



**ARGUS CREDIT RATING SERVICES LTD.  
(ACRSL)**

**Credit Rating Report**

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**A.K.M Knit Wear Ltd.**

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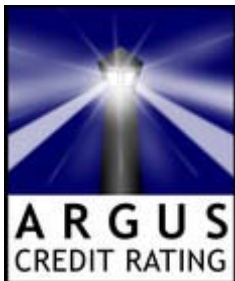
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## CONTACT INFORMATION

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For Additional Information Please Contact:



ARGUS Credit Rating Services Limited  
Level-13, BDBL Bhaban  
8 Rajuk Avenue  
Dhaka 1000  
Bangladesh  
Email: [info@acrslbd.com](mailto:info@acrslbd.com)

(ACRSL10022/12)  
Entity: A. K. M. Knitwear Limited

**RATINGS SUMMARY**

<i>CREDIT RATING – Entity</i>	<i>CURRENT</i>	<i>PREVIOUS</i>
Long-Term	AA	N/A
Short-Term	ST-3	N/A
Date	February 20, 2012	N/A

**RATINGS EXPLANATION**

<b>AA</b>	<b>Long Term:</b> Entities rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
<b>ST-3</b>	<b>Short Term:</b> Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

**A. K. M. KNITWEAR  
ACTIVITY**  
Garment Manufacturer

**INCORPORATED ON**  
December 10, 2000

**CHAIRMAN**  
Md. Abdullah

**MANAGING DIRECTOR**  
Md. Abdullah

**TOTAL ASSETS**  
Tk.3,173.8 Million

**TOTAL EQUITY**  
Tk. 1,491.2 Million

**HEAD OFFICE**  
A. K. M. Knitwear Ltd.  
Holding No – 14  
Gadda Karnapara,  
Ulail, Savar, Dhaka

**MAJOR RATING CONSIDERATIONS:**

**Strengths:**

- **A. K. M. Knitwear’s large-scale operations provide financial stability.** The company’s high-quality, captive customer base and financial base have been the main drivers behind the company’s revenue base of close to Tk. 500 crore annual run rate. Similarly, brand loyalty on part of A. K. M. Knitwear’s clientele, operational efficiency on part of the company, and tax holiday until FY09 have contributed to stability in the company’s gross, operating, and net profit margins.
- **A process-driven focus and professionalism on part of management contributes to A. K. M. Knitwear’s operational efficiency.** A. K. M. Knitwear has established a solid-track record of efficient inventory and working capital management. As inventory and working capital management are key risk points for garment manufacturers, A. K. M. Knitwear has intelligent measures in place to reduce this risk and such controls have helped shield the company’s profitability from volatility.
- **A. K. M. Knitwear’s cash-rich directors provide a cushion against default.** Directors’ personal savings, property, among other items contribute to their high, personal net worth.

**Concerns:**

- **Over the short-term with the company operating at full capacity, upside is limited.**
- **The overall slowdown in RMG export may negatively affect RMG production,** which in turn could put pressure on revenue and profitability.

