

**Credit Rating Report
Chittagong Waste Treatment Plants Ltd.**

Rating

Long Term : BBB₃
Date of Rating : March 17, 2010
Validity Till : September 17, 2010

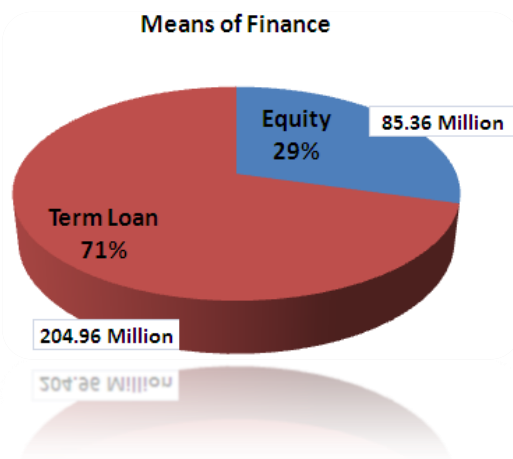
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Cost of the Project

Description	Amount
Land (One year rent)	3.00
Civil Construction	156.96
Machinery	20.81
Local Machinery	10.00
Mechanical	28.74
Other Office Equipment	1.00
Pre-operating charges	5.00
Electrical	17.34
Transport facility	20.00
Initial working Capital	27.46
Total Cost of The Project	290.32

Means of Finance

01. RATIONALE

Credit Rating Agency of Bangladesh Ltd (CRAB) has assigned 'BBB₃' (Triple B Three) rating to Chittagong Waste Treatment Plant Limited (CWTP) which has sought Term Loan of BDT 204.96 million from AB Bank Limited and IDCOL for its project.

Project rated 'BBB₃' have adequate Capacity to meet financial commitments but are more susceptible to adverse economic conditions or changing circumstances and are also subject to moderate credit risk.

The rating reflects the Company's position as a central ETP at Chittagong EPZ under the authority of BEPZA. CWTP will enjoy similar facilities like any other industries of CEPZ. The project company should have the capacity of treating 15000 m³ effluents from the industries of CEPZ. Under the effluent treatment agreement, CWTP has to share the revenue (fixed at BDT 38.76/m³) and the revenue sharing ratio is decided at 60:40. The project company projected its revenue from two sources – Effluent and Solid waste. As CWTP has entered into the contract with BEPZA for effluent treatment, CRAB evaluates the viability of the project considering the effluent treatment only.

The project will be financed through term loans from IDCOL and AB Bank Limited. Cost of civil construction is the largest pie in the total project cost. Other major costs are involved in machineries and equipments. Sustainable Environmental Management Consultants Limited (SEMAC) and their technical team are providing the technical support to CWTP.

CRAB views that changes in raw materials price, operating cost and effluent/solid waste volume may impact its earnings and hence subject to the arousal of marginal



CRAB Ratings

Projects

debt service coverage ratios. But it can change its tariff structure to the ratio government hikes the utility charge in CEPZ. Completion of project and commencing the operation within the stipulated time is a challenge as CWTP has to pay BDT 100 thousand per day for such inability. The project may also face some exchange rate risk because CWTP has to pay its land rent to BEPZA and purchase raw materials and machineries from abroad in foreign currency.