

# 3<sup>rd</sup> SURVEILLANCE CREDIT RATING REPORT SAMYCON FOOTWEAR LIMITED



Ref. no.: FR/2023/032585

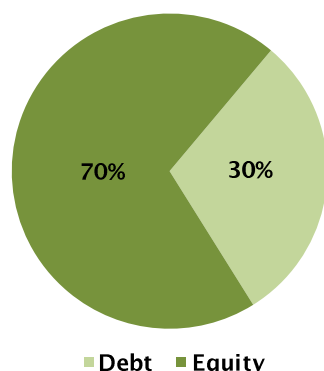
## Report Contents:

Particulars	Page
Rating Rationale	01
Corporate Profile	02
Brief About Key Sponsors Of The Company	02
Group Profile	03
Industry Analysis	04
Business Analysis	05
Risk Factor Analysis	07
Rating Observation	09

## Project Cost:

Particulars	Tk. in Million
Land & Development	201.00
Buildings	487.30
Other Civil Work	55.00
Importable Machinery	573.24
L/C Charges/C&F	42.13
Security Deposit	10.00
Local Machinery	45.00
LEED Cost (Fees)	10.00
Furniture & fixture	2.00
Vehicle	9.50
Machinery erection	2.50
Preliminary expenses	15.00
Contingency for Machinery	16.51
Contingency for Building	13.56
<b>Total</b>	<b>1482.74</b>

Means of Finance



## Analysts:

**Monira Islam**  
monira@wasocreditrating.com

**Md. Al Amin Jewel**  
jewel@wasocreditrating.com

Project Rating	Long Term Rating	Date of Declaration	Date of Expiration
	BBB- (Indicative)*	25 July 2023	24 July 2024

\*This assigned rating given up to debt amount of Tk. 1,037.92 million.

*Methodology: Corporate rating methodology published on the WCRCL website at [www.wasocreditrating.com](http://www.wasocreditrating.com)*

## RATING RATIONALE

WCRCL has reaffirmed “**BBB- (Indicative)**” (pronounced Triple B Minus Indicative) in the long term to **Samycon Footwear Limited** (hereinafter referred as “SFL” or “The Company” or “The Project”) based on both relevant qualitative and quantitative information up to the date of rating declaration. The rating reflects that SFL is considered to be in below average credit quality due to favorable condition regarding market outlook and locational advantage.

Samycon Footwear Limited is rated in investment grade is subject to medium credit risk due to favorable condition regarding market outlook, management experience, group support and location advantage. Earlier mentioned variables are considered positive factors while assigning the rating. Management also has considerable experience in manufacturing business. Land already procured but title of the land not transferred to the Company name, yet. Project will enjoy some location advantage like near high way and industrial area of Dania, Sreepur, Gazipur. The company has bank loan for the running project, according to management. Despite these positive factors few speculative elements like-project implementation on due time. Project cost structure revealed high portion of debt may expose high risk in response to equity investment. It may reduce the exposure if debt size proportionate to equity investment becomes low. Finally, the implementation action plan is very inadequate, since, significant portion of project implementation tasks have been accomplished excluding land procurement.

Considering all the favorable measures and susceptibility of negative outcome this project has assigned investment grade for next six month period. Total project cost is estimated at Tk. 1,482.74 million of which Tk. 1,037.92 million will be financed by bank borrowing. The company will borrowed fund at the ratio of 70:30. However, there are risks associated with efficient utilization of finance for the project, and project implementation within due time frame.

This rating may be revised in case of any extraordinary changes in line with the sponsor’s equity investment, debt obligations, management, business operations and/or changes in any macro and micro factors in the economy.