

3rd SURVEILLANCE CREDIT RATING REPORT N.R SPINNING MILLS LIMITED

Ref. no.: FR/2023/031475



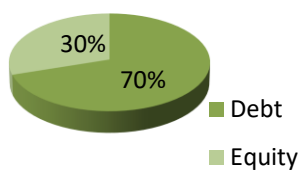
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Project Cost:

Particulars	Tk. In Million
Land and Land development	224.4
Building	391.85
Other Civil Works	40
Imported machineries	1,488.46
Duty/Tax/Insurance & Others	74.42
Local Machineries	85.00
Furniture & Fixture	5.50
Vehicle	15.50
Machinery Erection & Installation	8.50
Preliminary Expense	15.50
Contingencies for construction	10.80
Contingencies for Machineries	41.20
Total Cost of Project	2,401.13

Means Of Finance



Analysts:

Md. Rafiul Bary
rafi@wasocreditrating.com

Md. Al Amin Jewel
jewel@wasocreditrating.com

Project Rating	Long Term Rating	Date of Declaration	Date of Expiration
	BBB3 (indicative)	12 June 2023	18 June 2024

*Above rating is valid up to the loan amount of Tk. 1,680.79 million

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

RATING RATIONALE

WCRCL has assigned “BBB3 (Indicative)” (pronounced Triple B Three Indicative) in the long term to N.R Spinning Mills Limited (hereinafter referred to as “NRSML”) based on both relevant qualitative and quantitative information up to the date of rating declaration. The rating reflects that, NRSML is subject to medium credit risk and as such may possess certain speculative characteristics.

N.R Spinning Mills Limited, rated in investment grade is subject to medium credit risk due to favorable condition regarding market outlook, management experience, land procurement, credibility, and locational advantage. Earlier mentioned variables are considered positive factors while the rating was assigned, because market outlook of spinning industry is now favorable in Bangladesh. Management also has considerable experience in line with this business. Land has already been procured and developed. Project will enjoy some locational advantage like near high way road, power, skilled labor, transport and communication. Despite these positive factors, few speculative elements implementation may impose substantial credit risk. Project cost structure revealed high portion of debt may expose high risk in response to equity investment.

Finally, considering all the favorable measures and susceptibility of negative outcomes this project has assigned investment grade for next one year period. Total project cost is estimated at Tk. 2,401.13 million of which Tk. 1,680.79 million will be financed by bank borrowing and rest of the amount Tk. 720.34 will be financed from equity. The rating is assigned for debt amount of Tk. 1,680.79 million.

This rating may be revised subject to credibility of the sponsors, successful implementation and debt proportion in line with the sponsor’s equity investment or changes in any macro factors along with micro factors in the economy.