

1st SURVEILLANCE CREDIT RATING REPORT NOFS GARMENTS LIMITED

Ref. no.: FR/2023/29734



Report Contents:

Particulars	Page
Rating Rationale	1
Corporate Background	2
Group Profile	2
Management Evaluation	2
Market Review	3
Business Analysis	6
Financial Strength Analysis	7
Banking Relationship	8
Risk Factor Analysis	8
Rating Observations	9

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB1	ST-3	Stable	13 February 2023	12 February 2024

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Bank Loan Rating
First Security Islami Bank Limited (08.02.2023)	HPSM	10.00	6.61	blr BBB1
	EDF	250.00	96.65	blr ST-3
	PC		4.45	

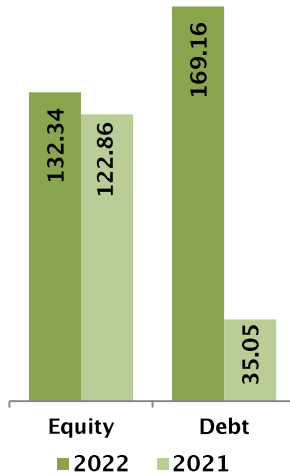
Financial Based on-Audited statements up to 30th June 2022.

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

Key Snapshot:

Particulars	FY22	FY21
Revenue	739.01	429.48
EBIT	18.89	13.30
Net Profit	9.48	4.90
Total Assets	301.50	157.91
Total Equity	132.34	122.86
Total debt	169.16	35.05
Net Profit Margin (%)	1.3%	1.1%
CCC (Days)	105	122
ICR (X)	3.53	2.20

Capital Structure (BDT. in million)



RATING RATIONALE

WCRCL has assigned 'BBB1' (pronounced as Triple B One) rating for the Long Term and 'ST-3' (pronounced as Short Term Three) rating for Short Term to **Nofs Garments Limited** (hereinafter referred to as '**NGL**' 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 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 management team, satisfactory health and safety measures, established market position and stable customer profile which, reflects healthy turnover and margins, experienced and skilled management, strong interest coverage position and maintain Insurance coverage.

However, the above factors are constrained by average disclosure in the financial statement, manual accounting process, highly levered capital structure, tight Liquidity position with long cash conversion cycle, volatile market price of the raw materials and adverse shock in RMG industry may affect revenue growth.

The long term rating implies that the entity 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 acceptable ability to repay short term debt obligations from internal sources. However, it is expected to rely on external sources of committed financing due to downturn in economic or industry circumstances.

Analysts:

Md. Akter Hossain
akter@wasocreditrating.com

Md. Rafiul Bary
rafi@wasocreditrating.com

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