

INITIAL CREDIT RATING REPORT
WELLTOUCH APPARELS LIMITED

Ref. no.: FR/2023/33134



Report Contents:

Particulars	Page
Rating Rationale	1
Corporate Profile	2
Management and Human Resources	2
Analysis of Industry Dynamics	4
Business Analysis	4
Financial Strength Analysis	6
Credibility and Banking Relationship	6
Risk Factor Analysis	7
Rating Observations	8
Annexure	10

Entity Rating	Long Term	Short Term	Outlook	Date of Declaration	Date of Expiration
		BBB	ST 3	Stable	25 July 2023

Tk. in Million

Bank Name	Mode of Investment	Sanctioned Amount	Outstanding Amount	Bank Loan Rating
	Back to Back L/C	150.00	128.30	
NCC Bank Limited (07.06.2023)	FDBP (R)	20.00	-	blr ST 3
	PC	20.00	-	
	Short Term Loan	9.50	4.74	

*blr - Bank Loan Rating

Key Snapshot:

BDT. in million

Particulars	FY22	FY21
Revenue	305.82	313.36
EBIT	11.52	11.25
Net Profit	5.57	4.81
Total Assets	148.01	121.70
Total Equity	82.13	68.37
Debt	65.88	53.33
Net Profit Margin (%)	1.8	1.5
CCC (Days)	83.31	68.94
ICR (X)	2.98	2.80
Current Ratio	2.22	2.58
Quick Ratio	1.87	2.13
Debt/Equity Ratio	0.80	0.78

Financial Based on- Audited financial statement up to 30th June 2022.

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

RATING RATIONALE

WCRCL has assigned 'BBB' (pronounced as Triple B) rating to the entity for long term and 'ST 3' (pronounced as Short Term Three) for short term to **Welltouch Apparels Limited** (hereinafter referred to as '**WAL**' 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 ST 3' (pronounced as bank loan rating Short Term Three) rating to aggregate short term limit.

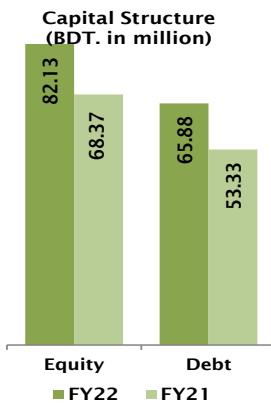
The above ratings have been assigned based on experienced & skilled management, good business network, good profitability margin, strong buyer base, low levered in the capital structure, good liquidity position, good interest coverage position and satisfactory health and safety measures.

However, the above factors are constrained to some extent by average disclosure in the financial statement, moderate infrastructural arrangement, no insurance policy, vulnerability in raw- materials price in the local and international market may impact profitability and rented factory premises.

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

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



Analysts:

Shudhan Mallick
shudhan@wasocreditrating.com

Maharan Narsin
maharan@wasocreditrating.com