

1st SURVEILLANCE CREDIT RATING REPORT HUMAIRA COMPOSITE TEXTILE MILLS LIMITED

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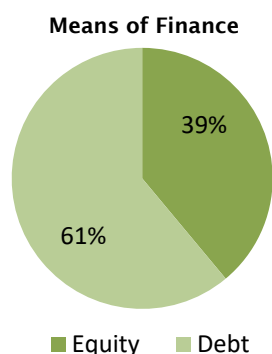


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Project Cost:

Particulars	Tk. In Million
Land	1,188.0
Land development	59.40
Building & civil construction	456.72
Local machinery & equipment's	108.72
Import machinery & equipment's	2,238.6
Duty, Clearing & Commission	89.54
Erection & installation	55.96
Furniture & fixture	15.00
Vehicle	15.00
Preliminary Expense	12.50
Contingency	22.38
IDCP	115.07
Total Fixed Cost	4,376.9



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Project Rating	Long Term Rating	Date of Declaration	Date of Expiration
	BBB+ (Indicative)	04 July 2023	17 July 2024

**This assigned rating given up to debt amount of Tk. 2,672.28 million.*

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

RATING RATIONALE

WCRCL has assigned “BBB+ (Indicative)” (pronounced Triple B Plus Indicative) in the long term to **Humaira Composite Textile Mills Limited** (hereinafter referred to as “HCTML” or “The Project or The Company”) based on both relevant qualitative and quantitative information up to date of rating declaration. The rating reflects that HCTML is subject to moderate credit quality.

Humaira Composite Textile Mills Limited, rated in investment grade is subject to moderate credit quality due to favorable condition regarding long experience of promoter in cotton and spinning industries, sponsors have depth knowledge about yarn manufacturing business, experienced management, high local demand of the products, eco-friendly 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, availability of raw material and utility connections, DSCR is good subject to adverse situation, land has been handover in the company name.

However, the ratings are constrained by relatively risk associated with project implementation, business network and market penetration may hinder achievement of 88% 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.

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. 4,376.93 million including IDCP of which Tk. 2,672.28 million will be financed by bank borrowing and rest of Tk. 1,704.64 million will be financed by the sponsors. The assigned rating is given only for debt financing which amount is Tk. 2,672.28 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.