

CREDIT RATING REPORT
RASA CHEMICALS INDUSTRIES LIMITED



Ref. no.: FR/2018/06507

Report Contents:

Particulars	Page
Rating Rationale	1
Corporate Profile	2
Brief about Key Sponsors of The Company	2
Business Analysis	3
Risk Factor Analysis	4
Rating Observations	6

Project Rating	SME Rating	Date of Declaration	Date of Expiration
	WCRME 4 (Indicative)*	30 October 2018	29 April 2019

*This assigned rating given up to debt amount of Tk. 15.70 million.

** WCRME 4 rating is equivalent to Bangladesh Bank SME rating scale of SME 4 under BRPD circular number BRPD(BIC)661/14B(P)/2014/2093.

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

Project Cost:

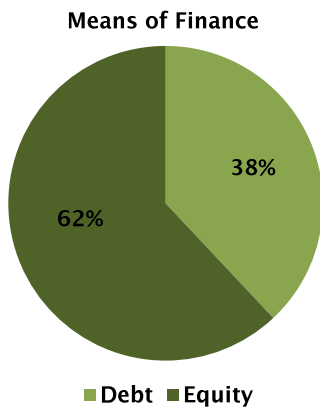
Tk. in million

Items of Cost	Total Cost
Land & Development	9.40
Building	11.51
Machinery	6.07
Installation	0.40
Gas Line Construction	5.00
Vehicle	6.00
Office Furniture	0.40
Pre-Production Exp.	1.00
IDCP	1.10
Total Project Cost	40.87

RATING RATIONALE

WCRCL has assigned “WCRME 4 (Indicative)” (pronounced WASO Credit Rating Medium Enterprise Four Indicative) in the long term to Rasa Chemicals Industries Limited (hereinafter referred as “RCIL” or “The Company” or “The Project”) based on both relevant qualitative and quantitative information up to date of rating declaration. The rating reflects that RCIL is to be average level of credit worthiness.

Rasa Chemicals Industries Limited is rated in investment grade is subject to average level of credit risk due to favorable condition regarding market outlook, credibility, and location advantage. Earlier mentioned variables are considered positive factors while assigning the rating, because market outlook of chemical industry now favorable in Bangladesh. Project will enjoy some location advantage like near high way and industrial area of Bahubal, Habigonj. The company has bank loan for the running project. Despite these positive factors few speculative elements like- achievement of 60% capacity utilization of production in the first year of the operation may be hindered, establishing market channel would be challenging and lack of experience of the sponsors in the same line of business. It may reduce the exposure if debt size proportionate to equity investment becomes low.



Considering all the favorable measures and susceptibility of negative outcome this project has assigned investment grade for next six month period. Total project cost is estimated at Tk. 40.87 million of which Tk. 15.70 million financed by Bank borrowings. The assigned rating is given only for debt financing which amount is Tk. 15.70 million. This rating may be revised subject to credibility of the sponsors, successful implementation and debt proportion in line with the Sponsor’s equity investment or changes in any macro factors along with micro factors in the economy.

Analysts:

Md. Mirazul Islam
 miraz@wasocreditrating.com

Md. Al Amin Jewel
 jewel@wasocreditrating.com