

3rd SURVEILLANCE CREDIT RATING REPORT SAKOATEX LIMITED

Ref. no.: CRAR-1144/2023



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Key Snapshot:

| BDT. in million | | |
|-----------------------|--------|--------|
| Particular | FY22 | FY21 |
| Sales | 107.11 | 250.72 |
| EBIT | -60.53 | -80.73 |
| Net Profit | 101.22 | 116.54 |
| Total Assets | 536.00 | 630.92 |
| Total Equity | -216.6 | -114.0 |
| Total debt | 752.68 | 745.00 |
| Net Profit Margin (%) | -94.5% | -46.5% |
| Current Ratio (X) | 0.06 | 0.15 |
| CCC (Days) | n/a | n/a |
| ICR (X) | -1.46 | -2.34 |

Capital Structure
(BDT. in million)



Analysts:

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| Entity Rating | Long Term | Short Term | Outlook | Date of Declaration | Date of Expiration |
|---------------|-----------|------------|---------|---------------------|--------------------|
| | BBB- | ST 4 | Stable | 17 October 2023 | 16 October 2024 |

| Bank Name | Mode of Investment | Sanctioned Amount | Outstanding Amount as on 30.09.2023 | Bank Loan Rating |
|---------------|--------------------|-------------------|-------------------------------------|------------------|
| IFIC Bank PLC | Term Loan-I | 18.14 | 19.55 | blr BBB- |
| | Term Loan-II | 335.64 | 361.90 | |
| | Term Loan-III | 66.86 | 72.08 | |
| | Term Loan-IV | 25.56 | 27.27 | blr ST 4 |
| | FDBP | 10.00 | nil | |
| | ECC | 10.00 | nil | |

Financial Based on- Un-audited financial statements as on 30 June 2021 and 2022.

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

RATING RATIONALE

WCRCL has assigned **BBB-** rating (pronounced as Triple B Minus) for the long term and **ST 4** rating (pronounced as Short Term Four) for the short term to **Sakoatex Limited** (hereinafter referred to as 'STL' 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 assigned **blr BBB-** (pronounced as Bank Loan Rating Triple B Minus) rating to the aggregate long term loan outstanding and **blr ST 4** (pronounced as Bank Loan Rating Short Term Four) to the short term loan limit.

The above ratings have been assigned based on the sponsors have depth knowledge about their business, strong group support "**ENA Group**", availability of the supply of raw materials, good infrastructural arrangement, and have well branded sweater machinery. However, the above factors are constrained to some extent by sales revenue was in decreasing position in FY22, profitability ratios were in negative position, highly levered capital structure, tight liquidity position with long cash conversion cycle, poor banking conduct and has reschedule history, moderated disclosure of financial statements, trade license was expired in 30 June 2023, and no insurance coverage.

The long term rating implies that the entity has below average credit quality. The short term rating implies that the entity has a below average ability to meet short term financial commitments.

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