

4th SURVEILLANCE CREDIT RATING REPORT PHOENIX HOME TEXTILE LIMITED

Ref. no.: FR/2023/031563

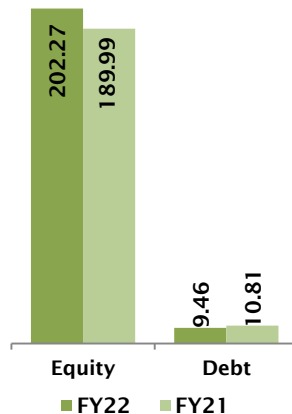


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Indicators	FY22	FY21
Revenue	167.17	171.33
EBIT	15.02	15.91
Net Profit	12.28	12.55
Total Assets	211.73	200.80
Total Equity	202.27	189.99
Debt	9.46	10.81
Net Profit Margin (%)	7.3%	7.3%
CCC (Days)	203	174
ICR (X)	26.91	27.33

Capital Structure (BDT. in million)



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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB2	ST-3	Stable	12 June 2023	24 June 2024

Tk. in Million

Bank Name	Mode of Investment	Sanctioned/ Limit Amount	Outstanding Amount	Bank Loan Rating
NCC Bank Limited (31.05.2023)	BTB LC/ABP	25.0	0.00	blr ST-3
	LDBP	30.00	0.00	
	LC/PAD/ABP	25.00	0.71	
	SOD	10.00	0.08	
	BG	10.00	2.43	
Non Funding			12.00	

RATING RATIONALE

WCRCL has reaffirmed “BBB2 (pronounced as Triple B Two) in the long term to **Phoenix Home Textile Limited** (hereinafter referred as “PHTL” or “The Company”) and ‘ST-3’ (pronounced as Short Term Three) rating for Short Term based on its financial and both relevant qualitative and quantitative information up to date of rating declaration. WCRCL also reaffirmed “blr ST-3’ (pronounced as bank loan rating Short Term Three) rating for aggregated Short Term Loan Limit.

Phoenix Home Textile Limited, rated in investment grade is subject to medium credit risk due to experienced and proactive management, good profitability position, strong buyer and supplier base, high interest Coverage position, low leverage position, good infrastructural arrangement, group support. Earlier mentioned variables are considered positive factors while assigning the rating, because market outlook of dying and printing in RMG industry now favorable in Bangladesh as for cheap wage labor. However, the ratings are constrained by lack of sufficient disclosure in financial statements, high competition in the industry, stressed liquidity position with high cash conversion cycle.

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 currently the entity 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 PHTL will be able to maintain its good fundamentals in the foreseeable future.