

SURVEILLANCE CREDIT RATING REPORT  
KNIT CONCERN LIMITED

Ref. no.: FR/2022/025788



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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	A1	ST-2	Stable	19 September 2022	14 September 2023

**Key Snapshot:**

*Tk. in million*

Particulars	FY21	FY20
Revenue	8,564.8	6,889.9
COGS	7,733.1	6,166.7
Gross Profit	831.73	723.18
EBITDA	471.37	419.29
Financial Exp.	87.80	99.99
PAT	336.58	283.13
ICR (X)	5.37	4.19
Debt/Equity (X)	1.38	1.46
CCC (Days)	90	77
Net Profit Margin (%)	3.90	4.10
ROAA (%)	6.80	6.60
ROAE (%)	16.50	14.10

*Tk. in Million*

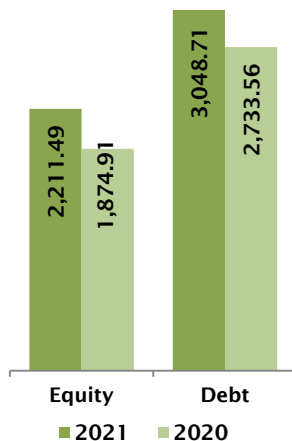
Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Bank Loan Rating
IFIC Bank Limited (11.09.2022)	FCTL-VI	388.68	210.00	blr A1
	FCTL-VII	261.73	117.76	
	FCTL-VIII	329.55	294.84	
	FCTL	95.60	24.16	
	FCTL	73.44	76.26	
	Term Loan	148.22	41.17	
	Term Loan	82.18	30.65	
	Term Loan	86.26	24.93	
	Term Loan	175.54	37.02	
	LC (Cash)	410.00	327.74	
Dutch-Bangla Bank td. (31.08.2022)	BB L/C	3,250.00	3,296.58	blr ST-2
	LTR	300.00	219.95	
	PAD (Forced)	351.60	351.60	
	FDBP	150.00	0.00	
	Demand Loan	150.00	0.00	
	BG	100.00	44.56	
	OD (Others)	80.00	81.13	
	PC	200.00	0.00	
	L/C (One-Off)	291.85	237.97	
	DL (One-Off)	200.00	203.37	
Dutch-Bangla Bank td. (31.08.2022)	L/C	250.00	54.21	blr ST-2
	BTB L/C	(100.00)	0.00	
	LTR	(80.00)	0.00	

\*\* blr-Bank Loan Rating

*Financial Based on-Audited financial statement up to 30 June 2021.*

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

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



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**RATING RATIONALE**

WCRCL has reaffirmed 'A1' (pronounced as Single A One) rating for the Long Term and 'ST-2' (pronounced as Short Term Two) rating for Short Term to **Knit Concern Limited** (hereinafter referred to as 'KCL' 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 A1" (pronounced as Bank Loan Rating Single A One) rating to the long term loan outstanding and "blr ST-2" (pronounced as Bank Loan Rating Short Term Two) rating to the aggregated short term limit.

The above ratings have been assigned based on the fundamentals of the company which include experience of promoter in the garments industries, experienced and skilled management, financial flexibility arising from Knit Concern Group, strong buyer base, strong backward linkage from the group, satisfactory interest coverage position, satisfactory health and safety measures, regular loan repayment history, insurance coverage against fire, owned factory premises and good infrastructural arrangement.

However, the above factors are constrained to average disclosure in the financial statement, fluctuating profitability, high levered in the capital

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structure, stressed liquidity position considering long cash conversion cycle, and adverse shock in RMG industry may affect revenue growth.

The long term rating implies that the company rated upper medium grade and subject to low credit risk. The short term rating implies that the company has strong ability to repay short term debt obligations. It is likely to meet their obligations over the coming 12 months through internal resources but may rely on external sources of committed financing.

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

--- End of Rationale ---