

INITIAL CREDIT RATING REPORT MIDLAND GRANITE AUTO BRICKS INDUSTRIES LIMITED

Ref. no.: FR/2023/33321



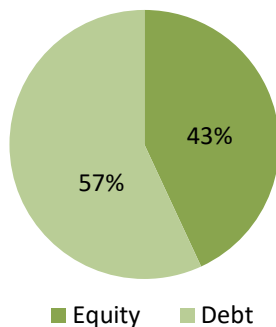
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Project Cost:

Particulars	Tk. in Million
Land & land development	26.770
Kiln, Dryer, Steel land and Machine Foundation Cost	100.685
Machinery To be Imported	65.450
Other Cost of Imported Machinery	3.818
Local Machinery & Vehicle	28.991
Project Design, Supervision & Consultancy	4.00
Other furniture & Fixtures	1.00
Total Fixed Cost	230.714
Preliminary & Pre-operating Expenses	2.500
Security Deposit/Contingency	1.200
Initial Networking Capital	71.451
Total Project Cost	305.865

Means of Finance



Analysts:

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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. 179.198 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 **Midland Granite Auto Bricks Industries Limited** (hereinafter referred to as "MGABIL" or "The Project or The Company") based on both relevant qualitative and quantitative information up to date of rating declaration. The rating reflects that MGABIL is subject to medium credit risk. This is considered to be medium grade and as such may possess certain speculative characteristics.

Midland Granite Auto Bricks 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, 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 70% 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. 305.865 million which Tk. 179.198 million will be financed by bank borrowing and rest of Tk. 135.679 million will be financed by the sponsors. The assigned rating is given only for debt financing which amount is Tk. 179.198 million. Already bank has provided 108.828 BDT. In Million disbursed & 103.980 BDT. In Million yet to be disbursed.

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.