

INITIAL CREDIT RATING REPORT LS FOOTWEAR LIMITED

Ref. no.: FR/2023/030623



Report Contents:

Particulars	Page
Rating Rationale	1
Corporate Profile	2
Brief About Key Sponsors Of The Company	2
Business Management	2
Industry Analysis	3
Business Analysis	3
Risk Factor Analysis	5
Rating Observations	6

Project Rating	Long Term Rating	Date of Declaration	Date of Expiration
	BBB3 (Indicative)*	28 March 2023	27 March 2024

*This assigned rating given up to debt tk. 830.58 million.

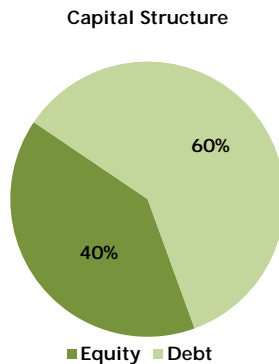
Methodology: Corporate rating methodology published on the WCRCL website at www.wasocreditrating.com

RATING RATIONALE

WCRCL has assigned "BBB3 (Indicative)" (pronounced Triple B Three Indicative) in the long term to LS Footwear Limited (hereinafter referred to as 'LSFL or 'the company') based on both relevant qualitative and quantitative information up to date of rating declaration. The rating reflects that LSFL is subject to medium credit risk. This is considered to be medium grade and as such may possess certain speculative characteristics.

Project Cost:

Means of Finance	Tk. In million
Long Term Loan	498.35
Sponsor's Investment	332.22
Total Loan and Equity	830.58



Analysts:

Md. Rafiul Bary
Financial Analyst
rafi@wasocreditrating.com

Al Amin Jewel
Financial Analyst
jewel@wasocreditrating.com

LS Footwear Limited is rated possibility of maximum production capacity will remain unattainable for longer period of time highly levered capital structure, low experience in footwear business, lack of marketing plan, documentation on progress, risk associated with arranging finance for the project. Earlier mentioned variables are considered positive factors while assigning the rating, sponsors have depth knowledge in different manufacturing business, factory set up on their own land, industrial area may endow with the location advantage

Considering all the favorable measures and susceptibility of negative outcome this project has assigned investment grade for next one year period. Total fixed cost of project is estimated at Tk. 830.58 million of which Tk. 498.35 million financed by bank borrowing. 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 finance for the project and project implementation within due time frame.