

# CREDIT RATING REPORT KANIZ FASHION LIMITED (7<sup>th</sup> SURVEILLANCE)

Ref. no.: FR/2023/031356



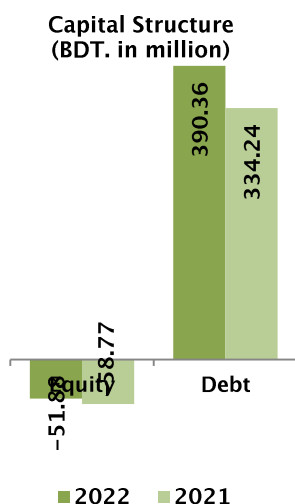
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## Key Snapshot:

*BDT. in Million*

Particulars	FY22	FY21
Revenue	223.89	55.45
COGS/Sales (%)	87.98	137.71
EBIT	12.63	-27.29
Net Profit	6.89	-34.19
Total Assets	338.48	275.47
Total Equity	-51.88	-58.77
Debt	390.36	334.24
Net Profit Margin (%)	3.08	-61.66
Current Ratio (X)	0.49	0.34
CCC (Days)	127	125
Debt/Equity Ratio (X)	-7.52	-5.69
ICR (X)	2.61	-4.23



## Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB3	ST-4	Stable	12 June 2023	21 June 2024

*BDT. In Million*

Bank Name	Mode of Investment	Sanctioned/ Disbursed Amount	Outstanding as on 30 April 2023	Bank Loan Rating
Mutual Trust Bank Limited	Term Loan-I (Under FSSP)	147.50	57.32	blr BBB3
	BTB LC (Sight/Def)	150.00	42.51	
	BTB LC (Sight under EDF)	(150.00)	-	
	Loan (EDF)	(150.00)	22.79	blr ST-4
	BG	10.00	-	
	SOD (G)	10.00	6.62	
	PC	15.00	-	
	FDBP	10.00	-	

*Financial Based on audited financial statement as on 30 June 2022.*

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

## RATING RATIONALE

WCRCL has reaffirmed **BBB3** (pronounced as Triple B Three) rating for the Long Term and reaffirmed **ST-4** (pronounced as Short Term Four) rating for Short Term to **Kaniz Fashion Limited** (hereinafter referred to as 'KFL' 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 BBB3** (Pronounced as Bank Loan Rating Triple B Three) for aggregated long term loan outstanding and **blr ST-4** (pronounced as Bank Loan Rating Short Term Four) for aggregated short term limit. The above ratings have been assigned based on the fundamentals of the company which include sound infrastructural facility, skilled and experienced management, good marketing team, gets regular purchase order from foreign buyers, diverse supplier base, and have insurance coverage. However, the above factors are constrained to operating loss incurred during the concern period, low disclosure in the financial statements, dependency on bank loan for working capital, less efficiency regarding capacity utilization, single buyer concentration, high leverage position, and equity was negative.

The long term rating implies that the entity subject to medium credit risk. And considered medium grade and as such may possess certain speculative characteristics. The short term rating implies that the entity has some speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it may face uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

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