

SURVEILLANCE CREDIT RATING REPORT KC APPARELS LIMITED

Ref. no.: FR/2023/032428



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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	A+	ST 2	Stable	04 July 2023	15 June 2024

Tk. in Million

Name of Bank	Mode of Investment	Amount Limit	Outstanding Amount	Bank Loan Rating
IFIC Bank Limited (31.05.2023)	Term Loan	447.52	62.40	blr A+
	LC (Sight/UPAS)	140.00	29.22	
	BTB LC	780.00	234.42	
	LTR	100.00	6.95	blr ST 2
	FDBP	100.00	0.00	
	BG	30.00	50.87	
	OD	40.00	4.78	

**** blr-Bank Loan Rating**

Financial Based on- Audited financial statement up to 30 June 2022.

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

Key Snapshot:

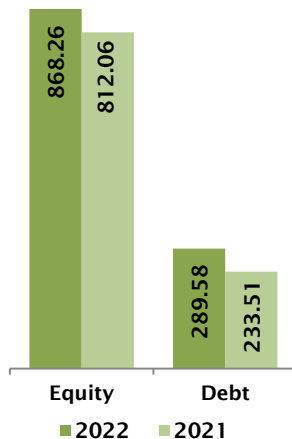
Tk. in million

Particulars	FY22	FY21
Revenue	592.54	287.30
COGS	533.42	373.61
Gross Profit	59.12	-86.30
EBITDA	79.14	-95.67
Financial Exp.	15.80	9.70
PAT	56.20	-108.10
ICR (X)	5.01	-9.86
Debt/Equity (X)	0.33	0.29
CCC (Days)	207	25
Net Profit Margin (%)	9.48	-37.63
ROAA (%)	5.10	9.68
ROAE (%)	6.69	-12.99

RATING RATIONALE

WCRCL has assigned 'A+' (pronounced as Single A Plus) rating for the Long Term and 'ST 2' (pronounced as Short Term Two) rating for Short Term to **KC Apparels Limited** (hereinafter referred to as '**KCAL**' 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 A+" (pronounced as Bank Loan Rating Single A Plus) rating to the long term loan outstanding and "blr ST 2" (pronounced as Bank Loan Rating Short Term Two) rating to the aggregated short term limit.

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



The above ratings have been assigned based on the fundamentals of the company which include experience of promoter in the garments industries, experienced and skilled management, financial flexibility arising from Knit Concern Group, strong buyer base, strong backward linkage from the group, low levered in the capital structure, good interest coverage position satisfactory health and safety measures, regular loan repayment history, insurance coverage against fire, owned factory premises and good infrastructural arrangement.

However, the above factors are constrained to average disclosure in the financial statement, fluctuating revenue & profitability, tight liquidity position considering long receivable outstanding days and adverse shock in RMG industry may affect revenue growth.

The long term rating implies that the company has very good credit quality. The short term rating implies that the company has an above average ability to meet short term financial commitments.

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WCRCL also viewed the company with "**Stable**" outlook and believes that **KCAL** 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.