

MARTIN-KNIT WEAR LIMITED

Ref. no.: FR/2023/32427

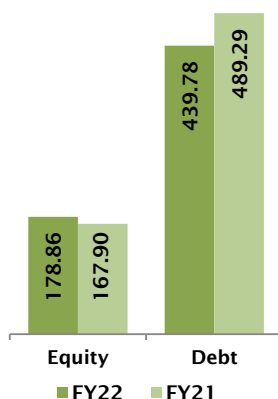


Report Contents:

Particulars	Page
Rating Rationale	01
Corporate Background	02
Management Evaluation	02
Analysis of Industry Dynamics	03
Business Analysis	04
Infrastructure Facilities	06
Financial Strength Analysis	06
Banking Relationship	08
Risk Factor Analysis	09
Rating Observations	10

Key Snapshot:

Tk. in million		
Particulars	FY22	FY21
Revenue	1,167	822
EBIT	34.58	32.47
Net Profit	10.98	5.71
Total Assets	618.6	657.1
Total Equity	178.8	167.9
Debt	439.7	489.2
Net Profit Margin (%)	0.9	0.7
CCC (Days)	99	144
ICR (X)	2.31	1.74
Current Ratio (X)	2.57	1.39
Debt/Equity (X)	2.46	2.91

Capital Structure
(BDT. in million)

Analysts:

Shudhan Mallick
shudhan@wasocreditrating.com

Md. Rafiul Bary
rafi@wasocreditrating.com

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB+	ST 3	Stable	04 July 2023	18 June 2024

Tk. in Million				
Bank	Mode	Limit Amount	Outstanding Amount	Bank Loan Rating
Uttara Bank Limited (02.07.2023)	Term Loan	50.00	46.45	blr BBB+
	BTB LC/IFBC	800.00	250.99	
	OD (Export)	80.00	6.35	
	L/C (Cash)	40.00	139.64	
	PIF/LTR	30.00	0.00	blr ST 3
	FBP		3.27	
	CC (Hypo)	50.00	27.71	
	IBP	10.00	2.36	

Financial: Based on Audited financial statements up to 30 June 2022.

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

RATING RATIONALE

WCRCL has reaffirmed 'BBB+' (pronounced as Triple B Plus) rating for the Long Term and 'ST 3' (pronounced as Short Term Three) rating for Short Term to **Martin-Knit Wear Limited** (hereinafter referred to as 'MKWL' or 'The company') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating declaration. WCRCL has also reaffirmed 'blr BBB+' (pronounced as Bank Loan Rating Triple B Plus) rating to the long term loan outstanding and "blr ST 3" (pronounced as Bank Loan Rating Short Term Three) rating to the aggregate short term limit.

The above ratings have been assigned based on the fundamentals of the company which include experience of experienced and proactive management, 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 operational bottleneck due to average disclosure in the financial statement, high leverage in the capital structure, stressed liquidity position considering poor current assets, vulnerability in raw- materials price in the local and international market may impact profitability and adverse shock in RMG industry may affect revenue growth.

The long term rating implies that the entity has moderate credit quality. The short term rating implies that the company has average ability to meet short term financial commitments.

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