

3rd SURVEILLANCE CREDIT RATING REPORT
HYACINTH FABRICS MILLS LIMITED



Ref. no.: FR/2023/033838

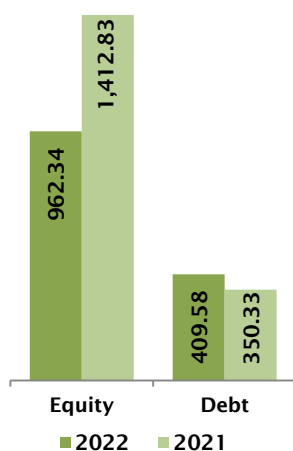
Report Contents:

Particulars	Page
Rating Rationale	01
Corporate Background	02
Management Evaluation	02
Analysis of Industry Dynamics	03
Business Analysis	05
Financial Strength Analysis	07
Banking Relationship	08
Risk Factor Analysis	09
Rating Observations	11

Key Snapshot:

Particulars	Tk. in million	
	FY22	FY21
Revenue	1,458.75	1,301.46
EBIT	167.08	268.64
Net Profit	46.95	218.91
Total Assets	1,371.92	1,763.16
Total Equity	962.34	1,412.83
Debt	409.58	350.33
Net Profit Margin (%)	3.2%	16.8%
CCC (Days)	192.70	254.41
ICR (X)	1.46	6.59

Capital Structure (BDT. in million)



Analysts:

Md. Rafiul Bary
 rafi@wasocreditrating.com

Maharan Nasrin
 Maharan@wasocreditrating.com

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	A-	ST 3	Stable	26 September 2023	31 August 2024

Bank	Mode	Limit	Tk. in Million	
			Outstanding Amount	Bank Loan Rating
Islami Bank Bangladesh PLC [03.09.2023]	HPSM Working Capital	14.00 / 480.00	15.14 / 382.71	blr A- / blr ST 3

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 'A-' (pronounced as Single A Minus) rating for the Long Term and 'ST 3' (pronounced as Short Term Three) rating for Short Term to **Hyacinth Fabrics Mills Limited** (hereinafter referred to as '**HFML**' 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 A-' (pronounced as Bank Loan Rating Single A Minus) rating to the long term loan outstanding and 'blr ST 3' (pronounced as Bank Loan Rating Short Term Three) rating to the short term loan limit.

The above ratings have been assigned based on the fundamentals of the company which include experience of promoter in garments industries, experienced and proactive management, low levered in the capital structure, good interest coverage position, presence of fire insurance policy, availability of the supply of raw materials, satisfactory safety measures, unclassified loan status, owned factory premises and good infrastructural arrangement.

However, the above factors are constrained to operational bottleneck due to average disclosure in the financial statements, vulnerability in raw- materials price in the local and international market may impact profitability, stressed liquidity position considering long cash conversion cycle, adverse shock in RMG industry may affect revenue growth.

The long term rating implies that the entity is subject Moderately good credit quality. The short term rating implies that average ability to meet short term financial commitments.

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