

CREDIT RATING REPORT GOMATI SUPER AUTO BRICKS LIMITED

Ref. no.: FR/2022/025875



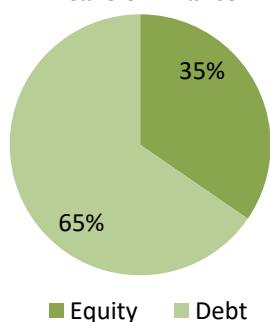
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Project Cost:

Particulars	Tk. In Million
Land & development	121.80
Building & civil construction	212.43
Other Civil Works	11.05
Imported machinery	128.87
Local machinery	42.47
Vehicle Cost	43.03
Furniture & Fixture	1.91
Duty, Tax & insurance	9.66
Erection & installation	8.57
Security Deposit	2.00
Preliminary expense	6.35
Contingency	4.19
IDCP	25.11
Total Fixed Project Cost	617.45
Working Capital	63.59
Total Project Cost	681.04

Means of Finance



Analysts:

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Project Rating	Long Term Rating	Date of Declaration	Date of Expiration
	BBB3 (Indicative)	19 September 2022	18 September 2023

**This assigned rating given up to debt amount of Tk. 401.33 million.*

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

RATING RATIONALE

WCRCL has assigned “BBB3 (Indicative)” (pronounced Triple B Three Indicative) in the long term to **Gomati Super Auto Bricks Limited** (hereinafter referred to as “GSABL” or “The Project or The Company”) based on both relevant qualitative and quantitative information up to date of rating declaration. The rating reflects that GSABL is subject to medium credit risk. This is considered to be medium grade and as such may possess certain speculative characteristics.

Gomati Super Auto Bricks Limited, rated in investment grade is subject to average credit risk due to favorable condition regarding sponsors have depth knowledge about their business, market channel will establish quickly because the Board of Directors already have good connection with end customer, ecofriendly and advanced technology which is complies with Govt. regulation, high local demand of the products, location advantage, availability of raw material. Project will enjoy some location advantage like project site is close to highway, availability of raw material and utility connections.

However, the ratings are constrained by risk associated with risk associated with project implementation, risk associated with arranging finance for the project, high levered in the capital structure, DSCR is marginal subject to adverse situation, business network and market penetration may hinder achievement of 70% capacity utilization of production in the first year of the operation, industry nature imposes high competitiveness, so fluctuation in sales or raw material price may impact debt servicing capacity, land not yet handover in company name.

Considering all the favorable measures and susceptibility of negative outcome this project has been assigned investment grade for next one year period. Total fixed project cost is estimated at Tk. 617.45 million including IDCP of which Tk. 401.33 million will be financed by bank borrowing and rest of Tk. 216.12 million will be financed by the sponsors. The assigned rating is given only for debt financing which amount is Tk. 401.33 million. In case of any increment in debt finance, this assigned rating will not be valid.

This rating may be revised subject to 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. However, there are risks associated with efficient utilization of bank finance for the project, and project implementation within due time frame.