

INITIAL CREDIT RATING REPORT CHAND AGRO LIMITED

Ref. no.: FR/2022/026367



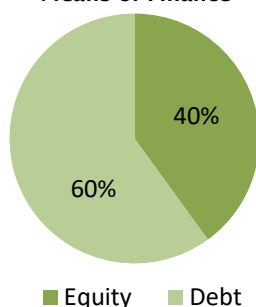
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Project Cost:

Particulars	Value
Land	47.70
Building & Civil Works	30.32
Machinery	172.01
Duty, Clearing & Insurance	10.68
Internal Freight	0.50
Erection & installation,	3.00
Furniture & fixture	1.60
Preliminary	92.00
Contingencies	8.56
Total Fixed Cost	366.48

Means of Finance



Analysts:

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Project Rating	SME Rating	Date of Declaration	Date of Expiration
	WCRSE 3 (Indicative)	11 October 2023	10 October 2023

* This assigned rating given up to debt amount of Tk. 219.889 million.

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

RATING RATIONALE

WCRCL has assigned “WCRSE 3 (Indicative)” (pronounced as WASO Credit Rating Small Enterprise Three Indicative) to Chand Agro Limited (hereinafter referred to as “CAL” 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.

Chand Agro Limited, rated in investment grade is subject to above average credit risk due to favorable condition regarding proprietor has depth knowledge about poultry business, project located at proprietors own land, market channel will establish quickly as the proprietor already has good connection with this industry, good market demand, availability of the supply of raw materials. However, the ratings are constrained to some extent by highly levered capital structure, risk associated with project implementation, risk associated with arranging further additional finance for the project, business network and market penetration may hinder achievement of 75% 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. Total fixed cost is estimated at Tk. 366.482 million of which Tk. 219.889 million will be financed by bank borrowing and Tk. 146.592 million will be financed by shareholder/sponsors. The assigned rating is given only for debt financing which amount is Tk. 219.889 million, Already has disbursed Tk. 63.902 million. 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 outside finance for the project, and project implementation within due time frame.