Early Warning System

IFC-40929

PRAN Agro Business Ltd

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Quick Facts

Countries	Bangladesh
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Borrower	PRAN Agro Business Ltd
Sectors	Agriculture and Forestry
Investment Type(s)	Loan
Investment Amount (USD)	$ 85.00 million
Loan Amount (USD)	$ 30.00 million

Project Description

The group of companies known as PRAN Group (“PRAN” or the “Group”) was established in 1981 and is a branded food and beverage group and the largest agro-processor in Bangladesh. PRAN has its production facilities at 13 locations. IFC approved processed debt investments in 2009 (project#27005 for a number of PRAN companies defined together as PRAN Group), 2011 (project#30568, for PRAN Dairy Limited expansion) and 2012 (project#31829 for Natore Agro Limited (NAL)). There is no formal holding company structure at PRAN and every large expansion is typically set up under a new entity. For previous IFC investments, IFC had defined six entities (all in the food/dairy sector) within PRAN as “PRAN Group” for its investments. The outstanding loans for IFC are at PRAN Dairy (till 2018) and NAL (till 2019). The proposed investment is a senior loan of US$30 million for a capacity expansion of several of its existing food products (fruit juices, biscuits, noodles, and spices) through a US$65 million capital expenditure investment at PRAN Agro Business Limited (PABL) as well as local currency working capital facilities totaling BDT 1,600 mm (up to US$20 million) to Pran Agro Limited (PAL) and NAL for a total project cost of approximately US$85 million (the “Project”). The capacity expansion would be undertaken at two new facilities being established by PABL at Natore (~200 km north west of Dhaka) (“PABL-Natore”) and Rajshahi (~260 km north west of Dhaka) (“PABL-Rajshahi). The expansion will include the following components:(a) setting up an aseptic pulping facility in Rajshahi for increasing fruit-based beverage capacity;(b) increasing production capacity of spice products;(c) expansion of noodle-making capacity and backward integration into flour milling;(d) developing a distribution channel of 1,500 distributors; (e) modernizing existing operations.PABL-Rajshahi currently has installed a pulping line and a warehouse whereas PABL-Natore has a warehouse, peanut mill installed and a scrap yard (common for this facility as well as NAL). The other parts of the both the facilities are also under construction. Considering multiple products will be manufactured at these facilities and size of the facilities, the construction is expected to continue for another 2-3 years.

Investment Description

- International Finance Corporation (IFC)

Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Other Related Projects

- IFC-47376 Habiganj Agro Limited
- IFC-51813 PRAN VII