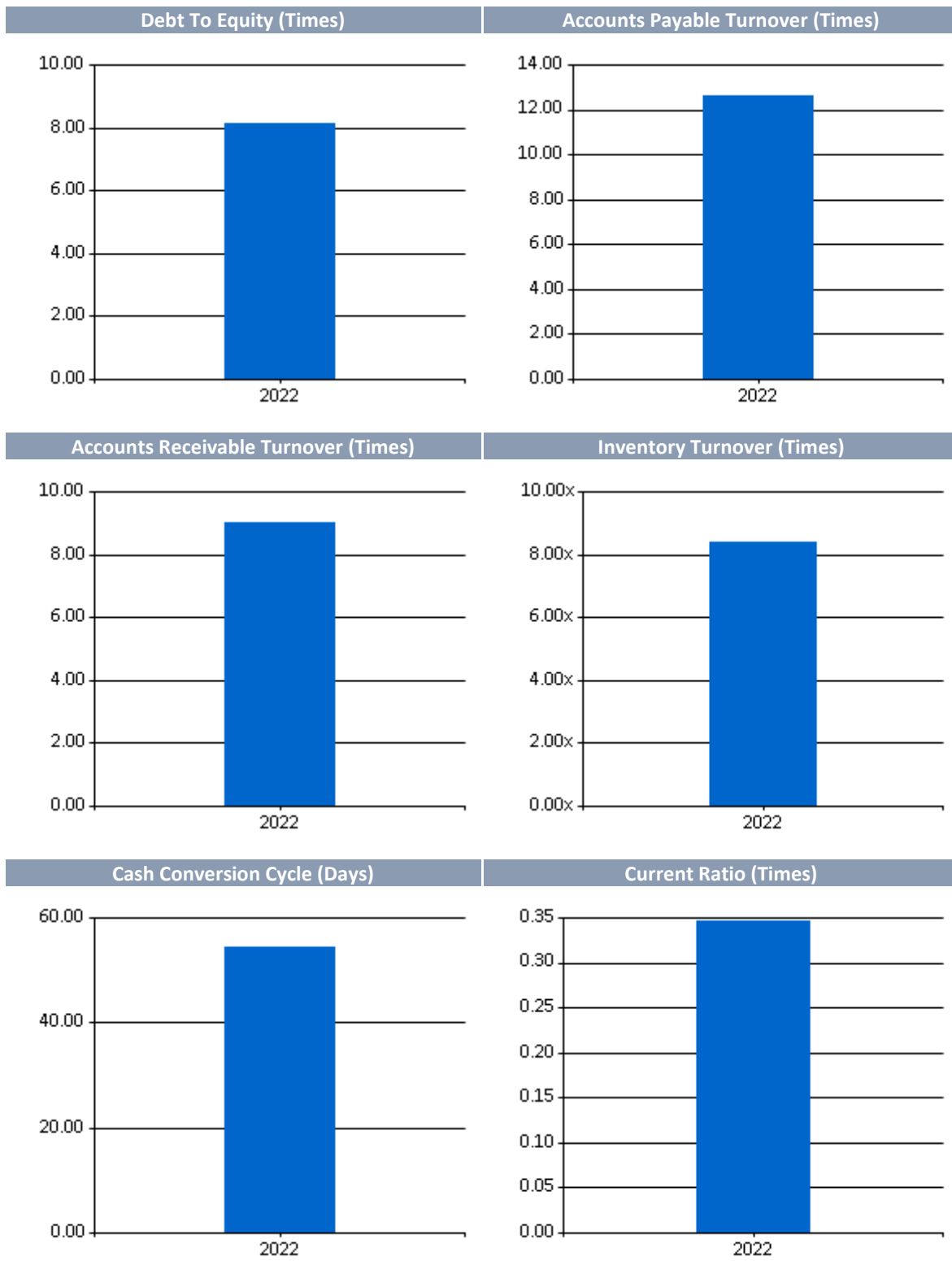
- The company focuses on different kinds of yarn (count) product with state of the art finishing facilities. MBSML uses specialized machines to achieve various manufacturing process with specialized detailed designing.

**2 CHARTS**

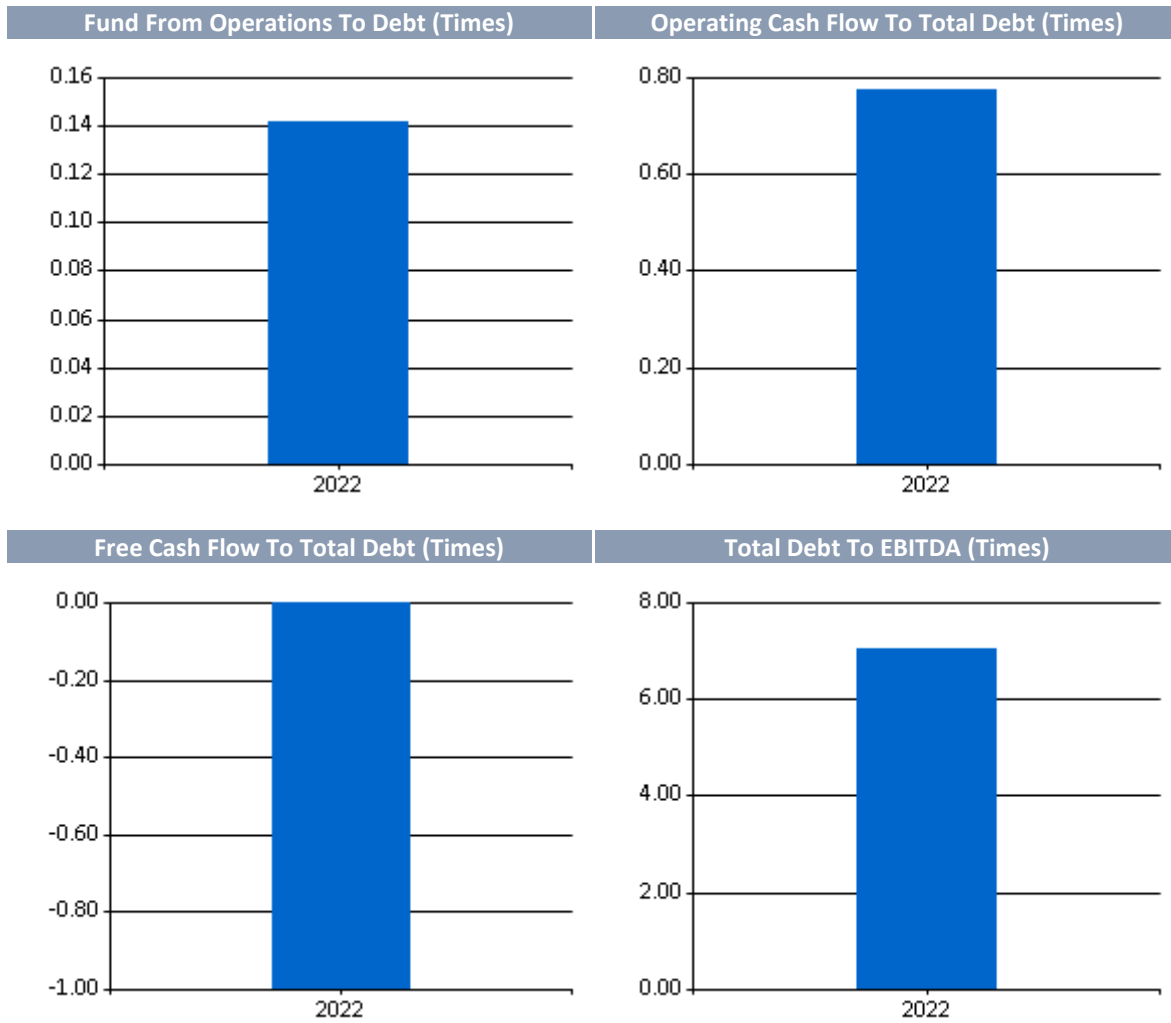
**2.1 INCOME STATEMENT CHARTS**



**2.2 BALANCE SHEET CHARTS**



**2.3 CASH FLOW ADEQUACY CHARTS**





## APPENDIX A: SUMMARY OF FINANCIAL METRICS

<b>Balance Sheet Metrics (BDT in MN)</b>	<b>FY22</b>
Cash & Equivalent	5.58
Trade Receivable	200.00
Inventories	150.00
Total Current Assets	365.08
Investments	0.00
Fixed Assets(At cost less Depreciation)	1,871.05
Total Non-Current Assets	1,871.05
Total Assets	2,236.13
Payable and Accrued Expenses	100.00
Other Current Liabilities	953.40
Short Term Debt	0.00
Total Current Liabilities	1,053.40
Long Term Debt	1,053.40
Other Non-Current Liabilities	0.00
Total Non-Current Liabilities	1,053.40
Total Liabilities	2,106.80
Issued, Subscribed & Paid Up Capital	5.00
Retained Earnings	124.33
Reserves & Surplus	0.00
Total Shareholders' Equity	129.33
Total Shareholders' Equity & Liabilities	2,236.13
<b>Income Statement Metrics (BDT in MN)</b>	<b>FY22</b>
Revenue/Sales/Turnover	1,800.00
Cost of Revenue/ Cost of Goods Sold	1,260.00
Gross Profit (Loss)	540.00
Operating Expenses	390.81
Operating Profit	149.19
Financial Expense/ Interest Expense	15.23
Net Profit before WPPF	133.96
Other Expense	0.00
Net Profit Before Tax	133.96
Provision for Tax	9.63
Net Profit After Tax	124.33
<b>Cash Flow Metrics (BDT in MN)</b>	<b>FY22</b>
Net Cash from Operating Activities	818.23
Net Cash from Investing Activities	-1,871.05
Net Cash from Financing Activities	1,058.40
Increase/(Decrease) in Cash and Cash Equivalents	5.58
Cash and Cash Equivalents at the Opening	0.00
Cash and Cash Equivalents at the Closing	5.58

Source: MBSML's Financial from 2022

**APPENDIX B: SUMMARY OF ANALYTICS**

Indicators	FY22
Revenue Growth	0.00%
Gross Profit Margin	30.00%
Operating Profit Margin	8.29%
Net Profit Margin	6.91%
Interest Coverage Ratio	9.80x
ROA	5.56%
ROE	96.13%
Debt to Equity Ratio	8.15x
Accounts Payable Turnover	12.60x
Accounts Receivable Turnover	9.00x
Inventory Turnover Ratio	8.40x
Current Ratio	0.35x
Cash Conversion Cycle(Days)	54
Fund from Operations/Total Debt	0.14x
Operating Cash Flow/Total Debt	0.78x
Free Cash Flow/Total Debt	-1.00x
Total Debt/EBITDA	7.06x

## APPENDIX C: LONG TERM RATING DETAILS

### ACRSL CORPORATE / ENTITY RATING (LONG TERM)

Rating	Definition
<b>AAA</b> Triple A (Highest Safety)	Investment grade. Highest credit quality with lowest expectation of credit risk. When assigned this rating indicates the obligor has exceptionally strong capacity to meet its financial obligations and it is highly unlikely that this capacity will be impacted adversely by foreseeable events.
<b>AA+, AA, AA-</b> Double A (High Safety)	Investment grade. Very high credit quality and minimal expectation of credit risk. When assigned this rating indicates the obligor has very strong capacity to meet its financial obligations and is unlikely to be impacted adversely by foreseeable events.
<b>A+, A, A-</b> Single A (Adequate Safety)	Investment grade. High credit quality and low expectation of credit risk. When assigned this rating indicates the obligor has strong capacity to meet its financial obligations but may be vulnerable to adverse economic conditions compared to obligors with higher credit ratings.
<b>BBB+, BBB, BBB-</b> Triple B (Moderate Safety)	Investment grade. Good credit quality and moderate expectation of credit risk. When assigned this rating indicates the obligor has adequate capacity to meet its financial obligations but this capacity remains more vulnerable to adverse economic conditions.
<b>BB+, BB, BB-</b> Double B (Inadequate Safety)	Speculative grade. Substantial credit risk. When assigned this rating indicates the obligor has business or other alternatives to meet current financial obligations but is substantially vulnerable to adverse economic conditions that may impair ability to meet such obligations in the future.
<b>B+, B, B-</b> Single B (Risky)	Highly Speculative grade. High credit risk. When assigned this rating indicates the obligor has business or other alternatives to currently meet its financial obligations but the degree of certainty regarding timely payment of financial obligations is doubtful unless circumstances improve and remain favorable.
<b>CC+, CC, CC-</b> Double C (Vulnerable)	Highly Vulnerable grade. Very High credit risk. When assigned this rating indicates the obligor is near to default and the degree of certainty regarding timely payment of financial obligations is doubtful unless circumstances improve. This rating may indicate that an insolvency petition has been filed or similar action has been taken, but payments on the obligation are being continued with high degree of external support.
<b>C+, C, C-</b> Single C (Near to Default)	Default Imminent. This category for an institution is considered to be either currently in default or expected to be in default with high probability. The obligor with this rating is unlikely to meet maturing financial obligations.
<b>D</b> Single D (Default)	In Default. This category for an institution is of the lowest credit quality. The rating indicates the obligor has already failed to meet its financial obligations and may have entered bankruptcy proceedings.

## APPENDIX D: SHORT TERM RATING DETAILS

### ACRSL CORPORATE / ENTITY RATING (SHORT TERM)

Rating	Definition
ST-1	<b>Highest Grade</b> Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short-term obligations.
ST-2	<b>High Grade</b> High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	<b>Good Grade</b> Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	<b>Satisfactory Grade</b> Satisfactory liquidity and other protection factors qualify issues as to investment grade. Risk factors are larger and subject to more variation.
ST-5	<b>Non-Investment Grade</b> Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
ST-6	<b>Default</b> Issuer failed to meet scheduled principal and/or interest payments.

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