

SURVEILLANCE CREDIT RATING REPORT CHITTAGONG DENIM MILLS LIMITED

Ref. no.: FR/2022/027943



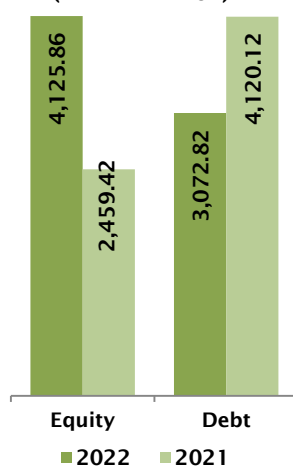
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Key Snapshot:

Tk. in million		
Particulars	FY22	FY21
Revenue	3,716	2,506
COGS	3,189	2,106
Gross Profit	527.60	399.80
EBIT	419.61	337.70
Fin. Exp.	158.66	238.84
PAT	260.95	82.21
ICR (X)	2.64	1.41
Current Ratio (X)	2.51	1.59
CCC (Days)	310	340
Debt/Equity (X)	0.74	1.68
Total Assets	7,198	6,579
Total Equity	4,125	2,459
Total Debt	3,072	4,120

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



Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	A3	ST-3	Stable	18 December 2022	20 October 2023

Tk. In Million				
Banks	Mode of Investment	Amount Limit	Outstanding Amount	Bank Loan Rating
Mutual Trust Bank Limited (30.11.2022)	Term Loan	1,580.00	1,193.97	blr A3
	Rev. LC	480.00	0.00	
	LTR (Inner of LC)	450.00	0.00	
	EDF (Inner of LTR)	380.00	0.00	
	BTB L/C	800.00	43.46	
	EDF (Inner of BTB LC)	450.00	0.00	
	BG	120.00	11.36	blr ST-3
	SOD	100.00	106.94	
	CC (Hypo)	200.00	207.30	
	Time Loan	100.00	85.54	
Shahjalal Islami Bank Ltd. (17.12.2022)	L/C (Specific)	200.00	33.45	
	HPSM	380.00	134.78	blr A3
	Murabaha L/C	950.00	753.55	
	MPITR/BMCTR	500.00	483.12	blr ST-3
	BG	70.00	34.38	

Financial Based on-Unaudited financial statements for 30 June 2022 and audited financial statement up to 30 June 2021.

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

RATING RATIONALE

WCRCL has assigned 'A3' (pronounced as Single A Three) rating for the Long Term and reaffirmed 'ST-3' (pronounced as Short Term Three) rating for Short Term to **Chittagong Denim Mills Limited** (hereinafter referred to as '**CDML**' or '**The company**') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance. WCRCL has assigned 'blr A3' (pronounced as Bank Loan Rating Single A Three) rating for the Long Term outstanding and reaffirmed "blr ST-3" (pronounced as Bank Loan Rating Short Term Three) 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, forward linkage with sister concern, good Infrastructure and business network, good capacity utilization, experienced management, sales revenue was increased, low leverage position in the capital structure, satisfactory safety measure, moderate interest coverage position, insurance coverage for machinery and stock, However, the above factors are constrained to average disclosure in the financial statement, stressed liquidity position considering long cash conversion cycle, adverse shock in RMG industry may affect revenue growth.

The long term rating implies that the company is subject to upper medium grade and subject to low credit risk. The short term rating implies that currently the obligor currently has an acceptable ability to repay short term debt obligations from internal sources. However, it is expected to rely on external sources of committed financing due to downturn in economic or industry circumstances.

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