

8th SURVEILLANCE CREDIT RATING REPORT

RING SHINE TEXTILES LIMITED

Ref. no.: FR/2022/028498



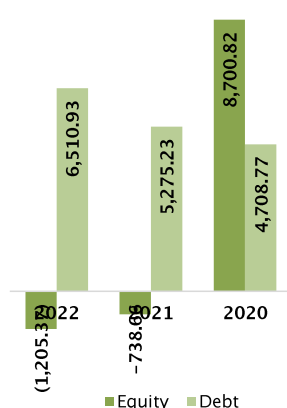
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Key Snapshot:

Tk. in Million			
Particulars	2022	2021	
Revenue	2859.19	908.08	
EBIT	-21.39	-592.69	
Net Profit	512.67	-886.66	
Total Assets	5260.56	4533.57	
Total Equity	-1250.3	-738.66	
Debt	6510.93	5272.23	
Gross Profit Margin (%)	-5.86	-76.04	
Net Profit Margin (%)	-2.07	-97.64	
Cash Conversion Cycle (Days)	72	1055	
Debt to Equity Ratio (X)	-5.21	-7.14	
Interest Coverage Ratio (X)	0.04	-2.09	

Capital Structure
(Tk. in Million)



Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB1	ST-4	Stable	27 December 2022	29 December 2023

Bank Name	Investment Mode	Sanctioned/ Limit Amount	Outstanding Amount	Tk. in Million Bank Loan Rating
One Bank Limited.30.1 1.2022	Term Loan	116.84	112.94	
Eastern Bank Limited 30.11.2022	Term Loan	272.21	296.95	blr BBB1
The Premier Limited (30.11.2022)	Term Loan	1035.04	1036.13	
	LC & Import Bills	840.00	10084.78	
	OD	3.50	3.06	
	OIBP (Bill Purchase)	10.00	3.09	
	LC & Import bills		49.49	
Dhaka Bank Limited (30.11.2022)	Forced Loan	170.00	104.14	blr ST-4
	Forced Loan		22.05	
	OD	309.33	376.35	
	OIBP	(170.00)	0.00	
Woori Bank (30.11.2022)	LC	550.00	550.00	
	Term loan	325.05	388.77	

*blr – Bank Loan Rating

Financial Based on– Financial statements up to 30th June 2022, 2021, 2020.

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

RATING RATIONALE

WCRCL has downgrade and assigned '**BBB1**' rating (pronounced as Triple B One) for the long term and '**ST-4**' rating (pronounced as Short Term Four) for the short term to **Ring Shine Textiles Limited** (hereinafter referred to as 'RSTL' 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 downgraded '**blr BBB1**' (pronounced as bank loan rating Triple B one) rating to the long term loan outstanding of Tk. 409.89 million and '**blr ST-4**' (pronounced as bank loan rating Short Term Four) rating to aggregate short term loan limit of Tk. 3242.92 million. The above ratings have been assigned based on experienced promoter and management, established market position and stable customer profile which reflects healthy turnover, satisfactory health and safety measures, 100% backward linkage facility, good infrastructural arrangement, and positive business trends. However, the above factors are constrained to some extent by overall poor profitability ratios, tight liquidity position with long cash conversion cycle, negative equity in capital structure, net loss in operation, poor banking repayment behavior, and highly levered company.

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 has 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

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compliance, WCRCL believes that the issuer may require covenant relief in order to maintain orderly access to funding lines.

WCRCL also viewed the company with “Stable” outlook and believes that RSTL will be able to maintain its good fundamentals in the foreseeable future.

-----End of Rational-----