

INITIAL CREDIT RATING REPORT ICON FOOTWEAR LIMITED

Ref. no.: FR/2022/32801



Report Contents:

Particulars	Page
Rating Rationale	1
Project Profile	2
Brief about Key Sponsors of The Company	2
Corporate Management	3
Market Review	3
Business Analysis	6
Risk Factor Analysis	7
Rating Observations	10

Project Rating	Long Term Rating	Date of Declaration	Date of Expiration
	BBB3 (Indicative)	11 October 2022	10 October 2023

*This assigned rating given up to debt amount of Tk. 912.20 million.

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

Project Cost:

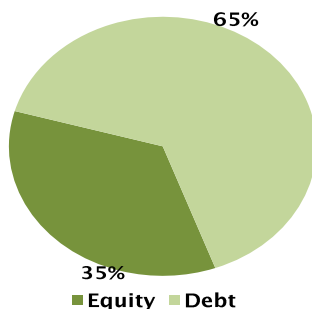
Particulars	Value
Land	126.00
Land development	23.00
Building & Civil Work	168.00
Pre-Fabricated steel building	252.30
Plat & machine import	300.00
Duty, Tax & Others 5%	16.00
Plant & machine local	25.00
Electrical substation-1500 KVA & General electrification	20.00
Firefighting & safety	20.00
Diesel Generator (750 KVA & 750 KVA)	20.00
Solar System	20.00
Vehicle	25.00
Furniture-fixture & office equipment	12.00
Machinery erection & Installation	10.00
Preliminary expense	10.00
Consultancy fees	5.00
Contingency for machinery, equipment, building etc 5%	8.00
Total Project Cost	1080.00
Working Capital	300.00
Grand Total Cost	1380.00

RATING RATIONALE

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

Icon Footwear Limited, rated in investment grade is subject to average credit risk due to favorable condition regarding experienced and knowledgeable sponsors, high local demand of the products, eco-friendly 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 65% 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.

Capital Structure
(BDT. in million)



Considering all the favorable measures and susceptibility of negative outcome this project has been assigned investment grade for next one month period. Total project cost is estimated at Tk. 1380.00 million which Tk. 912.20 million will be financed by bank borrowing and rest of Tk. 467.80 million will be financed by the sponsors. The assigned rating is given only for debt financing which amount is Tk. 912.20 million. In case of any increment in debt finance, this assigned rating will not be valid.

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.

Analysts:

Nazrul Islam
nazrul@wasocreditrating.com

Md. Al Amin Jewel
monira@wasocreditrating.com