

SURVEILLANCE CREDIT RATING REPORT NOVA THREAD AND PACKAGING INDUSTRIES LIMITED



REF. NO.: FR/2022/026375

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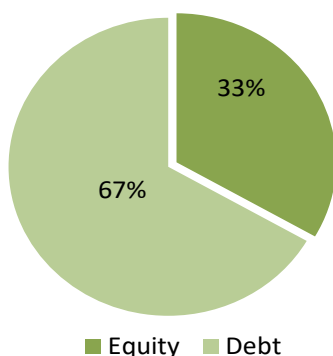
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Key Snapshot:

Tk. in million

Particulars	2021	2020
Revenue	519.94	442.17
EBIT	8.29	25.65
PAT	5.31	3.56
Net Profit Margin	1.02	0.81
ROAA	2.57	1.07
Current Ratio (X)	1.11	1.11
Total Assets	241.56	170.57
Total Liabilities	212.47	146.79
Debt-Equity Ratio (X)	7.30	6.17
ICR (X)	11.66	1.26

Capital Structure



Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB2	ST-3	Stable	11 October 2022	04 October 2023

Tk. in million

Bank Name	Mode of Investment	Limit Amount	Outstanding as on 05.10.2022	Bank Loan Rating
Mutual Trust Bank Limited	L/C		1.73	blr ST-3
	Accepted Liability	150.00	7.26	
	LTR		67.07	
	EDF Loan	112.50	39.44	
	CC(Hypo)/OD	3.00	2.97	
	IDBP	150.00	98.05	
	BG	7.50	Nil	

Financial Based on-Audited statements up to 31 December 2021, 2020, and 2019.

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

RATING RATIONALE

WCRCCL has reaffirmed 'BBB2' (pronounced as Triple B Two) rating for the Long Term and 'ST-3' (pronounced as Short term Three) rating for Short Term to **Nova Thread and Packaging Industries Limited**. (hereinafter referred as "NTPIL" or The Company) based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance. WCRCCL has also reaffirmed 'blr ST-3' (pronounced as Bank Loan Rating Short Term Three) rating to aggregate Short Term Limit of Tk. 423.00 million.

The above ratings have been retaining based on the fundamentals of the company which include good infrastructure facility, operating competency, and insurance coverage for machinery and stock. However, the above factors are constrained to operational bottleneck due to adverse shock in RMG industry may affect the company's growth, stressed liquidity position with long cash conversion cycle, highly levered concern, lower profit margin, and poor debt coverage position.

The long term rating implies that the company 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 company has an acceptable ability to repay short term debt obligations. It is expected to rely on external sources of committed financing. Based on its evaluation of near term covenant compliance, WCRCCL believes that the issuer may require covenant relief in order to maintain orderly access to funding lines.

WCRCCL also viewed the company with "Stable" outlook and believes that NTPIL will be able to maintain its good fundamentals in the foreseeable future.