

2nd SURVEILLANCE CREDIT RATING REPORT REAZ KNITWEAR LIMITED

Ref. no.: FR/2023/32044



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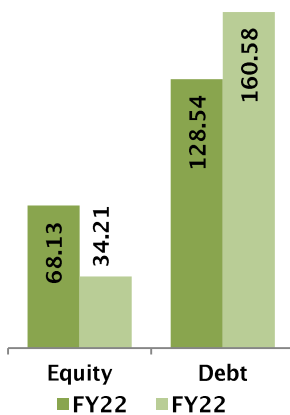
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Key Snapshot:

BDT. in Million

Particulars	FY22	FY21
Revenue	430.62	234.43
EBIT	34.41	31.27
Net Profit	25.92	18.77
Total Assets	196.67	194.79
Total Equity	68.13	34.21
Debt	128.54	160.58
Net Profit Margin (%)	6.0	8.0
CCC (Days)	19	19
ICR (X)	6.60	3.08

Capital Structure
(BDT. in million)



Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB2	ST-3	Stable	12 June 2023	11 June 2024

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

Bank Name	Investment Mode	Sanctioned/ Limit Amount	Outstanding as on 11.06.2023	Bank Loan Rating
The Premier Bank Limited	Term Loan	16.00	11.88	blr BBB2
	Term Loan	3.00	2.20	
	Specific FDBP	33.50	33.50	
	BTB L/C	500.00	431.84	blr ST-3
	Rev PC	20.00	19.99	
	OD	20.00	19.97	
	HBL	40.00	40.35	
	FDBP	2.10	2.10	
Total		649.60	576.83	

*blr – Bank Loan Rating

Financial Based on– Audited financial statement for 30th June FY21 & FY22.

RATING RATIONALE

WCRCL has reaffirmed ‘BBB2’ rating (pronounced as Triple B Two) for the long term and ‘ST-3’ rating (pronounced as Short Term Three) for the short term to Reaz Knitwear Limited (hereinafter referred to as ‘RKL’ 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 BBB2’ (pronounced as bank loan rating Triple B Two) rating to the long term loan outstanding of BDT. 14.08 million and ‘blr ST-3’ (pronounced as bank loan rating Short Term Three) rating to aggregate short term loan limit of BDT. 630.60

The above ratings have been assigned based on the fundamental of the company which include experienced directors and key management team, maintained sound relation with supplier, buyer and lender, good interest coverage position, availability of the supply of raw materials, satisfactory safety measures, own factory premise and good liquidity position. However, the above factors are constrained to some extent by average disclosure in financial statement, extensive competition to the market, vulnerability in raw- materials price in the local, highly levered in the capital structure and international market may impact profitability and adverse shock in RMG industry may affect revenue growth.

The long term rating implies that the company is subject to medium credit risk. And considered medium grade and as such may possess certain speculative characteristics. The short term rating implies that the company is regarded as having some has an acceptable ability to repay short term debt obligations from internal sources. However, it is expected to rely on external sources of committed financing due to downturn in economic or industry circumstances

WCRCL also viewed the company with “Stable” outlook and believes that RKL will be able to maintain its good fundamentals in the foreseeable future.