

1st SURVEILLANCE CREDIT RATING REPORT
UDOY KNITTING MILLS LTD.



Ref. no.: FR/2023/31589

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Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
	BBB2	ST-3	Stable	12 June 2023	18 June 2024

Bank Name	Mode of Investments	Sanctioned Amount	Outstanding Amount	Bank Loan Rating
				Islami Bank Bangladesh Ltd. (23.05.2023)
	CFIL	19.00	20.68	blr ST-3

Tk. in million

Financial Based on- Audited financial statements up to 31 December 2022.

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

Key Snapshot:

Particulars	Tk. in million	
	2022	2021
Revenue	135.84	129.37
EBIT	24.79	24.63
Net Profit	20.38	22.70
Total Assets	169.28	148.73
Total Equity	132.05	144.80
Debt	37.23	3.93
Net Profit Margin (%)	15.0%	17.5%
CCC	375	356
ICR (X)	6.95	22.58

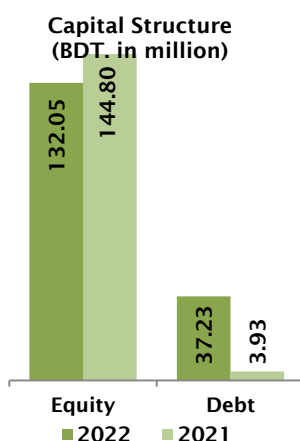
RATING RATIONALE

WCRCL has assigned 'BBB2' (pronounced as Triple B Two) rating to the entity for long term and 'ST-3' (pronounced as Short Term Three) for short term to **Udoy Knitting Mills Ltd.** (hereinafter referred as "UKML" or "The Company") based on its financial and other relevant qualitative and quantitative information up-to the date of the rating assessment. WCRCL has also assigned 'blr BBB2' (pronounced as Bank Loan Rating Triple B Two) rating to the long term outstanding and blr 'ST-3' (pronounced as Bank Loan Rating Short Term Three) to the short term loan limit.

The above ratings have been assigned based on the fundamentals of the entity, which include experienced and skilled management, equipped with sufficient power backup, have strong group support, good supportive facilities to the workers, Satisfactory banking relationship, low levered concern.

However, small scales of business operation, Extensive competition to the market, Average disclosure in the financial statemen, Tight liquidity position considering long cash conversion,

The long-term rating is subject to medium credit risk and considered medium grade and as such may possess certain volatile characteristics. The short term rating implies that the company regarded as having significant speculative characteristics. The obligor currently 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.



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