

# CREDIT RATING REPORT

## 5F APPARELS LIMITED (6<sup>TH</sup> SURVEILLANCE)

Ref. no.: FR/2023/031273

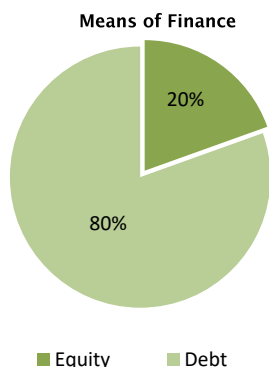


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### Key Snapshot:

BDT. in Million		
Particulars	2022	2021
Revenue	216.2	796.8
COGS/Sales (%)	92.56	91.42
EBIT	-4.38	37.85
Net Profit	-12.89	11.63
Total Assets	440.90	528.8
Total Equity	97.82	110.7
Debt	403.0	418.0
Net Profit Margin (%)	-5.96	1.46
Current Ratio (X)	0.75	0.75
CCC (Days)	442	155
Debt/Equity Ratio (X)	4.12	3.78
ICR (X)	-0.72	1.85



### Analysts:

**Maharan Nasrin**  
maharan@wasocreditrating.com

**Md. Al Amin Jewel**  
jewel@wasocreditrating.com

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BB1	ST-5	Negative	31 May 2023	30 May 2024

BDT. in Million				
Bank Name	Investment Mode	Sanctioned Amount	Outstanding Amount	Bank Loan Rating
Islami Bank Bangladesh Limited (21.05.2023)	WC (BBLC+Bai-Salam)	100.00	148.91	blr ST-5
	BTBLC	-	-	
	ABP	300.00	-	
	EDF	-	-	
NRB Commercial Bank Limited (23.05.2023)	PC	30.00	-	blr ST-5
	FDBP	100.00	25.86	
	OD	20.00	24.01	
	Loan General-RS I	86.94	85.57	
	Loan General-RS I	40.81	39.93	
	Loan General-RS II	201.86	204.61	blr BB1
	Loan General-RS III	320.84	324.47	
	Time Loan	2.60	2.63	

\*blr - Bank Loan Rating

**Financial Based on-** Financial statements up to 30 June 2022.

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

### RATING RATIONALE

WCRCL has downgraded **BB1** rating (pronounced as Double B One) for the long term and **ST-5** rating (pronounced as Short Term Five) for the short term to 5F Apparels Limited (hereinafter referred to as '5FAL' 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 downgraded **blr BB1** (pronounced as bank loan rating Double B One) rating to the long term loan outstanding and **blr ST-5** (pronounced as bank loan rating Short Term Five) rating to aggregate short term loan limit. The above ratings have been assigned based on experience and skilled management team, good infrastructural arrangement, have well branded machinery. However, the above factors are constrained to some extent by profitability ratios were in decreasing position, poor banking conduct [i.e. have BL & reschedule experience], the company do not get any order from its foreign buyers last year, poor utilization of assets i.e. poor position in ROAA, downward business trend [Negative net profit], stressed liquidity position, no insurance coverage for the inventory in stock, highly levered i.e. high debt to equity ratio, poor interest coverage position, lack of disclosure in financial statements, and rented factory premise.

The long term rating implies that the company is subject to substantial credit risk. And considered to have speculative elements and subject to substantial credit risk. The short term rating implies that vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

WCRCL also viewed the company with "Negative" outlook and believes that 5FAL will be able to maintain its good fundamentals in the foreseeable future.