

2nd SURVEILLANCE CREDIT RATING REPORT
SIFAT TEXTILE AND SPINNING MILLS LIMITED
Ref. no.: FR/2022/28782



Report Contents:

Particulars	Page
Rating Rationale	1
Corporate Profile	2
Shareholding Position Analysis	2
Management Evaluation	2
Market Review	2
Business Analysis	2
Financial Position Analysis	4
Risk Factor Analysis	5
Rating Observations	6

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB3	ST-4	Stable	27 December 2022	20 December 2023

TK in Million

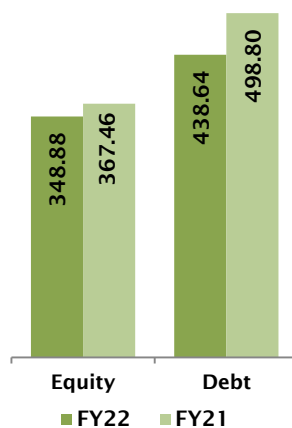
Name of the Bank	Mode of Investment	Sanctioned Limit	Outstanding Amount	Bank Loan Rating
	OD	50.00	49.88	
AB Bank Limited (26.12.2022)	R Time Loan	70.00	10.94	blr ST-4
	RBG	5.16	5.16	
	Term Loan	118.84	223.05	blr BBB3

Key Snapshot:

Tk. in million

Particulars	FY22	FY21
Revenue	873.76	900.30
EBIT	105.24	149.10
Net Profit	72.68	90.01
Total Assets	787.52	870.11
Total Equity	348.88	367.46
Debt	438.64	498.80
Net Profit Margin (%)	8.3	10.0
CCC (Days)	124	116
ICR (X)	3.32	3.57

Capital Structure (BDT. in million)



Analysts:

Shudhan Mallick
shudhan@wasocreditrating.com

Md. Al Amin Jewel
jewel@wasocreditrating.com

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

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

RATING RATIONALE

WCRCL has downgraded 'BBB3' (pronounced as Triple B Three) rating to the entity for long term and 'ST-4' (pronounced as Short Term Four) for short term to Sifat Textile And Spinning Mills Limited (hereinafter referred as "STSM") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating assessment. The above ratings have been assigned based on the fundamentals of the entity which includes the long experience track of the promoters, deals with own branded products, own factory premise, experience of promoter in spinning industries, established market position and stable customer profile which reflects healthy turnover, long standing relationship with clients, mitigate demand risk, availability of the supply of raw materials, good infrastructural arrangement with state of art machineries, maintain insurance policy, good interest coverage position, industrial area may endow with the location advantage.

However, the above factors are constrained to some extent by tight liquidity position, revenue was in decreased trend, highly levered company and low disclosure in the financial statements.

The long term rating implies that the corporate 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 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 STSM will be able to maintain its good fundamentals in the foreseeable future.