1ST SURVEILLANCE CREDIT RATING REPORT
PANAM CYCLE INDUSTRIES LIMITED

Ref. no.: FR/2023/032584

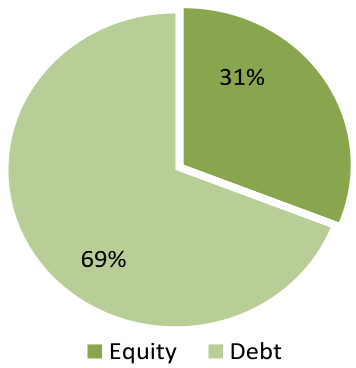
Report Contents:

Project Cost:

Tk. in Million

Particulars	Total Cost
Building & Other civil works	45.14
C&F of Imported Machinery	41.21
Duty, Taxes, Insurance etc	9.76
Local Machinery & Equipment	39.65
Erection & Installation	64.32
Security Deposit	5.00
Vehicle	44.60
Office Eqip & Furniture & Fixture	16.50
Perl & Pre-production exp.	30.00
Contingencies	32.51
TOTAL PROJECT COST	**1228.71**

Means of Finance



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Project Rating	Long Term Rating	Date of Declaration	Date of Expiration
	BBB- (Indicative)*	25 July 2023	17 July 2024

*This assigned rating given up to debt amount of Tk. 850.00 million.

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

RATING RATIONALE

WCRCL has reaffirmed **"BBB-"** (Indicative)" (pronounced Triple B Minus Indicative) in the long term to **Panam Cycle Industries Limited** (hereinafter referred as "PCIL" 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 PEZPL is considered to be in medium grade and subject to medium credit risks due to favorable condition regarding cycle industries outlook, government have special consideration for industrialization through industries, land already acquired special benefit will attract foreign and local investment, adjacent to the Dhaka-Narayanganj Highway will provide site advantage, sponsors have depth knowledge in the infrastructural development and industrial area may endow with the location advantage. Earlier mentioned variables are considered positive factors while assigning the rating. The company has bank loan (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.

Considering all the favorable measures and susceptibility of negative outcome this project has assigned investment grade for next twelve month period. Total project cost is estimated at Tk. 1128.71 million of which Tk. 800.00 million will be financed by bank borrowing. The company has borrowed fund from United Commercial Bank Limited at the ratio of 69:31. 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.