

## SURVEILLANCE CREDIT RATING REPORT

## PIGEON SWEATERS LIMITED

Ref. no.: FR/2023/029537



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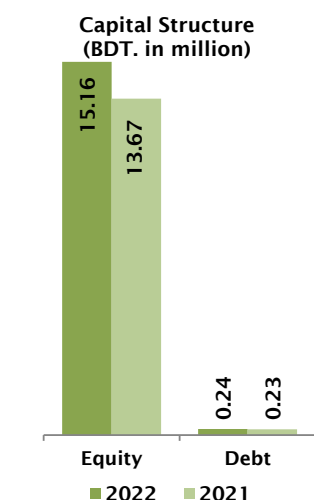
| Entity Rating | Long Term | Short Term | Outlook | Date of Declaration | Date of Expiration |
|---------------|-----------|------------|---------|---------------------|--------------------|
|               | BBB2      | ST-3       | Stable  | 13 February 2023    | 27 February 2024   |

| Tk. in Million                          |         |              |                    |                  |
|---|---------|--------------|--------------------|------------------|
| Bank                                    | Mode    | Limit Amount | Outstanding Amount | Bank Loan Rating |
| Mercantile Bank Limited<br>(15.01.2023) | BTB L/C |              | 36.90              | blr ST-3         |
|   | EDF     | 50.00        | 0.00               |                  |
|   | Bills   |              | 11.30              |                  |
|   | PC      | 53.00        | 5.00               |                  |

**Financial:** Based on Audited financial statements for 30 June 2022.

## Key Snapshot:

| Tk. In Million        |       |       |
|-----------------------|-------|-------|
| Particulars           | 2022  | 2021  |
| Revenue               | 130.1 | 120.1 |
| EBIT                  | 2.72  | 2.23  |
| Net Profit            | 1.50  | 1.25  |
| Total Assets          | 15.40 | 13.90 |
| Total Equity          | 15.16 | 13.67 |
| Debt                  | 0.24  | 0.23  |
| Net Profit Margin (%) | 1.2   | 1.0   |
| CCC (Days)            | 14    | 9     |
| Debt/Equity (X)       | 0.02  | 0.02  |
| ICR (X)               | 4.80  | 5.86  |



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

## RATING RATIONALE

WCRCL has reaffirmed 'BBB2' (pronounced as Triple B Two) rating for the Long Term and 'ST-3' (pronounced as Short Term Three) rating for Short Term to **Pigeon Sweaters Limited** (hereinafter referred to as 'PSL' or 'The company') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating declaration. WCRCL has also assigned "blr ST-3" (pronounced as Bank Loan Rating Short Term Three) rating to the aggregate short term limit.

The above ratings have been assigned based on the fundamentals of the company which include experienced and proactive management, good interest coverage position, low levered in the capital structure, good liquidity position considering high current assets, availability of the supply of raw materials, satisfactory safety measures, comfortable security arrangement, satisfactory banking relationship and good infrastructural arrangement.

However, the above factors are constrained to operational bottleneck due to average disclosure in the financial statement, vulnerability in raw- materials price in the local and international market may impact profitability, rented factory premises, no insurance coverage, adverse shock in RMG industry may affect revenue growth.

The long term rating implies that the company is subject to medium credit risk and considered medium grade and as such may possess certain speculative characteristics. The short term rating implies that the company 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 PSL will be able to maintain its good fundamentals in the foreseeable future.