Early Warning System

IFC-48407

Samuda Food Products Ltd.

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Quick Facts

Countries	Bangladesh
Specific Location	Mirsarai Economic Zone, Bangabandhu Shilpa Nagar, Chattogram
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2024-12-20
Borrower	Samuda Food Products Ltd.
Sectors	Agriculture and Forestry, Construction, Energy, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 40.00 million
Loan Amount (USD)	$ 40.00 million
Project Cost (USD)	$ 83.20 million

Project Description

As stated by the IFC, the proposed investment is a corporate loan of up to US$40 million to Samuda Food Products Ltd (“SFPL” or the “Company”).

The use of proceeds will finance the construction and operation of a greenfield soybean crushing plant with a capacity of 540 Metric Tonne/day Crude Degummed Soybean Oil and 2,370 MT/day soybean meal/ soya cake; additional by-product includes soybean hull (123 MT/day) and lecithin gum (20 MT/day).
The Project will improve food safety by boosting the domestic processing of soybeans, supplying crude edible oil for cooking and other edible purposes, and providing soybean meal to local feed producers to support local production of animal protein.

The plant will be located at Mirsarai Economic Zone (MEZ)-II, managed by the Bangladesh Economic Zone Authority (BEZA), approximately 70 kms north of Chittagong port, the largest port of Bangladesh. BEZA leased 60 acres of encumbrance free land to Samuda Group in 2020, out of which 11 acres was allotted to this project. The remaining land is used by Samuda’s two other subsidiaries: (i) Samuda Construction Limited (SCL), currently operational, and (ii) Samuda Edible Oil Limited (SEOL), currently under construction.
There is no physical or economic displacement on the land provided to SFPL by BEZA.

MEZ- II was part of the World Bank (WB) Private Sector Development Support Project (PSDSP) for Bangladesh aimed to develop economic zone meeting international standards. The establishment of the MEZ II underwent an Environmental and Social Impact Assessment (ESIA) process in compliance with the Bangladeshi's legal and regulatory requirements and WB requirements, with the intent of integrating good E&S management practices in the design of MEZ-II. The ESMP defined as a result of the MEZ-II ESIA process is currently under implementation by BEZA. Details of the implementation progress of the ESMP for MEZ-II were not available at the time of this appraisal. BEZA has obtained Environmental Clearance for the MEZ-II from the Department of Environment (DoE).

SFPL did not require a regulatory EIA (as BEZA has completed ESIA for MEZ-II), although SFPL had to separately apply for Environmental Clearance Certificate from DoE which it has already received. Though there was no regulatory ESIA requirement, SFPL commissioned a project specific ESIA in line with Bangladesh' legal and regulatory requirements and IFC Performance Standards.

The crushing plant, for which construction is scheduled to start in September 2024 and spread over 24 months, will be equipped with a jetty of approximately 470m long and 25m wide at around 600m from the super dyke surrounding MEZ-II. The jetty construction will include pile driving activity in coastal waters. Necessary permissions have been obtained from BEZA and Bangladesh Inland Water Transport Authority prior to the construction of this jetty.

SFPL will source electricity from the national power grid till the gas-based co-generation power plant of 17 MW is commissioned. Water, gas, and other utilities are already available on-site. The project will have ancillary facilities, such as a raw water treatment plant, a wastewater treatment plant, effluent treatment plant, firefighting system, residential building for workers (300 during construction and 270 during operations); storage tanks; two 4.3 Megawatt (MW) generators along with a Gas-fired boiler; electricity substation infrastructure; 1km 11kV distribution line, and on-site storage facilities for hexane and soyabean oil.
All the facilities will be located within the project land boundary. The closest community settlement from the project site is outside of the MEZ-II at a distance of 3 kms.

Soybean will be imported from Brazil, Argentina, and Canada; phosphoric acid (from China); caustic soda (supplied by Samuda Chemical Complex Limited, a sister organization), and hexane from Super Petrochemical Ltd. (Super Petro, a sister organization). All the raw materials (except for soyabean) will be transported by road. The soybean will be transferred from larger ships/vessels to smaller vessels in the outer anchorage area near Chattogram (17 nautical miles from the project site)

Investment Description

- International Finance Corporation (IFC)

Private Actors Description

As stated by the IFC, the sponsors include Mr. Mohammad Mustafa Haider, Ms. Farzana Afroze, and Ms. Rizwana Afroze.

Samuda Food Products Ltd. is part of Samuda Chemical Complex Limited, a sister concern of T.K. Group.
As stated on the company's website, Samuda Chemical Complex Limited (SCCL) is a private limited company owned by Mohammad Abul Kalam, Farzana Afroze, Mohammad Mustafa Haider, Rizwana Afroze. SCCL was incorporated in 2006 in Bangladesh under the Companies Act, 1994 and has an authorized capital of BDT 5,000,000,000. It is the largest caustic soda and hydrogen peroxide plant at present in Bangladesh.

As stated on the company's website, T.K. Group was founded by two brothers, Mohammed Abu Tayab and Mohammad Abul Kalam, in 1972. Today, T.K. Group is one of the biggest conglomerates of Bangladesh.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Super Petrochemical Ltd.	Contractor	Energy
TK Group of Companies (Bangladesh)	Undisclosed	Industry and Trade	owns	Samuda Chemical Complex Limited	Client	Industry and Trade

Contact Information

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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

Bank Documents

- 0721054-Appendix ESIA_Samuda_Mirsharai- Final
- 0721054_ESIA_Samuda_Mirsarai-Final
- Environmental and Social Review Summary
- Environmental Impact Assessment Report Mirsarai Economic Zone II
- IFC response re: letter of concern on Samuda Food Products (48407)_02DEC24
- Response to follow up letter re: Samuda_31JAN25

Community Documents

- Follow-up letter to IFC re: Samuda_13DEC24
- Letter of advocacy to raise concern about the project - November 15, 2024
- Presentation for Tuesday Group meeting_01APR25
- Report on fact-finding mission around Samuda's plant_MAR25

Media

- TK Group to invest Tk 1,744cr at Bangabandhu Shilpa Nagar
- Mirsarai Economic Zone: A trade-off between development and environment destruction (Climate Watch)
- Samuda: The Tears of Sea and a Coastal Community