

CREDIT RATING REPORT SHINNING KNIT TEX LIMITED

Ref. no.: FR/2022/021526



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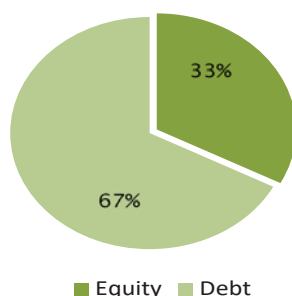
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Key Snapshot:

Tk. in million

Particulars	2021	2020
Revenue	10445.	9082.8
EBIT	1,270.1	1,104.4
Net Profit	298.74	259.77
Total Assets	13898.13	12505.66
Total Equity	1930.7	1632.0
Debt	10874.	9791.5
Net Profit Margin (%)	2.86%	2.86%
Current Ratio (X)	1.18	1.14

Capital Structure



Analysts:

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB3	ST-4	Stable	08 February 2022	07 February 2023

Tk. in Million

Bank Name	Mode of Investment	Limit/Sanctioned Amount	Outstanding as on 31.12.2021	Bank Loan Rating
Janata Bank Limited	Term Loan	8790.46	1093.10	blr BBB3

Financial Based on—Unaudited statements up to 31 December 2021 and 2020

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

RATING RATIONALE

WCRCL has assigned 'BBB3' (pronounced as Triple B Three) rating for the Long Term and 'ST-4' (pronounced as Short Term Four) rating for Short Term to Shinning Knit Tex Limited (hereinafter referred to as 'SKNTL' or 'The company') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating issuance.

The above ratings have been assigned based on the fundamentals of the company which include experienced and knowledgeable management, strong group support, moderate capacity utilization, satisfactory banking relationship, company is profitable concern, good infrastructural arrangement and provide supportive facilities to the workers. However, the above factors are constrained by highly levered capital structure, tight liquidity position with long cash conversion cycle, low coverage position, highly levered concern, low disclosure of financial statements and high inventory pile-up affecting working capital.

The long term rating implies that the entity rated in this category 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 entity has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

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