ARGUS CREDIT RATING SERVICES LTD.
(ACRSL)

Credit Rating Report

Haseen Knit Composite Limited

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Authorized Signature:

Name:

Designation:

Date:

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Ref No	: ACRSL39472/25
Company Name	: Haseen Knit Composite Limited (HKCL)
Assigned Ticker	: HaseenKnit
Activity	: Knit & Knit Dyeing Garments
Incorporated On	: 13 Apr 2005
Head Office	: Suite-1703, Sena Kalyan Bhaban (17th Floor), 195, Motijheel C/A, Dhaka-1000, Bangladesh

Rating Type	: Corporate / Entity
Rating Validity	: 05 Mar 2026
Nature Of Rating	: Third Surveillance
Stable	: Stable
Analyst(s)	: ACRSL Analyst Team
Committee(s)	: ACRSL Rating Committees

Rating Summary

Credit Rating	Current	Previous
Long-Term	BBB-	BBB+
Short-Term	ST-4	ST-4
Publishing Date	06 Mar 2025	22 Apr 2024

Rating Explanation

Rating	Explanation
BBB-	Investment grade. Good credit quality and moderate expectation of credit risk. When assigned this rating indicates the obligor has adequate capacity to meet its financial obligations but this capacity remains more vulnerable to adverse economic conditions.
ST-4	Satisfactory liquidity and other protection factors qualify issues as to investment grade. Risk factors are larger and subject to more variation.

Rating Validity: At the time of publication of this credit rating report by ARGUS Credit Rating Services Limited, the financial analysis is to a large extent based on management projections and because of lack of historical track record the ratings may change materially downward if management fails to meet projections.

Khan Md. Abdul Wahab, FCMA
Chief Executive Officer
ARGUS Credit Rating Services Ltd.

EXECUTIVE SUMMARY:

Strengths:

- **ACRSL research have a positive long term outlook on Bangladesh's RMG sector.** RMG is the largest export oriented sector of Bangladesh & one of the key economic drivers of country's economy. Three decades of experience, incredible growth to non-traditional markets, competitive pricing, low labor cost, depreciation of BDT against USD and other currencies, lean manufacturing etc. has boosted RMG sector.

    - The garment industry in Bangladesh continues to be a major force behind its economic growth, contributing significantly to GDP through its affluence in investment, modernization, employment, export performance, and involvement in related industries. Being one of the largest producers of clothing worldwide, the industry not only generates significant export income but also creates millions of employment, the majority of which are held by women.

    - Bangladesh's ready-made garment exports increased by 2.86% to $43.85 billion from July 2023 to May 2024, compared to $42.63 billion in the same period of previous fiscal year. Knitwear exports rose by 6.15% to $24.709 billion, while woven apparel exports fell by 1.09% to $19.141 billion. Home textile exports dropped by 24.29%.

    - Among the major newly explored markets, shipment to Japan rose to $1.4 billion, reflecting a 6.14% increase. While the exports to Australia and South Korea showed substantial rises of 17.18% and 14.73%, respectively. Bangladesh's RMG exports to the Middle East markets also showcased notable growth. Exports to Saudi Arabia increased by 58%, while Turkey and the UAE recorded growth rates of 54% and 41.96%, respectively. These new market exports have provided great support to the industry in maintaining growth during tough times, such as the slowdown in traditional markets like the EU, the USA, the UK, and Canada.

    - Bangladesh's RMG sector exhibited an overall growth of 4.97% during the fiscal 2023-24. According to Export Promotion Bureau (EPB) data, exports to the EU totaled $19.90 billion, with 3.66% growth, driven by strong performances in several key EU markets. RMG exports to Spain, France, the Netherlands, Poland, and Denmark grew by 6.07%, 3.42%, 17.51%, 20.65%, and 32%, respectively. However, not all EU markets experienced growth. Exports to Germany, the largest EU market, declined by 9.40% to $5.01 billion compared to July-April 2022-23. Similarly, apparel exports to Italy decreased by 2.45%, according to EPB data With 153 LEED-certified factories, Bangladesh is now home to the highest number of green garment factories in the world. The BGMEA received the "2021 USGBC Leadership Award" for its exemplary leadership in promoting environmental sustainability and green industrialization in the RMG industry. The BGMEA joined the UN Fashion Industry Charter with an ambition to reduce GHG emissions by 30 per cent within 2030.

    - Competitive pricing has created an opportunity for Bangladesh's apparel sector to attract new buyers. The RMG sector of Bangladesh has captured a large international market through competitive pricing driven by an inexpensive labor force. International brands are placing more orders from China to Bangladesh as China, the largest apparel exporting country, has become expensive for them due to the higher cost of production and shortage of workers in the RMG sector.

- RMG (Ready-made Garments) is the leading sector in Bangladesh in terms of foreign currency earnings. Bangladesh is the second largest garments exporter next to China. It contributes 80% of total export earnings. In Bangladesh there are 4 million people, working in Confidential and Limited Use Only around 6000 garments factories and approximately 80% people of them are female.

- Increasing export to nontraditional markets is helping RMG Sector. Rising export to nontraditional markets like Australia, Japan, Russia, South Korea, Brazil, Chile, Mexico, etc. is highly encouraging. This market can help the sector recover from the bad patch in traditional markets.

Concerns:

- **Haseen Knit Composite Limited 's operations have been halted since FY23 due to a work order crisis.** The crisis is causing significant operational disruptions, affecting not only production timelines but also financial stability. Furthermore, if this situation continues clients and suppliers may lose confidence due to operational failure, which could have a negative impact on the company's long-term business prospects.

- **ACRSL remains concerned with respect to Bangladesh's RMG sector,** which is facing challenges in the near to intermediate term, driven by recent Corona-virus Pandemic. Bangladesh is the world's second-largest garment and textile producer after China, and the industry drives the country's economy. Companies around the globe have already cancelled orders worth more than $2bn.

    - Apparel exporters in Bangladesh have expressed concern over the rise in yarn prices in the domestic market. With the country receiving more work orders as stores open in Europe and the United States following mass vaccination in those countries, an unusual increase in yarn prices has made it tough for garment manufacturers to accept the orders.

    - Depreciation of the local currency is a new challenge. The significant depreciation of the local currency, taka, against the US dollar gave the garment industry a sigh of relief. Exporters said Bangladesh's exports became more competitive following the devaluation of the taka, while the exporters themselves enjoyed higher revenues in terms of taka against each greenback. Besides, this allowed manufacturers to boost their earnings from products made using locally-sourced raw materials considering their increased prices abroad. But that relief did not last for long given the rising cost of production and labor unrest, which contributed to lower production.

    - At present power crisis is a big obstacle for the industry, then the banking sector issues and less-ordered situation have hampered the industry greatly. Power and gas crises are still being continued that is affecting business. Inadequate gas and power supply to the primary textile sector and garment industries was another problem in the outgoing year even though energy prices were hiked by nearly 100 percent in February,2024.

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Special Note: At the time of publication of this credit rating report by ARGUS Credit Rating Services Limited, the financial analysis is to a large extent based on management projections and because of lack of historical track record the ratings may change materially downward if management fails to meet projections.

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1 CORPORATE PROFILE

1.1 Company Description

History: Haseen Knit Composite Limited (HKCL) was incorporated in April, 2005 as a private limited company under the relevant Companies Act 1994. At present the company has two directors. The company is engaged in manufacturing high quality readymade garments manufacturing business.

Bank Liability: Haseen Knit Composite Limited (HKCL) avail financial facility under AB Bank PLC As on 26.03.202. HKCL 's total limit was 433.70 MN, where as its outstanding was 126.43 MN, and the CIB (Credit Information Bureau) status is marked as "Standard." This indicates that the current financial obligations are within acceptable limits and the account is in good standing.

1.2 Ownership Structure

Hassen Knit Composite Limited (HKCL) has two directors including Managing Director and Chairman. HKCL 's ownership is confined within the family. Mr. Faiz Ahamed Khan is the Managing Director and his wife Mrs. Fatema Humaira Hassin is the Chairman of the company. They both are experienced in apparel sector.

Table 1 Nature of Ownership/Directors' Shareholding Percentage

Designation	Name	Shares
Chairman	Mrs. Fatema Humaira Hassin	29.66%
Managing Director	Mr. Faiz Ahmed Khan	70.34%

1.3 Operations

Corporate Office: The Haseen Knit composite Limited has its corporate office at Senakalyan Bhaban, Level-17, Motijheel C/A, Dhaka.

Factory: The manufacturing unit is located at Mulaid, Mouna, Sripur, Gazipur.

1.4 Products and Services

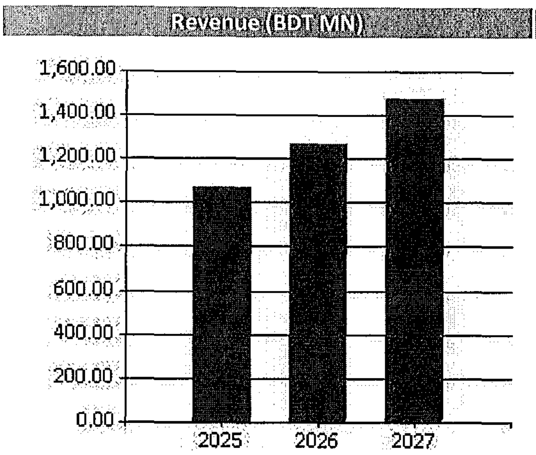
The Company is 100% export oriented RMG manufacturer. The major products are:

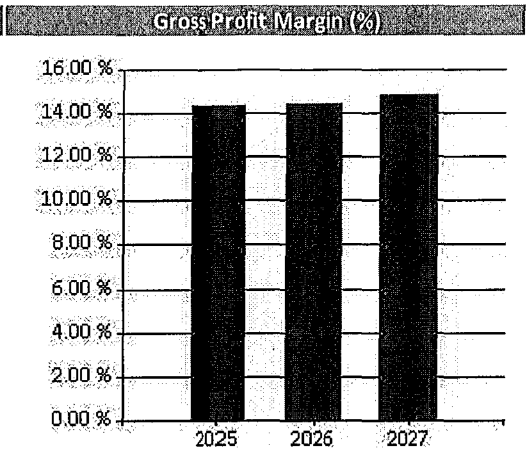
- T-Shirt
- Ladies Tank Top
- Ladies S/SL-V-Neck T Shirt
- Ladies S/SL Round-Neck T Shirt
- Crew Neck & Shirt
- Babies' Knitted Garments
- Men's Tank Top
- Crew Neck Women T-Shirt
- Elite Kids

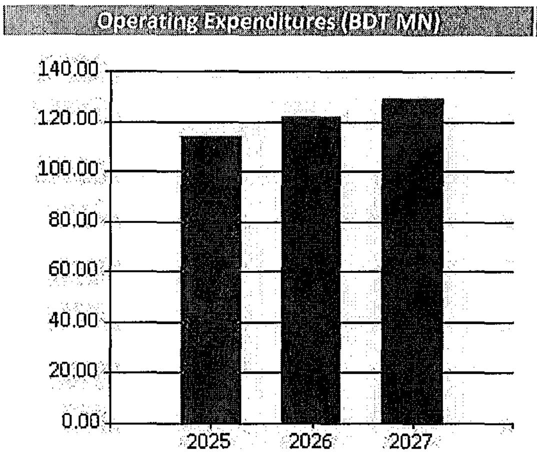
ARGUS CREDIT RATING SERVICES LTD. Dhaka, Bangladesh

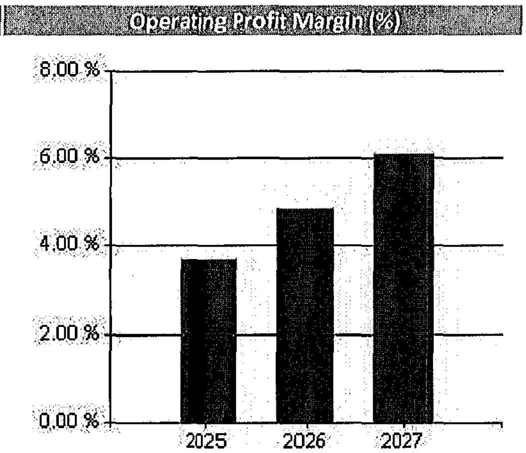
2 CHARTS

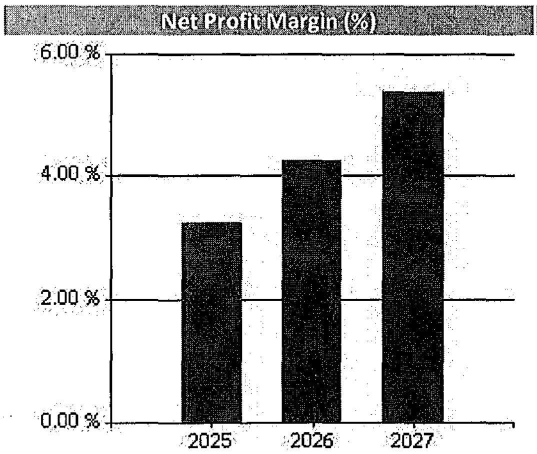
2.1 Income Statement Charts

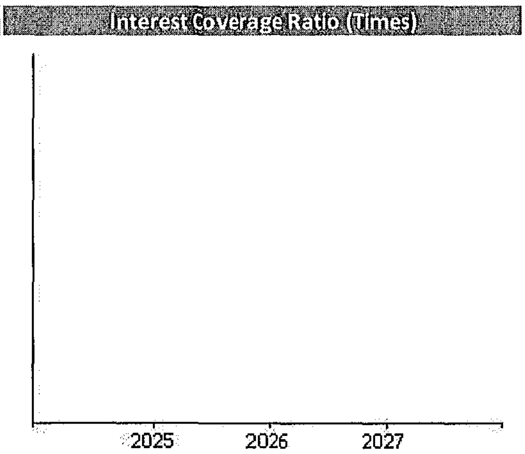




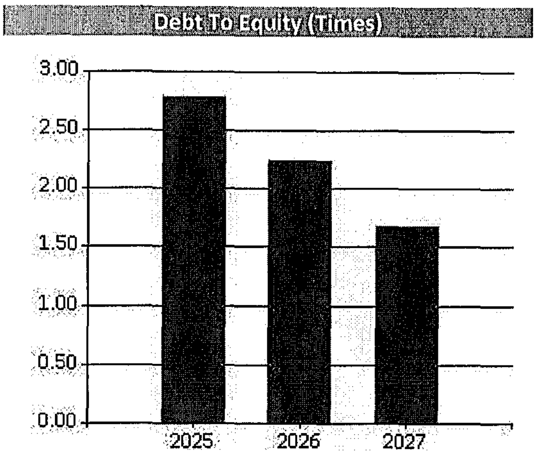


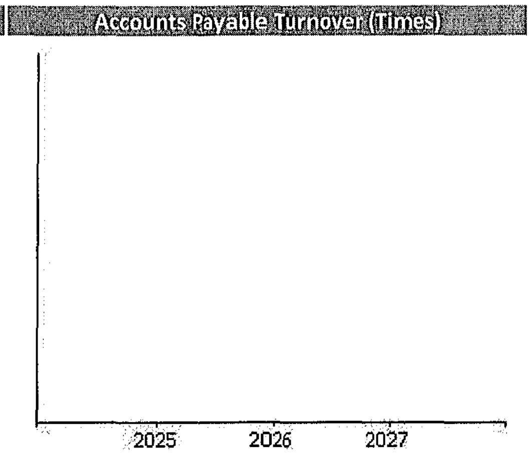


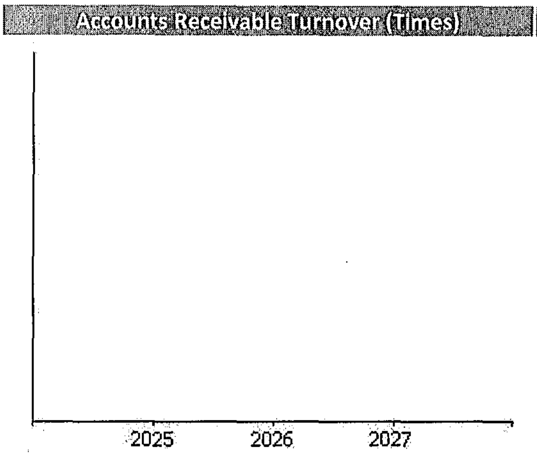


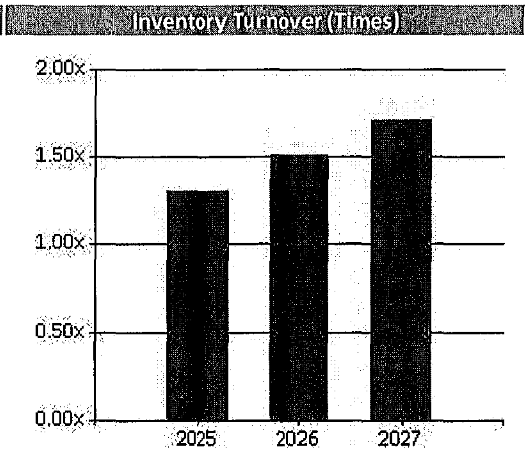


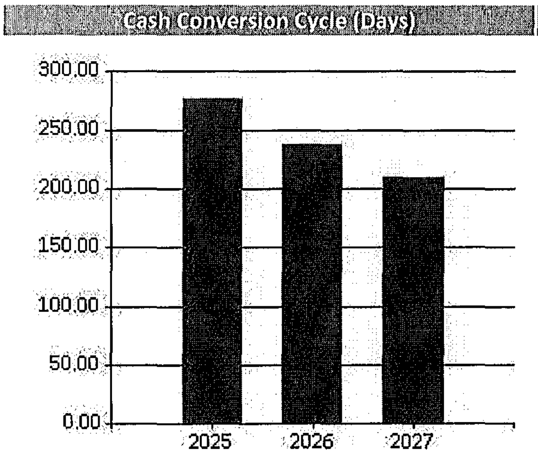
2.2 Balance Sheet Charts

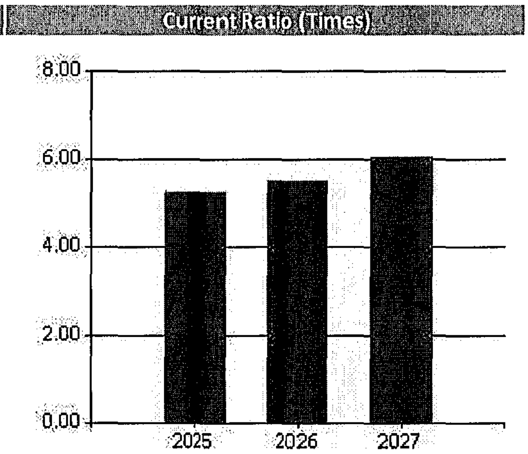


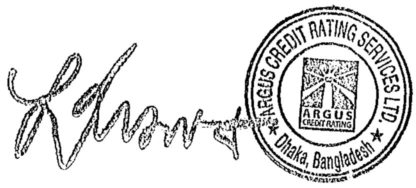




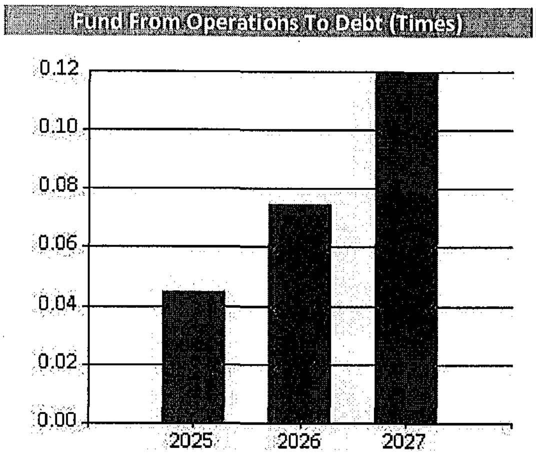


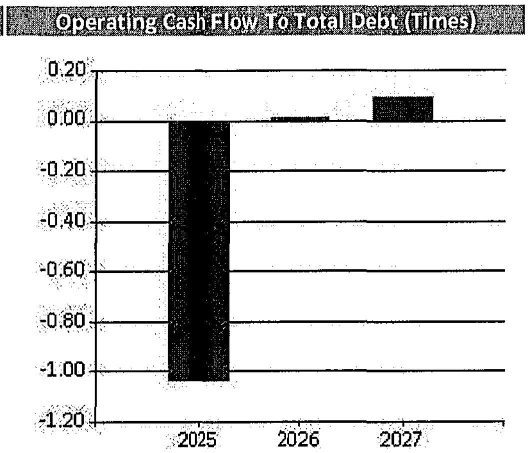


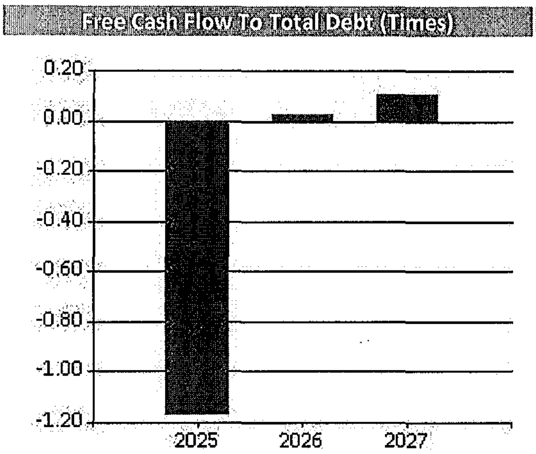


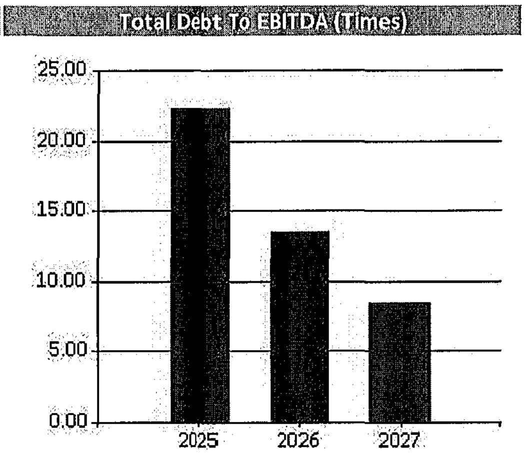


2.3 Cash Flow Adequacy Charts









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APPENDIX A: SUMMARY OF FINANCIAL METRICS

Balance Sheet Metrics (BDT in MN)	FY25	FY26	FY27
Cash & Equivalent	131.27	101.50	110.25
Trade Receivable	0.00	0.00	0.00
Inventories	704.88	731.59	741.61
Total Current Assets	1,083.87	1,099.07	1,120.35
Investments	0.00	0.00	0.00
Fixed Assets(At cost less Depreciation)	110.14	97.21	86.16
Total Non-Current Assets	110.14	97.21	86.16
Total Assets	1,194.00	1,196.28	1,206.50
Payable and Accrued Expenses	0.00	0.00	0.00
Other Current Liabilities	4.15	4.15	4.15
Short Term Debt	202.12	195.29	180.93
Total Current Liabilities	206.27	199.44	185.07
Long Term Debt	673.51	628.56	573.76
Other Non-Current Liabilities	0.00	0.00	0.00
Total Non-Current Liabilities	673.51	628.56	573.76
Total Liabilities	879.78	828.00	758.83
Issued, Subscribed & Paid Up Capital	29.50	29.50	29.50
Retained Earnings	284.72	338.78	418.17
Reserves & Surplus	0.00	0.00	0.00
Total Shareholders' Equity	314.22	368.28	447.67
Total Shareholders' Equity & Liabilities	1,194.00	1,196.28	1,206.50
Income Statement Metrics (BDT in MN)	**FY25**	**FY26**	**FY27**
Revenue/Sales/Turnover	1,069.77	1,267.93	1,479.25
Cost of Revenue/ Cost of Goods Sold	916.59	1,085.02	1,260.03
Gross Profit (Loss)	153.18	182.91	219.22
Operating Expenses	113.91	121.47	129.01
Operating Profit	39.27	61.43	90.21
Financial Expense/ Interest Expense	0.00	0.00	0.00
Net Profit before WPPF	39.27	61.43	90.21
Other Expense	0.00	0.00	0.00
Net Profit Before Tax	39.27	61.43	90.21
Provision for Tax	4.71	7.37	10.83
Net Profit After Tax	34.56	54.06	79.39
Cash Flow Metrics (BDT in MN)	**FY25**	**FY26**	**FY27**
Net Cash from Operating Activities	-913.89	9.09	66.85
Net Cash from Investing Activities	-110.14	12.92	11.05
Net Cash from Financing Activities	1,155.30	-51.79	-69.16
Increase/(Decrease) in Cash and Cash Equivalents	131.27	-29.77	8.75
Cash and Cash Equivalents at the Opening	0.00	131.27	101.50
Cash and Cash Equivalents at the Closing	131.27	101.50	110.25

Source: Feasibility report

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APPENDIX B: SUMMARY OF ANALYTICS

Indicators	FY25	FY26	FY27
Revenue Growth	0.00%	18.52%	16.67%
Gross Profit Margin	14.32%	14.43%	14.82%
Operating Profit Margin	3.67%	4.85%	6.10%
Net Profit Margin	3.23%	4.26%	5.37%
Interest Coverage Ratio	0.00x	0.00x	0.00x
ROA	2.89%	4.52%	6.61%
ROE	11.00%	15.84%	19.46%
Debt to Equity Ratio	2.79x	2.24x	1.69x
Accounts Payable Turnover	0.00x	0.00x	0.00x
Accounts Receivable Turnover	0.00x	0.00x	0.00x
Inventory Turnover Ratio	1.30x	1.51x	1.71x
Current Ratio	5.25x	5.51x	6.05x
Cash Conversion Cycle(Days)	277	238	210
Fund from Operations/Total Debt	0.04x	0.07x	0.12x
Operating Cash Flow/Total Debt	-1.04x	0.01x	0.09x
Free Cash Flow/Total Debt	-1.17x	0.03x	0.10x
Total Debt/EBITDA	22.30x	13.41x	8.37x

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APPENDIX C: LONG TERM RATING DETAILS

ACRSL CORPORATE / ENTITY RATING (LONG TERM)

Rating	Definition
AAA Triple A (Highest Safety)	Investment grade. Highest credit quality with lowest expectation of credit risk. When assigned this rating indicates the obligor has exceptionally strong capacity to meet its financial obligations and it is highly unlikely that this capacity will be impacted adversely by foreseeable events.
AA+, AA, AA- Double A (High Safety)	Investment grade. Very high credit quality and minimal expectation of credit risk. When assigned this rating indicates the obligor has very strong capacity to meet its financial obligations and is unlikely to be impacted adversely by foreseeable events.
A+, A, A- Single A (Adequate Safety)	Investment grade. High credit quality and low expectation of credit risk. When assigned this rating indicates the obligor has strong capacity to meet its financial obligations but may be vulnerable to adverse economic conditions compared to obligors with higher credit ratings.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Investment grade. Good credit quality and moderate expectation of credit risk. When assigned this rating indicates the obligor has adequate capacity to meet its financial obligations but this capacity remains more vulnerable to adverse economic conditions.
BB+, BB, BB- Double B (Inadequate Safety)	Speculative grade. Substantial credit risk. When assigned this rating indicates the obligor has business or other alternatives to meet current financial obligations but is substantially vulnerable to adverse economic conditions that may impair ability to meet such obligations in the future.
B+, B, B- Single B (Risky)	Highly Speculative grade. High credit risk. When assigned this rating indicates the obligor has business or other alternatives to currently meet its financial obligations but the degree of certainty regarding timely payment of financial obligations is doubtful unless circumstances improve and remain favorable.
CC+, CC, CC- Double C (Vulnerable)	Highly Vulnerable grade. Very High credit risk. When assigned this rating indicates the obligor is near to default and the degree of certainty regarding timely payment of financial obligations is doubtful unless circumstances improve. This rating may indicate that an insolvency petition has been filed or similar action has been taken, but payments on the obligation are being continued with high degree of external support.
C+, C, C- Single C (Near to Default)	Default Imminent. This category for an institution is considered to be either currently in default or expected to be in default with high probability. The obligor with this rating is unlikely to meet maturing financial obligations.
D Single D (Default)	In Default. This category for an institution is of the lowest credit quality. The rating indicates the obligor has already failed to meet its financial obligations and may have entered bankruptcy proceedings.

ARGUS CREDIT RATING SERVICES LTD.
Dhaka, Bangladesh

APPENDIX D: SHORT TERM RATING DETAILS

ACRSL CORPORATE / ENTITY RATING (SHORT TERM)

Rating	Definition
ST-1	**Highest Grade** Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short-term obligations.
ST-2	**High Grade** High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	**Good Grade** 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.
ST-4	**Satisfactory Grade** Satisfactory liquidity and other protection factors qualify issues as to investment grade. Risk factors are larger and subject to more variation.
ST-5	**Non-Investment Grade** Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
ST-6	**Default** Issuer failed to meet scheduled principal and/or interest payments.

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