

# SURVEILLANCE CREDIT RATING REPORT SMUG SWEATER LIMITED

Ref. no.: FR/2023/031513



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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB1	ST-3	Stable	12 June 2023	11 June 2024

Tk. in million				
Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount as on 08.06.2023	Bank Loan Rating
Al-Arafah Islami Bank Limited	HPSM Machinery-1	178.3	146.8	blr BBB1
	HPSM Machinery-2	10.5	--	
	HPSM Machinery-3	116.2	91.3	
	HPSM Machinery-4	54.0	--	
	HPSM Industrial	16.8	14.4	blr ST-3
	BBLC	650.0	--	
	Bai Salam	92.5	--	
	Bai-Muajjal	5.0	--	

## Key Snapshot:

Tk. in million		
Particulars	FY22	FY21
Revenue	1,995.74	1,399.55
EBIT	102.09	76.62
Net Profit	56.75	39.61
Total Assets	1,283.13	1,064.91
Total Equity	455.66	398.60
Debt	827.46	666.30
Net Profit Margin (%)	2.8%	2.8%
CCC (Days)	143	178
ICR (X)	2.74	2.47

**Financial Based on-** Audited financial statements of up to FY22.

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

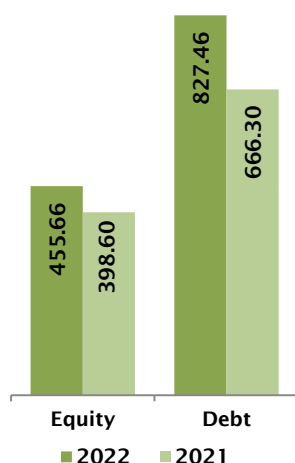
## RATING RATIONALE

WCRCL has reaffirmed 'BBB1' (pronounced as Triple B One) rating to the entity for long term and 'ST-3' (pronounced as Short Term Three) for short term to SMUG Sweater Limited (hereinafter referred as "SSL" or "The Company") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating assessment. WCRCL has also assigned 'blr ST-3' to all the short-term loan facilities and 'blr BBB1' to the long term loan facility enjoyed by the company. The above ratings have been assigned based on the fundamentals of the entity, which include experienced management, established market position and stable customer profile which reflects healthy turnover and margins, long standing relationship with clients, mitigate demand risk, increasing business trend, have biological ETP which is very cost effective in respect of regular business operation. However, the above factors are constrained to low financial coverage, stressed liquidity position, moderate quality of financial statements, highly levered capital structure.

The long-term rating is subject to medium credit risk and considered medium grade and as such may possess certain volatile 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 believes that the issuer may require covenant relief in order to maintain orderly access to funding lines.

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

**Capital Structure (BDT. in million)**



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