

INITIAL CREDIT RATING REPORT CLASSICAL FASHION LIMITED



Ref. no.: FR/2023/33164

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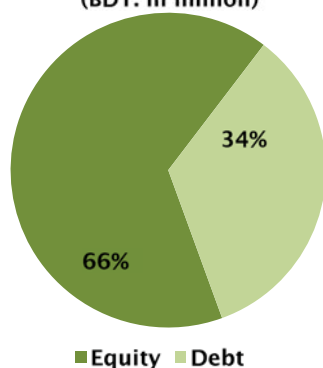
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Key Snapshot:

BDT. in million

Particulars	2024	2025
Projected Revenue	304.07	174.23
EBIT	60.92	31.55
Net Profit	52.26	24.98
Total Assets	132.37	101.01
Total Equity	87.25	34.98
Total debt	45.12	66.02
Net Profit Margin (%)	17.2%	14.3%
CCC (Days)	83	144
ICR (X)	8.65	6.26

Projected Capital Structure
(BDT. in million)



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SME Rating	Rating Notches	Outlook	Date of Declaration	Date of Expiration
	WCRSME3	Stable	22 August 2023	21 August 2024

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

RATING RATIONALE

WCRCL has assigned 'WCRSME3' (pronounced as WASO Credit Rating Small & Medium Enterprise Three) rating under the SME Rating to Classical Fashion Limited (hereinafter referred as "CFL" or "The Company") 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 company which includes:

- Experience of promoter in the garments industries
- Experienced and proactive management
- Presence of fire insurance policy
- Availability of the supply of raw materials
- Satisfactory safety measures
- Comfortable interest coverage position

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

- Poor disclosure in the financial statement
- Vulnerability in raw- materials price in the local and international market may impact profitability
- Adverse shock in textile industry may affect revenue growth
- High levered capital structure
- Tight liquidity position with long cash conversion cycle

The rating implies that the enterprise has an average credit quality.

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