

3rd SURVEILLANCE CREDIT RATING REPORT NATIONAL DENIM LIMITED



Ref. no.: FR/2023/30170

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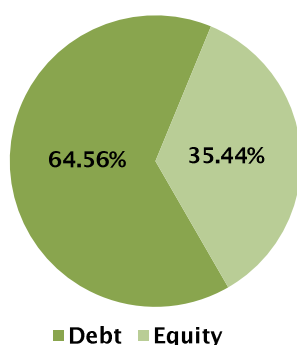
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Project Cost:

BDT. in million

Particulars	Total
Land	98.14
Land Development	9.02
Building	266.76
Others Civil works	34.30
Importable Machineries	1273.53
Local Machineries	216.71
BG for Titas	38.41
Internal Freight	12.19
Furniture & fixture	12.00
Erection, installation	14.79
Security Deposit	1.00
IDCP	92.53
Preliminary expenses	7.00
Contingency for Machinery	25.47
Contingency for Building	15.05
Total Fixed Cost of the Project	2,116.90

Capital Structure



Analysts:

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Project Rating	Long Term Rating	Date of Declaration	Date of Expiration
	BBB3 (Indicative)*	28 March 2023	27 March 2024

*This assigned rating is given up to debt amount of BDT. 1,366.72 million.

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

RATING RATIONALE

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

National Denim Limited is rated in investment grade is subject to medium credit risk due to favorable condition regarding market outlook, management experience, land procurement, credibility, and location advantage. Earlier mentioned variables are considered positive factors while assigning the rating, because market outlook of textile industry now favorable in Bangladesh. Management also has considerable experience in line with business. Land already procured and developed and title of the land transfers to the Company name. Project will enjoy some location advantage like near high way and industrial area of Gazipur. The company has no bank loan for the running project (according to the management). Despite these positive factors few speculative elements like-funding and implementation pose substantial credit risk. Project cost structure revealed high portion of debt may expose high risk in response to equity investment. It may reduce the exposure if debt size proportionate to equity investment becomes low. Finally, the implementation action plan is very inadequate, since, significant portion of project implementation tasks have not been accomplished excluding land procurement.

Considering all the favorable measures and susceptibility of negative outcome this project has assigned investment grade for one year. Total fixed cost is estimated at BDT. 2,116.90 million of which BDT. 1,366.72 million will be financed by Bank borrowings. The assigned rating is given only for debt financing which amount is BDT. 1,366.72 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.