

2nd SURVEILLANCE CREDIT RATING REPORT ABDULLAH KNIT FABRICS

Ref. no.: FR/2023/032494



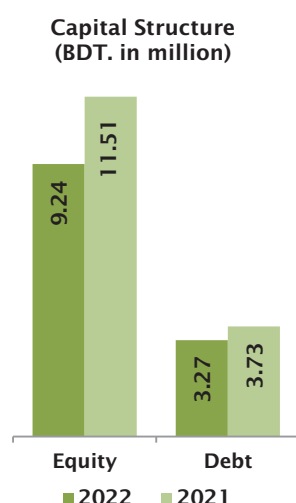
Report Contents:

Particulars	Page
Rating Rationale	1
Entity Profile	2
Business Management	2
Business Analysis	2
Financial Position Analysis	3
Banking Relationship	4
Risk Factor Analysis	4
Rating Observation	5

Key Snapshot:

BDT. In Million

Particulars	2022	2021
Revenue	7.96	9.53
EBIT	1.65	2.21
Net Profit	1.63	1.78
Total Assets	12.51	15.24
Total Equity	9.24	11.51
Debt	3.27	3.73
Net Profit Margin (%)	20.5%	18.7%
CCC (Days)	335	1286
ICR (X)	131.90	5.20



Analysts:

Ummay Fatema
fatema@wasocreditrating.com

Md. Al Amin Jewel
jewel@wasocreditrating.com

SME Rating	WCRSE/WCRME	Outlook	Date of Declaration	Date of Expiration
	WCRSME 3	Stable	04 July 2023	03 July 2024

WCRSE 3 rating is equivalent to Bangladesh Bank SME rating scale of SME 3 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093

BDT. In million

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Date of Outstanding
Uttara Bank Limited	CC (H)	1.50	1.53	30.06.2023

Financial Based on-Management prepared financial statements up to 2022.

Methodology: SME rating methodology published on the WCRCL website at www.wasocreditrating.com

RATING RATIONALE

WCRCL has reaffirmed 'WCRSME 3' (pronounced as WASO Credit Rating Small and Medium Enterprise Three) rating under the SME Rating to Abdullah Knit Fabrics (hereinafter referred as "AKB" or "The Enterprise") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

The above rating has been assigned based on the fundamentals of the enterprise which includes:

- Experienced and skilled management
- Good business network
- Satisfactory banking relationship
- Moderate profitability margin
- Low levered capital structure

However, the above rating has been moderated to some extent due to some factors like:

- Lack of disclosure in the financial statements
- Tight liquidity position considering long cash conversion cycle
- No insurance coverage
- Low management information system (MIS) and Manual accounting system

The SME rating implies that the Enterprise has Average Credit Quality.

WCRCL also viewed the Enterprise with "Stable" outlook and believes that NA will be able to maintain its good fundamentals in the foreseeable future. This rating may be revised in case of any extraordinary changes in line with the sponsor's equity investment, debt obligations, management, business operations and/or changes in any macro and micro factors in the economy