Early Warning System

IFC-46198

Meghna Rice

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Quick Facts

Countries	Bangladesh
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2023-01-12
Borrower	MEGHNA GROUP (TFL AND GUARANTORS)
Sectors	Agriculture and Forestry
Investment Type(s)	Loan
Investment Amount (USD)	$ 35.00 million

Project Description

According to the IFC webpage:

> Meghna Group is a leading enterprise in Bangladesh having diversified business interests in numerous industrial sectors, including fast moving consumer goods, food processing, building materials, pulp and paper, liquefied petroleum gas (LPG), feeds, fiber, power plants, shipping, seeds crushing, chemicals, ship building, dockyard, securities, insurance, media, and aviation. Meghna Group has currently 42 independent companies managing different industrial verticals. As part of its business expansion in food processing industry, Meghna Group is undertaking a forward integration project by setting up a new greenfield rice milling plant. The new rice milling plant is being implemented by one of the existing group companies – M/s Tanveer Foods Limited - currently engaged in trading of full cream milk powder.
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> IFC proposes a loan investment of USD$35 million to M/s Tanveer Foods Limited (the "Company") for setting up a greenfield rice milling plant with a capacity of 1,000 Tons per day (TPD) of paddy processing in Thengamara, Bogura in the northern region of Bangladesh ("the Project"). The project will produce about 600 TPD of processed rice and by-products such as rice husk, rice bran, oil cakes and broken rice. Rice husk will be used as feedstock in captive biomass fired boilers while rice bran will be used as an input material in the integrated 80 TPD rice bran oil mill being proposed within the same complex as part of the project. Broken rice and oil cakes will be used by Meghna Feeds Limited – a Group company, and the excess will be sold to poultry and animal farmers. The project site at Bogura is a major paddy producing area and the Company plans to procure almost half of the raw paddy requirement directly from farmers after 1-2 years of commissioning the project and the balance from Aratdars (paddy merchants) and local haats (markets) in the region. The company has identified seven (7) north-western districts that includes Dinajpur, Naogaon, Natore, Rangpur, Bagura, Rajshahi and Shirajgong as catchment areas for procuring raw paddy. As setting up direct farmer procurement network will take some time, the company has short term plans to purchase raw paddy from secondary markets and paddy merchants in the initial years. Processed rice will be sold through existing Meghna Group's marketing channels for a fee, at existing distributors, warehouses, and marketing network. Meghna Group's food processing products are sold under the brand name of "Fresh" and "No.1" through a large distribution network of 1500+ third party dealers and agents in Bangladesh.The project will generate electricity for its self-consumption using rice husk fired boiler of 55 tons per hour (TPH) steam generating capacity and a 6 megawatt (MW) steam turbine. Besides, the project will have associated facilities, such as a 4 MW of grid sourced electricity connection as a back-up for power; 420 kiloliters per day (KLD) capacity effluent treatment plant (ETP); water treatment plant (WTP) comprising of demineralization plant and Reverse Omosis systems; groundwater borewell with 120 m^3/hr abstraction capacity; two underground hexane storage tanks; and 400 bedded on-site dormitory building for housing operational phase workers. The rice mill project will have large storage buildings for raw paddy and processed rice. There is a large surface water pond (5 acres in size) within the larger land parcel. The utilities, such as the borewell, the ETP and the dormitory building are located outside the project land area but within the larger land parcel owned by Meghna Group. These utilities will be partially shared and used by other Group company plants located in the same industrial complex. The project is expected to be completed and fully commissioned by June 2023 while trial runs could be attempted by February 2023. As of today, the project design phase is completed, and the Company has appointed three civil works contractors to start the construction phase.

Investment Description

- International Finance Corporation (IFC)

The total Project cost is estimated at ~US$53 million and is proposed to be financed with long-term debt totalling ~US$35 million and the balance ~US$18 will be financed through equity.

The proposed IFC investment package of US$35 million consists of an A Loan of up to US$21 million and a GAFSP-subordinated loan (the “GAFSP Loan”) of another US$14 million as described in the Blended Finance section. The two loans have a tenor of 8 years including a 2 years of grace period (from the commitment date).

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Meghna Group	Client	-

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC/MIGA

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