

INITIAL CREDIT RATING REPORT MOSTAFA INDUSTRIES LIMITED

Ref. no.: FR/2023/030462



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Project Rating	SME Rating	Date of Declaration	Date of Expiration
	WCRSE 4 (Indicative)	28 March 2023	27 March 2024

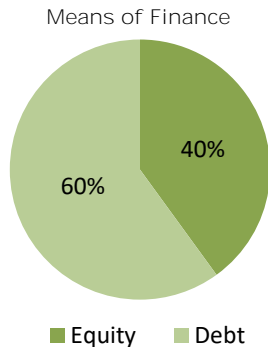
* This assigned rating given up to debt amount of Tk. 79.06 million.

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

RATING RATIONALE

Project Cost:

Particulars	Tk. In Million
Land	12.44
Land development	2.00
Building & civil construction	12.00
Foreign & Local Machinery	85.86
Duty, Clearing & Insurance	9.96
Internal Freight	2.50
Erection & Installation	3.00
Furniture & Fixture	2.00
Preliminary Expense	2.00
Total Fixed Cost	131.76
Working Capital	55.14
Total Cost of Project	186.90



WCRCL has assigned “WCRSE 4 (Indicative)” (pronounced as WASO Credit Rating Small Enterprise Four Indicative) to Mostafa Industries Limited (hereinafter referred to as “MIL” or “The Project or The Company”) based on both relevant qualitative and quantitative information up to date of rating declaration. The SME rating implies that the enterprise is adjudged average level of credit worthiness in relation to other SEs/MEs.

Mostafa Industries Limited, experienced and knowledgeable sponsors, high local demand of the products, location advantage and business set up on their own land. However, the ratings are constrained by relatively, risk associated with project implementation, moderate levered capital structure, DSCR is marginal to moderate subject to adverse situation, business network and market penetration may hinder achievement of 60% capacity utilization of production in the first year of the operation and industry nature imposes high competitiveness, so fluctuation in sales or raw material price may impact debt servicing capacity.

Considering all the favorable measures and susceptibility of negative outcome this project has been assigned investment grade for next period. Total project cost is estimated at Total project cost is estimated at Tk. 131.76 million of which Tk. 79.06 million will be financed by bank borrowing and rest of the amount Tk. 52.70 Million will be financed from equity. The rating is assigned for debt amount of Tk. 79.06 million.

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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.