

# SURVEILLANCE CREDIT RATING REPORT THE SHANIN CLOTHING LIMITED

Ref. no.: FR/2023/031401



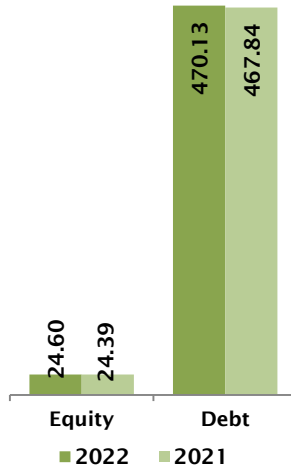
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## Key Snapshot:

Tk. in million		
Particulars	FY22	FY21
Revenue	126.00	259.44
COGS	117.64	246.78
Profit from Operation	1.97	4.60
Financial Exp.	0.91	2.74
PAT	0.22	0.47
Total Assets	494.72	492.22
Total Debt	470.12	467.83
Total Equity	24.60	24.38
Debt/Equity (X)	19.11	19.18
ICR (X)	2.19	1.73

Capital Structure  
(BDT. in million)



## Analysts:

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

**Monira Islam**  
monira@wasocreditrating.com

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB2	ST-3	Stable	31 May 2023	09 April 2024

Tk. In Million				
Name of Banks	Mode of Facility	Limit Amount	Outstanding Amount	Bank Loan Rating
Southeast Bank Ltd. (31.03.2023)	Term Loan	23.32	2.85	blr BBB2
	BTB LC/ EDF	250.00	29.22	
	Time Loan	30.00	29.33	blr ST-3
	FDBP	25.00	0.80	
<b>Total</b>		<b>328.32</b>	<b>62.20</b>	

*Financial Based on-Audited 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 reaffirmed 'BBB2' (pronounced as Triple B Two) rating for the Long Term and 'ST-3' (pronounced as Short Term Three) rating for Short Term to **The Shanin Clothing Limited** (hereinafter referred to as '**TSCL**' 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 assigned 'blr BBB2' (pronounced as Bank Loan Rating Triple B Two) rating to the long term loan 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 proactive management, financial flexibility arising from Shanin Group, good liquidity position considering short cash conversion cycle, presence of fire insurance policy, availability of the supply of raw materials, satisfactory safety measures, comfortable security arrangement, satisfactory banking relationship, owned factory premises and good infrastructural arrangement.

However, the above factors are constrained to average disclosure in the financial statement, decreased trend of revenue, vulnerability in raw-materials price in the local and international market may impact profitability, high levered in the capital structure, marginal interest coverage position and adverse shock in textile 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 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 **TSCL** will be able to maintain its good fundamentals in the foreseeable future.