

1st SURVEILLANCE CREDIT RATING REPORT CHITTAGONG FASHION SPECIALISED TEXTILES LIMITED

Ref. no.: FR/2023/033266

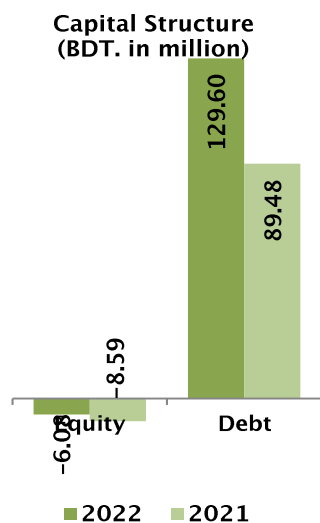


Report Contents:

Particulars	Page
Rating Rationale	01
Corporate Profile	02
Management and Organization	02
Analysis of Industry Dynamics	02
Business Analysis	04
Infrastructure arrangement	05
Financial Strength Analysis	05
Banking Relationship	06
Risk Factor Analysis	07
Rating Observation	08
Rating Scale	10

Key Snapshot:

Particulars	BDT. in million	
	FY22	FY21
Revenue	626.96	350.53
EBIT	13.26	-2.47
Net Profit	2.51	-8.43
Total Assets	123.52	80.89
Total Equity	-6.08	-8.59
Debt	129.60	89.48
Net Profit Margin (%)	0.4%	-2.4%
CCC (Days)	34.97	48.24
ICR (X)	2.03	-0.60



Analysts:

Maharan Nasrin
maharan@wasocreditrating.com

Md. Al Amin Jewel
jewel@wasocreditrating.com

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB	ST 3	Stable	30 August 2023	29 August 2024

Name of Bank	Mode of Facility	Limit Amount	Outstanding Amount	Bank Loan Rating
Agrani Bank Limited (31.07.2023)	Back to Back LC	200.00	-	blr ST 3
	Loan			
	Stimulus	10.00	-	
Total		210.00	-	

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) rating for the Long Term and ‘ST 3’ (pronounced as Short Term Three) rating for Short Term to **Chittagong Fashion Specialised Textiles Limited** (hereinafter referred to as ‘CFSTL’ 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 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 experienced and proactive management, revenue was in increased from preceding year because of increase buyers order, good interest coverage position,, 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, vulnerability in raw- materials price in the local and international market may impact profitability, tight liquidity position considering long cash conversion cycle, high levered in the capital structure, adverse shock in textile industry may affect revenue growth.

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

WCRCL also viewed the company with “**Stable**” outlook and believes that CFSTL 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.