

11th Surveillance Credit Rating Report

RING SHINE TEXTILES LIMITED

‘প্রতিবেদনে উল্লিখিত তথ্যাদি বিশ্বাসযোগ্য সূত্রে প্রাপ্ত ও তা সঠিক ও নির্ভরযোগ্য। তবে ক্রেডিট রেটিং কোম্পানি এ সকল তথ্যাদির সঠিকতা, পর্যাপ্ততা অথবা পূর্ণাঙ্গতার বিষয়ে কোনো নিশ্চয়তা প্রদান করেনা এবং কোনো ধরনের ভুল অথবা বিচ্যুতি অথবা তথ্যাদি ব্যবহারের পর প্রাপ্ত ফলাফল এর দায়িত্ব বহন করেনা। রেটিং একটি মতামত যা দ্বারা শুধুমাত্র ক্রেডিটমান নির্দেশ করে এবং এটা দ্বারা কোনো সিকিউরিটিজ ক্রয় বিক্রয় অথবা কোনো প্রকল্পে বিনিয়োগের সুপারিশ করেনা। উক্ত প্রতিবেদনের সর্বসত্ত্ব ক্রেডিট রেটিং কোম্পানি দ্বারা সংরক্ষিত। প্রতিবেদনের অংশবিশেষ কোনো সংবাদ মাধ্যম এবং গবেষণা কাজে ব্যবহার করতে হলে অবহিতকরণ সাপেক্ষে তা ব্যবহার করা যাবে।

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WASO Credit Rating Company (BD) Limited

Promoting Global Risk Management Practices at National Level

11th SURVEILLANCE CREDIT RATING REPORT
RING SHINE TEXTILES LIMITED

Ref. no.: CRA/556/2025



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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BB	ST 4	Stable	22 December 2025	21 December 2026

Key Snapshot:

Tk. in Million

Particulars	FY25	FY24
Revenue	3074.65	1,573.4
EBIT	-1036.25	-619.78
Net Profit	-1973.29	-1,532.8
Total Assets	4592.34	4,606.5
Total Equity	-5977.71	-4,018.5
Debt	10570.0	8,625.0
Net Profit Margin (%)	-64.18	-97.4%
CCC (Days)	0.00	73.86
ICR (X)	-1.13	-0.69

Bank Name	Investment Mode	Sanctioned/ Limit Amount	Outstanding Amount	<i>Tk. in Million</i> Bank Loan Rating
One Bank PLC(30.11.2025)	Term Loan	135.42	177.99	
Eastern Bank PLC 30.11.2025	Term Loan	327.93	299.92	
	Term Loan	1035.04	951.93	
	Term Loan	901.86	1006.79	
The Premier PLC(30.11.2025)	Demand loan	88.48	78.81	
	Forced Loan	42.68	42.68	
	SOD	26.79	26.79	
	Export	155.44	155.63	
	Term Loan	1056.59	790.44	
	Rev LC	1100.00	1288.78	
Dhaka Bank PLC(30.11.2025)	OD	472.85	594.33	
	STLE-WC	22.00	22.65	
	STLE-WC	127.82	127.82	
	Rev IDBP	400.00	65.02	
Woori Bank (30.11.2025)	Reschedule Term	384.30	436.76	

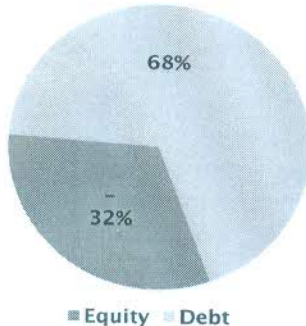
blr BB/
blr ST 4

*blr - Bank Loan Rating

Financial Based on- Management Financial statements up to 30th June 2025, 2024.

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

Capital Structure (BDT. in million)



RATING RATIONALE

WCRCL has reaffirmed 'BB' rating (pronounced as Double B) 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 reaffirmed 'blr BB' (pronounced as bank loan rating Double B) rating to the long term loan outstanding and 'blr ST 4' (pronounced as bank loan rating Short Term Four) rating to aggregate short term loan limit.

The above ratings have been assigned based on overall poor profitability ratios, tight liquidity position, negative equity in capital structure, net loss in operation, poor banking repayment behavior, and bad loan bank payment status. However, the above factors are constrained to some extent by 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.

The long term rating implies that the entity has slightly below average credit quality. The short term rating implies that the entity has below average ability to meet short term financial commitments.

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WCRCL also viewed the company with “Stable” outlook and believes that RSTL 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.

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





CORPORATE PROFILE

Company Profile

Ring Shine Textiles Limited (hereinafter referred as "RSTL" or "The Company") was incorporated as a private limited company on 28th December, 1997 under the Companies Act of 1994 (Act XVIII). RSTL is engaged in manufacturing of various types of Yarn and Fabrics. At present, the company's authorized capital stands at Tk. 5400.00 million and paid-up capital at Tk. 5003.00 million. The company produces different types and counts of Cotton Yarn. Presently, RSTL has 33,000 Ring Spindles, with capacity of around 3,663,840 KG per year, per day average knit fabrics production capacity is 50,000 KG and dyeing capacity is around 95,000 KG per day. The Registered Office and the Factory Complex of the company both are located at Plot: 224-260, New Extension Area, Dhaka Export Processing Zone (DEPZ), Ganakbari, Savar, Dhaka.

Shareholding Position

Ring Shine Textiles Limited is a publicly listed company under the (listing) Regulations 2015 with DSE and CSE. This company was established under the leadership of Mr. Sung Wey Min, the Chief operating Officer of RSTL. A tabular view of the shareholding pattern of the company is delineated below:

Name of the Directors	Designation
Mr. Sung Chung Yao	Sponsor Shareholder Director and Chairman of the Board
Ms. Sung Wen Li Angela	Sponsor Shareholder Director and Additional Managing Director
Mr. Sung Wey Min	Sponsor Shareholder Director and Chief Operating Officer
Mr. Sung Jye Min	Sponsor Shareholder Director
Ms. Sheao Yen Shin	Sponsor Shareholder Director
Universe Knitting Garments Ltd	Institutional Shareholder Director

MANAGEMENT AND HUMAN RESOURCES

Mr. Sung Wey Min, the Chief operating officer of Ring Shine Textiles Limited, has good experience in Textile sector. A group of experienced executives assists Mr. Sung Wen Li Angela to carry out the daily business operation. Total number of workers at RSTL is around 614. There are 15 quality controllers, 70 supervisors and 49 office staffs. RSTL has competent and specialized employees who have years of experience in the Textile sector. There was no major changes in core management team of the company during the concern year. The management of the company is headed by the Managing Director. Head of all units of the plant are directly involve in all the activities of the factory. Electric and utility departments, maintenance department, QC department, production department, HR-admin-compliance department of the plant are run by those head of the units through their team. The head of the each unit time-to-time reports the Director (Technical) of administrative office or Managing Director of the Company.

For more accountability and smooth operational process, Ring Shine Textiles Limited has professionals in administrative office and factory complex for better financial reporting, proper delegation of authority for quick decision making and to ensure best quality of products. Employees are covered with various safety measures and working facilities including standard medical facilities, dining support, education support and many more from the factory complex.





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ANALYSIS OF INDUSTRY DYNAMICS

RMG sector in Bangladesh started its modest journey as a small non-traditional sector of export in late 1970s and transformed itself as the country's highest revenue generating sector within three decades. Readymade garment (RMG) exports from Bangladesh increased by 16.61 per cent to \$3.366 billion in the first month of fiscal 2022-23 (July-June) compared to exports of \$2.887 billion in July 2021, according to the provisional data released by the Export Promotion Bureau. The export was 6.45 per cent more than the target of \$3.163 billion for July 2022.

Bangladesh textile industry is witnessing a boom after the initial impact of COVID-19 and onward given the global upsurge in apparel consumption. Most local spinning mills has grabbed a historical profit margin during the period FY20-21 and onward FY21-22. Millers have expressed that the spinning mills businesses have been booming since the first wave of COVID-19. That trend has continued up to FY21-22. However, recent addition of Russia-Ukraine has stagnant the economic condition throughout the world which equal impacts falls into spinning sector as well.

Spinning sub-sector is a crucial part of RMG value chain helping to stabilize supply chain, while controlling costs. The products of the spinning sub-sector are cotton yarn, polyester, synthetic yarn, woolen yarn and blended yarn mixed of cotton and polyester of different counts (mostly up to 80 counts). Yarns are being used by the weaving sub-sectors like specialized textiles, handlooms and knitting and hosiery. The growth in the export of clothing with the phasing out of MFA in 2005 has led to the setting up of 350 spinning mills and there has been a boost in investment since 2001. The industry is witnessing gigantic investment as local entrepreneurs are either developing their production capacities or setting up new units as the demand for garment raw materials is ascending. According to data from the Bangladesh Textile Mills Association (BTMA), Entrepreneurs invested Tk. 5,970 crore in 26 new manufacturing plants, adding more than 745,400 new spindles to their combined capacity.

Currently, there are around 450 yarn manufacturing mills in Bangladesh having a joint processing capacity of around 13.43 million cotton bales per year. Around 85% yarn demand for Knit RMG & 35-40% yarn demand for woven RMG are met by Primary Textile Sector (PTS). (Source: Bangladesh Textile Mills Association).

Textile Industry of Bangladesh at glance:

Sector of Textile Industry	No. of Mills	Installed Capacity	Capacity of Production
Yarn Manufacturing Mills	433	Spindles: 14.00 million Rotors: 0.24 million	Annual yarn Spinning Capacity: 3270 million KGS
Fabric Manufacturing Mills	827	Shuttle-less loom and Shuttle Loom: 60,000	Annual fabric manufacturing capacity: Woven- 4100 million mtrs Knit- 3690 million mtrs
Dyeing, Printing & Finishing Mills	251	-	Annual processing Capacity: 4000 million mtrs

Raw Cotton Status





Raw Material Requirements	Raw Cotton: 11.50 million bales (if 100% capacity is utilized)
Raw cotton import/ consumed	8.50 million bales
Raw cotton source	USA, Australia, CIS, India, Pakistan, China, Central America and East and West Africa etc
Type of Raw cotton imports	1-1/8", 1-1/16", 11/-32", 1-5/32", other
Other raw-material used	Polyester, Viscose, Acrylic Staple Fiber, Chips, Pet-Chips, Tencel, Flax Fibre, Cotton Waste, Elastometric and others.
Main Products	Yarn 5-100 counts (both for Knit and Woven). Synthetic and Filament Yarn. All kinds of Cotton & Mixed Fabric for (Woven & Knit) and Denim Fabrics

Source: BTMA

Although Bangladesh has production capabilities in manufacturing of thread and fabric, the country has to import almost all raw materials, primarily cotton and other man-made fiber e.g. polyester, Viscose and Staple Fiber. The country spends substantial foreign exchange every year to import raw materials and accessories to feed the RMG sector.

Maximum apparel factory owners have a lot of orders from the international clothing sector and brands. Following the demand, now spinners are investing in the spinning sector to supply adequate yarn. Good quality products, Quick lead-time, and private consumption are highly pushing the local demand for yarn and fabrics. If local garment exporters import yarn and fabrics from other countries such as China and India, it will take almost 20 days to get the raw materials. In contrast, they can buy the necessary items from the local market when they need. So, local spinners are trying to expand their footprint in the market. It will simultaneously improve the capacity of Bangladesh's spinning and apparel sector.

Common Obstacle: Gas Problem

Bangladesh has taken a hit following the gas crisis owing to recasting at the Bibiyana gas field in March 2022. Ashulia, Shreepur, Dhaka, Gazipur, Savar, Narayanganj, Narsingdi, and Bhaluka are known as Industrial hubs as maximum production plants and spinning mills are located there. These Industries require a substantial amount of gas, and following the latest gas crisis, garment manufacturers are agitated in their production capacity. In recent time, BTMA members have been complaining of losses following production getting hit on account of an acute shortage of gas. The gas pressure came down to 1 pound per square inch (PSI) to 2 PSI whereas the requirement was 15 PSI to 20 PSI. As a result, the production in the mills had remained almost postponed. So, if the problem continues, it will be badly impacted on supply chain and overall business will be in a trouble. In this circumstances, the government should take emergency measures to uninterrupted gas supply to the industry.

Impacts of Russia-Ukraine war

Any kind of externalities can dent the global supply chain of garments and also cotton. The Russian - Ukraine war just in the time of the recovery of the global economy and supply chain from the severe fallouts of the Covid-19 has started affecting the country's textile sector. In fact, the cotton prices surged to more than a decade high in the global market in the wake of the Russia-Ukraine war, abnormal hike in freight charges and drought in the US, which has driven up the production cost for readymade garment (RMG) makers in Bangladesh,





thus affecting their profitability as the manufacturers are not getting higher price from international buyers. Even before the Russian-Ukraine war, the price of the key textile raw material had surged in the international market for pent-up demand following the reopening of economies after the pandemic-led lockdowns. Because of the drought in some cotton-growing regions in the US, petroleum price hikes in the global markets, and the high volume of cotton purchased by China pushed up the price of the white fibre by 9.09% recently which has impacted in Bangladesh as well. If the war prolongs, the price of cotton would jump further. This will ultimately increase the price of yarn in the local markets, which will raise the cost of production for garment manufacturing. The ultimate manufacturer will be sufferer as the buyers are not ready to buy the product with higher price due to at the back end of low purchase capacity of the ultimate consumers.

Almost 430 spinning mills are operating every day. Out of 430, only 27 factories are producing Man-Made Fiber (MMF) but these are for some particular polyester yarn. Bangladesh imported more than 1 lac ton manmade fiber in 2021, according to the insiders. Bangladesh has a huge opportunity to earn money from this sector through new innovations and techniques. Young entrepreneurs put their focus on the spinning industry and set their purposeful vision for the future. However, without government support to remove gas shortage, reduce logistic and port problems, and provide timely policy for the sector, the entrepreneurs will face hurdles to attain their goals.

BUSINESS ANALYSIS

Operation Process

The production facility of the company is located at Plot: 224-260, New Extension Area, Dhaka Export Processing Zone (DEPZ), Ganakbari, Savar, Dhaka. RSTL has two units which are located at the same place. Unit-01 has ring spinning system with 33,000 spindles and unit-02 has knitting and dyeing section. The product facility of unit-1 is ring yarn i.e. Acrylic, Acrylic Blended, Fancy Yarn, Wool and Wool Blended Yarn, Cotton Yarn and Cotton Blended Yarn. In spinning unit, they produce around 3,663,840 KG of various types yarn per year. In knitting section, the company installed state-of-the-art 271 knitting machines with capacity of around 50,000 KG per day. They produce different types of knit fabrics i.e. Polar Fleece, Micro Fleece and other knit fabrics. The company also has dyeing facility and the capacity of the dyeing unit is around 95,000 KG of knit fabrics per day.

The company produces 100% cotton ring yarn of count ranged from 2s count to 14s count; it requires only cotton as its raw materials. The raw cotton is processed at different levels to produce the final product. The raw cotton was imported from China, Pakistan, Indonesia and India. However, major portion of raw materials are imported from few suppliers which indicate moderate diversification of suppliers. The company also has dyeing facility with capacity to dye 95,000 KG of knit fabrics per day. It provide various types of dyeing quality. The company already installed 286 dyeing machines which was imported from various countries.

Business Network

RSTL collects raw materials (which are mainly cotton) from both local and foreign sources. The company purchases raw materials from





diversified sources as per buyer specification and sale its yarn to various local RMG manufacturers as it is a deemed exporter. A short list of its suppliers and buyers is given below:

Suppliers name	Country	Buyers name	Country
Jiangsu Gou Tai	China	Pioneer Knitwear (BD) Ltd	
Pt. Matahari Sentosa Jaya	Indonesia	Cold Asia Sweater Ltd.	
Thai Acrylic Co. Ltd.	Thailand	Anzir Apparels Ltd.	Bangladesh
Din Textiles Ltd.	Pakistan	Diganta Sweaters Ltd.	
Amin Textiles Ltd.	Pakistan	Body Fashion Ltd.	

INFRASTRUCTURAL ARRANGEMENT AND OTHER FACILITIES

Ring Shine Textiles Limited comprises of one tin shade factory premise. Total land area of the factory floor space is approximately 560,466.05 square feet. The company installed well branded and state of the art machineries from the European countries with few from the China and Japan. The entire plant has been installed and erected by foreign and local engineers jointly under the same roof. The company has one automated warehouse with storing capacity of approximately 5.50 Million KG. This warehouse is used for storage of raw materials and finished goods.

Ring Shine Textiles Limited provides different facilities to the workers such as child care room, workers dining facility and fresh drinking water facility. RSTL has also guaranteed safety measures such as fire extinguishers, exit gates, central fire alarms for group, fire proof blankets and fireproof masks etc. These safety measures are fully maintained by the compliance and also maintains good atmosphere at the workplace. The company also has Boiler, Water Treatment Plant (WTP) and Environment Treatment Plant (ETP). RSTL takes support from group power generator for smooth operations during power failures and for emergency purposes. A brief about the utility sources of RSTL is given below:

Utility Sources	Main source with capacity/load factor	Alternative source with capacity
Electricity	BEPZA authorized power supplier	Generator
Water	WASA	N/A

FINANCIAL POSITION ANALYSIS

The company submitted unaudited financial statements for 30 June 2025 and audited financial statements for 30 June 2024. The financial statements reflected moderate disclosure to review and analyze the real financial strength of the company. WCRCL, however, considered the statements provided by the issuer as a base to represent the following analysis on it. According to the provided financial statements the key factors are mentioned below:

Earnings

According to the submitted accounts by the company, sales revenue stood at Tk. 3,074.65 million in FY25 with considering all anti-issues for such business like political instability, economical ups and downs, technological obsolesce and competition to the overall market, whereas it was Tk. 1,573.48 million in FY24. The sales revenue of the company reached positive growth at 95.40% in FY25 which was promoted by the better utilization of the company resources and efficiency. The PAT was negative at Tk. -1,973.29 million in FY25, whereas it was Tk. -1,532.86 million in FY24.





Indicators	FY25	FY24
Sales Revenue (Tk. in Million)	3,074.65	1,573.48
Net Loss Before Interest and Tax (Tk. in Million)	-1,036.25	-619.78
Net Loss After Tax (Tk. in Million)	-1,973.29	-1,532.86
COGS/ Sales (%)	128.59%	132.06%
Administrative Expense/ Sales (%)	4.95%	7.18%
Financial Cost/ Sales (%)	29.92%	57.34%

Profitability Analysis

Overall, the profitability margin of the company has been found to be negative in FY25. The reason behind the negative profitability was significant amount of cost of goods sold and financial expense which eats up the major portion of the revenue.

Indicators	FY25	FY24
Gross Profit Margin (%)	-28.59%	-32.06%
Operating Profit Margin (%)	-34.37%	-40.84%
Net loss Margin (%)	-64.18%	-97.42%
Return on Average Assets (ROAA) (%)	-42.90%	-33.28%
Return on Average Equity (ROAE) (%)	39.48%	38.14%

Liquidity Analysis

Tight liquidity position

The liquidity ratios of the company are represented by current and quick ratios, which were stressed position considering high current liabilities in FY25 compare to the current assets. The company had total current asset of Tk. 3024.86 million and a total current liability was Tk. 7326.51 million in FY25. The current ratio of the company stood at 0.41x in FY25 against 0.58x in FY24 and quick ratio reached at 0.24x in FY25, whereas it stood at 0.30x in FY24 indicated the company's low ability to repay its short term liabilities rapidly with current assets.

Indicators	FY25	FY24
Current Ratio (X)	0.41	0.58
Quick Ratio (X)	0.24	0.30
Average No. of Days Inventory in Stock (Days)	121	244
Average No. of Days Receivables Outstanding (Days)	108	184
Average No. of Days Payable Outstanding (Days)	229	377
Cash Conversion Cycle (Days)	0	52

Leverage and Capital Structure

The capital structure of the company has combination of debt and equity. The total debt of the company stood at Tk. 10,570.05 million and equity at Tk. -5,977.71 million in FY25. RSTL was treated as high levered company, originated from debt to equity ratio of -1.77x during this reporting period. The leverage position was in alarming situation in FY25.

Indicators	FY25	FY24
Debt to total asset (%)	2.30	1.87
Debt to Equity Ratio (%)	-1.77	-2.15
Short term Debt to Equity Ratio (%)	-1.23	-1.25
Long term Debt to Equity Ratio (%)	-0.54	-0.89
Internal Capital Generation (%)	39.48	38.14

Particulars	Tk. in million	
	FY25	FY24
Total Assets	4,592.34	4,606.52
Total Equity	-5,977.71	-4,018.55





Total Liabilities 10,570.05 8,625.08

Credibility

FFO was Negative

The credibility of RSTL is measured mainly by Debt Service Coverage Ratio (DSCR) and Times Interest Earned Ratio (TIER). The coverage position of the company were both in alarming situation as DSCR stood negative at $-0.58x$ in FY25 and TIER reached negative at $-0.39x$ in FY24 mainly because of high financial expense and negative PAT. That means companies cash flow position was in worse situation. RSTL might not be able to repay bank loan if they are going to continue same as previous.

Indicators	FY25	FY24
Debt Service Coverage Ratio (X)	-0.58	-0.39
Interest Coverage Ratio (X)	-1.13	-0.69
FFO (Tk. in Millions)	-1,973.29	-1,532.86
FFO/Debt (X)	-0.19	-0.18
FCF/Debt (X)	-0.13	-0.18

CREDIBILITY AND BANKING RELATIONSHIP

Banking Relationship and Liability Position

Ring Shine Textiles Limited has been maintaining banking relationship with One Bank PLC, Eastern Bank PLC, and Dhaka Bank PLC. The Premier Bank PLC, Woori Bank. So far the company is maintaining good banking relationship with having rescheduling experience. The company is fully complied with all loan covenants. The debt servicing history of the company is very poor with Bad loan status in banking payments.

Bank Name	Investment Mode	Sanctioned/ Limit Amount	Tk. in Million Outstanding Amount as on (30.11.2025)
One Bank PLC	Term Loan	135.42	172.99
Eastern Bank PLC	Term Loan Rescheduled	327.93	299.92
Dhaka Bank PLC	Term Loan	1056.59	790.44
	Rev LC ABP	1100.00	1288.78
	OD	472.85	594.33
	STLE-WC	22.00	22.65
Woori Bank	STLE-WC	127.82	127.82
	Rev IDBP	400.00	65.02
	Rescheduled Term Loan	384.30	436.76
The Premier Bank PLC	Term Loan 1	1035.42	951.93
	Term Loan 2	901.86	1006.79
	Demand Loan	88.48	78.81
	Forced Loan	42.68	42.68
	SOD	26.79	26.79
	Export	155.44	155.63

Security Coverage

As per banks sanction letter a brief of security coverage is following:

Security Arrangement	
One Bank PLC	
Collateral Securities	Letter of Authority Letter of Agreement
Eastern Bank PLC	



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Collateral Securities	1 st registered mortgaged along with registered power of attorney on 444.98 decimal land and construction thereon, is located at Gazipur, PS, SRO, Gazipur Sadar owned by the Lark Textiles Limited (3 rd Party).
Dhaka Bank PLC	
	<ul style="list-style-type: none"> Usual charge documents
Primary Securities	<ul style="list-style-type: none"> Created charge on Fixed & Floating Assets of USD 20.00 Million with RJSC Pari-passu agreement between the lending Banks lies under process
The Premier Bank PLC	
	<ul style="list-style-type: none"> Charge creation over the borrowers stock of raw materials, WIP and finished goods with RJSC & Firms on pari-passu basis with other lender Banks Hypothecation over the stocks of raw materials, work-in-process and finished goods stored or to be stored in borrower's godown/premises covering the credit facilities Hypothecation over Book Debts of the Company covering the credit facilities
Primary Securities	<ul style="list-style-type: none"> Insurance policy with Bank mortgage clause on plant & machineries and stocks covering book value of plant & machineries and stocks on declaration basis on fire, RSD, IAS, Flood & Cyclone and earthquake etc. Acceptance of drawee Banks against Bills discounting facility Corporate guarantee from Shine Fashion Co. (Pvt.) Limited and Avant Garde Fashion Limited supported MOA & AOA with Board resolution of the company MICR cheque(s) covering the LC's, STL, Bill Discounting and Term Loan limit Usual charge documents
Woori Bank	
	<ul style="list-style-type: none"> Hypothecation over the stocks of raw materials, work in progress, and finished goods. Hypothecation over the book debts of the company covering the credit facilities.
Primary Securities	<ul style="list-style-type: none"> Registered mortgaged supported by irrevocable general power of attorney leasehold interest in the plot 224-260 located at BEPZA, Savar Personal guarantee of all the sponsor director of the company

RISK FACTORS ANALYSIS

Operational Risk

The company availed Industrial All Risk (IAR) insurance coverage from Nitol Insurance Company Limited. The sum insured from Nitol Insurance Company Limited is Tk. 6,549.24 million. The policy is valid from 07.10.2024 to 07.10.2025. In this view point operational risk of RSTL is low.

Technological Risk

Garments industry in Bangladesh uses labor intensive technology whereas dominant apparel exporting countries like China, Turkey, and Mexico use capital intensive technology. For large scale production,





capital intensive technology is more useful. Cheaper capital intensive technology may be available in the upcoming days, which in turn may create substantial pressure on RSTL's existing technology for market acceptance.

Market Risk

RSTL along with the other companies of Bangladesh perceives fierce competition with companies in the same industry from India, Vietnam etc. as they offer reduced prices. Some of the leading buyers have raised concerns about the safety of workers in Bangladesh after recent factory accidents. The increased foreign competition and continuous decrease in earnings from regular export destinations can lead to lower prices, profit margins, market share etc.

Interest Rate Risk

The interest rate has been volatile for the last couple of years in Bangladesh. Because of the company has availed loan from external parties/banks, the lenders would revise the interest rates for particular loans with ups and downs of the overall interest rates.

Political Risk

Stability in political and economic sector of a country plays fundamental role in performance of a business. Political disorder can distress the growth of the business operation by increasing risk and cost level by air shipment, stock lot, export order cancellation, deferred payment due to delayed delivery etc.

RATING OBSERVATIONS

Rating Strengths

- Experienced promoter and management
- Established market position and stable customer profile
- Satisfactory health and safety measures
- Good infrastructural arrangement

Rating Concerns

- Overall poor profitability ratios
- Tight liquidity position with long cash conversion cycle
- Negative equity in capital structure
- Poor Banking payment behavior with bad loan status
- Highly levered company

Business Threats

- Increased competition in the industry
- Exposure to foreign currency risk
- Price hike of raw materials
- Air shipment, stock lot and order cancellation
- Change in government policy on import & export duty, tax etc.

Business Potentials

- New market exploration
- Expansion of product line
- Availability of work force with low labor cost

END OF THE REPORT





Annexure I: Financial Ratio of Ring Shine Textiles Limited.

Financial Position		
Indicators	FY25	FY24
Sales Revenue (Tk. in Million)	3,074.65	1,573.48
Profit Before Interest and Tax (Tk. in Million)	-1,036.25	-619.78
Profit After Tax (PAT) (Tk. In Million)	-1,973.29	-1,532.86
COGS/ Sales (%)	128.59%	132.06%
Financial Cost/ Sales (%)	29.92%	57.34%
Administrative Expense/ Sales (%)	4.95%	7.18%
Profitability Analysis		
Gross Profit Margin (%)	-28.59%	-32.06%
Operating Profit Margin (%)	-34.37%	-40.84%
Net Profit Margin (%)	-64.18%	-97.42%
Return on Average Assets (ROAA) (%)	-42.90%	-33.28%
Return on Average Equity (ROAE) (%)	39.48%	38.14%
Liquidity Analysis		
Current Ratio (X)	0.41	0.58
Quick Ratio (X)	0.24	0.30
Average No. of Days Inventory in Stock (Days)	121	244
Average No. of Days Receivables Outstanding (Days)	108	184
Average No. of Days Payable Outstanding (Days)	229	377
Cash Conversion Cycle (Days)	0	52
Leverage and Capital Structure		
Debt to total asset(X)	2.30	1.87
Debt to Equity Ratio (X)	-1.77	-2.15
Short term Debt to Equity Ratio(X)	-1.23	-1.25
Long term Debt to Equity Ratio(X)	-0.54	-0.89
Internal Capital Generation (%)	39.48%	38.14%
Credibility		
Debt Service Coverage Ratio (X)	-0.58	-0.39
Interest Coverage Ratio (X)	-1.13	-0.69
FFO (in Million)	-1,973.29	-1,532.86
FFO/Debt (X)	-0.19	-0.18
FCF/Debt (X)	-0.13	-0.18





CORPORATE RATING SCALE AND DEFINITION

Long Term Rating Scale and Definitions	
Rating Notches	Definition
AAA	Strongest credit quality
AA+	Below strongest credit quality
AA	Very strong credit quality
AA-	Below very strong credit quality
A+	Very good credit quality
A	Above average credit quality
A-	Moderately good credit quality
BBB+	Moderate credit quality
BBB	Average credit quality
BBB-	Below average credit quality
BB+	Moderately below average credit quality
BB	Slightly below average credit quality
BB-	Less than average credit quality
B+	Significantly below average credit quality
B	Weak credit quality credit quality
B-	Very weak credit quality
C	Poor credit quality
D	Default (Failed to meet their rated financial commitment on time or when due)
Short Term Rating Scale and Definitions	
Rating Notches	Definition
ST 1	Strongest ability to meet short term financial commitments
ST 2	Above average ability to meet short term financial commitments
ST 3	Average ability to meet short term financial commitments
ST 4	Below average ability to meet short term financial commitments
ST 5	Well below average ability
ST 6	Default (Failed to meet their short term financial commitments)





DECLARATION

- (1) We, WASO Credit Rating Company (BD) Limited as well as the analysts has examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any;

- (2) We have complied with all the provisions, requirements, policy and procedures of the Bangladesh Securities and Exchange Commission (Credit Rating Companies), Rules 2022 in respect of this rating.





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