

INITIAL CREDIT RATING REPORT HAZI ABDUL MANNAN TEXTILE

Ref. no.: FR/2023/34169



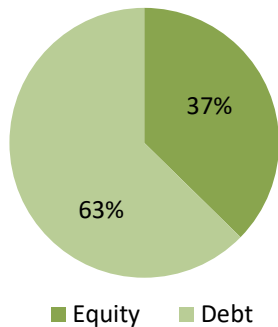
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Project Cost:

Particulars	Tk. in Million
Land & land development 68.68 decimal	48.076
Civil construction Cost	20.632
Imported Machinery	57.204
Plant & Machinery Local	9.688
Utility	6.500
Furniture & Fixture	1.500
Motor Vehicle	5.000
Compliance Material	1.000
Perpetrating Expenses	1.000
Office & IT Equipment	1.000
Total Fixed Cost	151.600
Net Working Capital	25.000
Total Project Cost	176.60

Means of Finance



Analysts:

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Project Rating	Rating Notches	Outlook	Date of Declaration	Date of Expiration
	WCRSME4	Indicative	25 July 2023	24 July 2024

* This assigned rating given up to debt amount of Tk. 120.00 million

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

RATING RATIONALE

WCRCL has assigned 'WCRSME4' (Indicative)" (pronounced as WASO Credit Rating Small & Medium Enterprise Four Indicative) in the Small Medium Enterprise to **Hazi Abdul Mannan Textile** (hereinafter referred to as "**HAMT**" or "**The Project or The Enterprise**") based on both relevant qualitative and quantitative information up to date of rating declaration. The rating reflects that HAMT is subject to medium credit risk. This is considered to be medium grade and as such may possess certain speculative characteristics.

Hazi Abdul Mannan Textile, 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, availability of raw material and 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 60% 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. 176.60 million which Tk. 120.00 million will be financed by bank borrowing and rest of Tk. 56.60 million will be financed by the sponsors. The assigned rating is given only for debt financing which amount is Tk. 120.00 million. Already bank has provided loan sanction amount BDT. 123.385 In Million Funded & Non Funded but loan has not disbursed. 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.