SURVEILLANCE CREDIT RATING REPORT IRENE KNITWEAR LIMITED

Ref. no.: FR/2023/31032

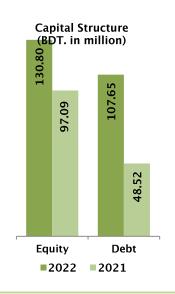


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Key Snapshot:

| | Tk. | in million |
|--------------------------|--------|------------|
| Particulars | FY22 | FY21 |
| Revenue | 424.80 | 284.45 |
| COGS | 368.91 | 247.02 |
| Gross Profit | 55.89 | 37.43 |
| Profit from Operation | 15.21 | 8.43 |
| PAT | 33.72 | 7.00 |
| Total Assets | 488.45 | 145.60 |
| Total Debt | 107.65 | 48.52 |
| Total Equity | 130.80 | 97.09 |
| Debt/Equity (X) | 0.82 | 0.52 |
| FFO | 33.72 | 7.00 |
| | | |



Analysts:

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| Entity Rating | Long Term | Short Term | Outlook | Date of Declaration | Date of Expiration |
|------------------|--------------|---------------|---------|---------------------|--------------------|
| | BBB2 | ST-3 | Stable | 10 April 2023 | 09 April 2024 |

Tk. In million

| Name of Bank | Mode of Investment | Limit Amount | Outstanding Amount | Bank Loan Rating |
|------------------|-----------------------|--------------|-----------------------|---------------------|
| Jamuna Bank Ltd. | BTB LC/EDF | 300.00 | 50.906 | blr ST-3 |
| (21.03.2023) | FDBP | 40.00 | 0.893 | 511 31 3 |
| | SOD (G) | 4.00 | nil | |

Note: The company enjoyed the BTB L/C limit of TK. 300.00 million, FDBP limit of Tk. 40.00 million, SOD (G) limit of Tk. 5.00 million interchangeably with its sister concern Zoom Sweater Limited.

Financial Based on-Audited financial statements up to 30th June 2022.

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

RATING RATIONALE

WCRCL has reaffirmed 'BBB2' (pronounced as Triple B Two) rating for the Long Term and reaffirmed 'ST-3' (pronounced as Short Term Three) rating for Short Term to Irene Knitwear Limited (hereinafter referred to as 'IKL' 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 BBB2' (pronounced as Bank Loan Rating Triple B Two) for long term outstanding and "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, experienced and skilled management, low levered in the capital structure, good interest coverage position and satisfactory safety measures, owned factory premises and good infrastructural arrangement.

However, the above factors are constrained to average disclosure in the financial statements, stressed liquidity position, and volatile market price of the raw materials, 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 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 IKL will be able to maintain its good fundamentals in the foreseeable future.