

1st SURVEILLANCE CREDIT RATING REPORT KNIT FAIR LTD.

Ref. no.: FR/2023/034070



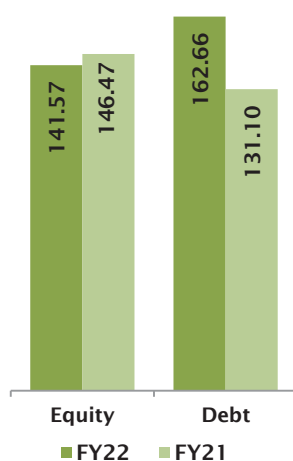
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Key Snapshot:

	Tk. in million	
Particulars	FY22	FY21
Revenue	1,040.26	741.32
EBIT	20.55	26.11
Net Profit	-4.90	3.39
Total Assets	304.22	277.57
Total Equity	141.57	146.47
Debt	162.66	131.10
Net Profit Margin (%)	-0.5%	0.5%
CCC (Days)	17.78	37.77
ICR (X)	1.33	1.99

Capital Structure
(BDT. in million)



Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB	ST3	Stable	03 October 2023	28 August 2024

Tk. In Million				
Name of Banks	Mode of Facility	Limit Amount	Outstanding Amount	Bank Loan Rating
United Commercial Bank PLC (24.09.2023)	HPSM	1.35	0.12	blr BBB
	Term Loan		167.35	
	BTB LC (Local)		76.23	
	C-BTB LC (Foreign)		4.26	blr ST 3
	ULCBB/Acceptance		307.77	
	OD (G)	8.00	7.99	
	SLC/ULC/UPAS	20.00	0.00	
	ULCBB		3.44	
	BG	20.00	11.40	

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 **Knit Fair Limited** (hereinafter referred to as 'KFL' 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 BBB' (pronounced as Bank Loan Rating Triple B) rating to the long term loan outstanding and "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, moderate liquidity position considering short cash conversion cycle, presence of fire insurance policy, satisfactory safety measures, comfortable security arrangement, satisfactory banking relationship, own factory premises.

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, poor interest coverage position, levered in the capital structure, adverse shock in textile industry may affect revenue growth.

The long term rating implies that the entity is subject average 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 KFL 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