

# INITIAL CREDIT RATING REPORT NIPPON TEXTILE MILLS LIMITED



Ref. no.: FR/2023/0320602

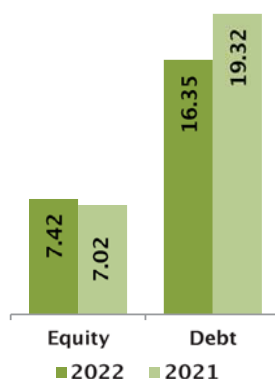
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## Key Snapshot:

BDT. in million		
Particulars	2022	2021
Revenue	27.56	26.22
EBIT	0.96	1.39
Net Profit	0.40	0.45
Total Assets	23.76	26.34
Total Equity	7.42	7.02
Total debt	16.35	19.32
Net Profit Margin (%)	1.4	1.7
ICR (X)	2.43	1.61

**Capital Structure**  
(BDT. in million)



## Analysts:

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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	25 July 2023	24 July 2024

*Methodology: SME rating methodology published on the WCRCL website at [www.wasocreditrating.com](http://www.wasocreditrating.com)*

## RATING RATIONALE

WCRCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small and Medium Company Three) rating under the SME Rating to Nippon Textile Mills Limited (hereinafter referred as "NTML" or "The Company") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

The above rating has been assigned based on the fundamentals of the Company which includes:

- Experienced and skilled management
- Good business network
- Owned business premises and storage facility
- Satisfactory banking relationship
- Good mortgage security coverage against loan
- Low levered capital structure
- Good interest coverage position

However, the above rating has been moderated to some extent due to some factors like:

- Average disclosure of financial statements
- Tight liquidity position with long cash conversion cycle
- Low interest coverage ratio
- Low management information system (MIS) and Manual accounting system

The SME rating implies that the company is adjudged to above average credit quality.

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

This rating may be revised in case of any extraordinary changes in line with the sponsor's equity investment, debt obligations, management, business operations and/or changes in any macro and micro factors in the economy.