

CREDIT RATING REPORT LYNPERS CHEMICAL INDUSTRIES LIMITED

Ref. no.: FR/2023/31310



Report Contents:

Particulars	Page
Rating Rationale	1
Project Profile	2
Brief about Key Sponsors of The Company	2
Corporate Management	3
Industry Review	3
Business Analysis	4
Financial Risk Factor	6
Rating Observations	8

Project Cost:

Particulars	Tk. in Million
Shed & Building	90.782
Other civil construction	4.500
Imported Capital machinery	85.800
Local Machinery	5.000
Import duty, Customs, Vat & Insurance (4.5%)	3.861
Diesel Generator (250KVA)	2.500
Substation (500KVA)	3.500
Vehicles	9.600
Advance Security Deposit & others	2.500
Office decoration	2.500
Machinery Installation	3.000
Preliminary expenses	3.500
Contingency of civil construction-5%	4.764
Contingency of Machinery-5%	4.540
Total Fixed Cost Except IDCP	226.347
Working Capital Req.	68.570
IDCP (18 months Grace)	21.363
Total Project Cost	316.280

Project Rating	WCRSE/WCRME	Outlook	Date of Declaration	Date of Expiration
	WCRSE 4	Indicative	07 May 2023	06 May 2024

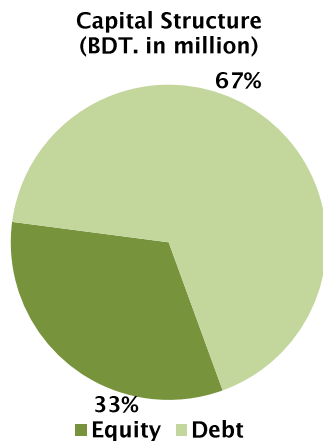
* This assigned rating given up to debt amount of Tk. 213.09 million

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

RATING RATIONALE

WCRCL has assigned 'WCRSE 4' (Indicative)" (pronounced as WASO Credit Rating Small Enterprise Four Indicative) in the Small Medium Enterprise to **Lynpers Chemical Industries Limited** (hereinafter referred to as "LCIL" or "The Project or The Company") based on both relevant qualitative and quantitative information up to date of rating declaration. The rating reflects that LCIL is subject to medium credit risk. This is considered to be medium grade and as such may possess certain speculative characteristics.

Lynpers Chemical Industries Limited, rated in investment grade is subject to average credit risk due to favorable condition regarding experienced and knowledgeable sponsors, high local and foreign demand of the products and advanced technology which is complies with Govt. regulation, location advantage, project set up on their own land. Project will enjoy some location advantage like project site is close to highway, utility connections. However, the ratings are constrained by relatively risk associated with project implementation, risk associated with arranging finance for the project, DSCR is marginal to moderate subject to adverse situation, business network and market penetration may hinder achievement of 40% 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 project cost is estimated at Tk. 316.28 million which Tk. 213.09 million will be financed by bank borrowing and rest of Tk. 109.19 million will be financed by the sponsors. The assigned rating is given only for debt financing which amount is Tk. 213.09 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.

Analysts:

Nazrul Islam
nazrul@wasocreditrating.com

Md. Al Amin Jewel
jewel@wasocreditrating.com