

9th SURVEILLANCE CREDIT RATING REPORT
KNIT CONCERN LIMITED

Ref. no.: FR/2023/033943



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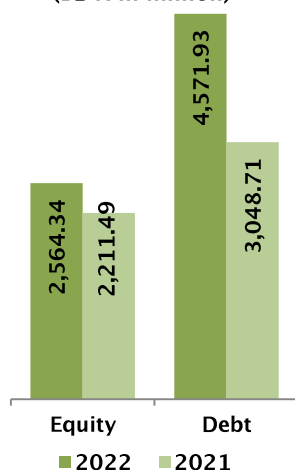
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Key Snapshot:

BDT. in million

| Particulars | FY22 | FY21 |
|-----------------------|---------|---------|
| Revenue | 9,426.9 | 8,564.8 |
| EBIT | 544.98 | 471.37 |
| Net Profit | 352.84 | 336.58 |
| Total Assets | 7,136.2 | 5,260.2 |
| Total Equity | 2,564.3 | 2,211.4 |
| Debt | 4,571.9 | 3,048.7 |
| Net Profit Margin (%) | 3.7% | 3.9% |
| CCC (Days) | 139 | 90 |
| ICR (X) | 3.80 | 5.37 |

Capital Structure
(BDT. in million)



Analysts:

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| Entity Rating | Long Term | Short Term | Outlook | Date of Declaration | Date of Expiration |
|---------------|-----------|------------|---------|---------------------|--------------------|
| | A+ | ST 2 | Stable | 26 September 2023 | 14 September 2024 |

BDT. in Million

| Bank Name | Mode of Investment | Sanctioned Amount | Outstanding Amount | Bank Loan Rating |
|---------------------------------------|--------------------------------------|-------------------|--------------------|------------------|
| IFIC Bank PLC (04.09.2023) | FCTL-VI | 388.68 | 188.64 | blr A+ |
| | FCTL-VII | 261.73 | 48.70 | |
| | FCTL-VIII | 329.55 | 253.41 | |
| | FCTL | 95.60 | 111.51 | |
| | FCTL | 73.44 | 69.03 | |
| | Term Loan | 175.54 | 175.54 | blr ST 2 |
| | LC (Cash) | 410.00 | 118.79 | |
| | BB L/C | 3,750.00 | 1,832.34 | |
| | LTR | 300.00 | 231.66 | |
| | PAD (Forced) | 348.08 | 348.08 | |
| | PAD-EDF | 111.06 | 111.06 | |
| | FDBP | 150.00 | 0.00 | |
| | Demand Loan (Inner limit of FDBP) | (150.00) | 0.00 | |
| | Demand Loan - One off | 100.00 | 109.46 | |
| | Demand Loan - One off | 100.00 | 100.10 | |
| | BG | 100.00 | 50.07 | |
| | OD (Others) | 80.00 | 78.26 | |
| | PC | 200.00 | 30.62 | |
| | L/C (One-Off) | 125.42 | 11.83 | |
| | L/C (One-Off) | 22.77 | 22.77 | |
| Dutch-Bangla Bank td. (31.08.2023) | L/C | 250.00 | 22.11 | blr ST 2 |
| | BTB L/C | (100.00) | 0.00 | |
| | LTR | (80.00) | 10.55 | |

** 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

RATING RATIONALE

WCRCL has reaffirmed 'A+' (pronounced as Single A Plus) rating for the Long Term and 'ST 2' (pronounced as Short Term Two) rating for Short Term to **Knit Concern Limited** (hereinafter referred to as 'KCL' 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 reaffirmed "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.

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, satisfactory 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 profitability, high levered in the capital structure, stressed liquidity position considering long cash conversion cycle, 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 entity has above average ability to meet short term financial commitments.

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

--- End of Rationale ---