

# AlphaRating

## PARAMOUNT TEXTILE PLC (PTL)

*(Chaklader House (Level-2,5,6,7), House #22, Road #113/A, Gulshan-2, Dhaka-1212)*

(Corporate)

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19 November, 2023

**Managing Director**

**Paramount Textile PLC (PTL)**

**Chaklader House (Level-2, 5, 6, 7), House #22, Road #113/A, Gulshan-2, Dhaka-1212**

**Subject: Credit Rating of Paramount Textile PLC (PTL)**

Dear Sir,

We are pleased to inform you that Alpha Credit Rating Limited (AlphaRating), vide credit rating Agreement No: 5430 has assigned the following rating to **Paramount Textile PLC (PTL)**

<b>Date of Declaration</b>	<b>Valid From</b>	<b>Valid Till</b>	<b>Rating Action</b>	<b>Long Term Rating</b>	<b>Short Term Rating</b>	<b>Outlook</b>
19 November, 2023	09 September, 2023	08 September, 2024	7 <sup>th</sup> Surveillance	AA	ST-1	Stable

The long term rating & short term rating is valid up to the earlier of 08 September, 2024 or the limit expiry date of respective credit facility. The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We, Alpha Credit Rating Limited, while assigning this rating to **Paramount Textile PLC (PTL)**, hereby solemnly declare that:

- (i) We, Alpha Credit Rating Limited as well as the analysts of the rating have examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any; and
- (ii) We have complied with all the requirements, policy and procedures of these rules as prescribed by the Bangladesh Securities and Exchange Commission in respect of this rating.

We hope the rating will serve the intended purpose of your organization.

With kind regards,



**Abdul Mannan**

**Chief Executive Officer**

**This letter is integral part of the credit rating report**

PARAMOUNT TEXTILE PLC (PTL) AA Long Term Rating ST-1 Short Term Rating Stable Outlook

Date of Declaration 19 November, 2023 Valid From 09 September, 2023 Valid Till 08 September, 2024 Rating Action 7<sup>th</sup> Surveillance

Business Risk Moderate	Liquidity Profile Sound	Solvency Good	Industry Group Primary Textile	Sector Fabric Manufacturer
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Paramount Textile PLC is a 100% export oriented woven fabric manufacturer lead by qualified professional management team and has a smart financial profile.

**Previous Rating**

Long Term Rating: AA

Short Term Rating: ST-1

Date of Declaration: 22 December, 2022

Valid From: 09 September, 2022

Valid Till: 08 September, 2023

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**Date of Incorporation:**12<sup>th</sup> June, 2006**Board Chairman:**

Ms. Anita Haque

**Managing Director:**

Mr. Shakhawat Hossain

**Authorized Share Capital:** BDT 5000.00 million**Issued Share Capital:** BDT 1,628.34 million**Total Asset:**

BDT 20,387.86 million (As on 30/06/2023)

**Banks/Other Financial Institutions:**

Pubali Bank PLC, HSBC Bank Limited

Al-Arafah Islami Bank PLC

IDLC Finance Limited, IPDC Finance Limited

Alliance Finance PLC, Uttara Bank PLC

Community Bank Bangladesh Limited

United Finance Limited, BRAC Bank PLC

Shimanto Bank limited

Mutual Trust Bank PLC

IPODC Finance Limited, United Commercial Bank

PLC, Modhumoti Bank Limited

**Total Limit:**

BDT 25,502.80 million

**Total Outstanding:**

BDT 18,452.04 million

## Rationale

AlphaRating vide credit rating Agreement No: 5430 affirms long term rating AA (pronounced as "Double A") and short term rating "ST-1" in favor of Paramount Textile PLC (PTL) (Hereinafter referred to as 'the company or PTL'). The company is one of the leading high quality woven fabric manufacturers in Bangladesh and is listed with both Dhaka Stock Exchange & Chittagong Stock Exchange.

The above rating reflects the exposure of the company to all financial and other risks, industry nature, long term experience of the management team, government policy, future prospects of woven fabric Industry in Bangladesh and the pace of capital expansion of PTL. Moreover, improved revenue, ROA, ROE, profitability ratio, positive CFO, sound liquidity position, audited financial statements, most of the updated compliances, positive CFO, shortened working capital management policy, adequate capacity to pay interest and improved net asset value has also influenced the rating to a great extent. The rating is also inspired by strong control over internal activities, IT adherence, clean compliance status and application of corporate governance. On the contrary, strength of the rating has been resisted by highly geared capital structure, overdue & EOL. In addition, the rating has also taken into account competitive market of related products and the prevailing uncertainty associated with national macroeconomic environment.

**Key Performance Indicator**

FYE 30 June	2023	2022	2021	2020
Revenue (BDT in Millions)	8,609.80	6,615.53	5,020.71	5,153.73
COGS (BDT in Millions)	7,286.64	5,619.90	4,246.97	4,357.66
Gross Profit (BDT in Millions)	1,323.16	995.63	773.74	796.08
Operating Profit (BDT in Millions)	1,033.08	715.39	534.58	551.63
Profit After Tax (BDT in Millions)	1,005.17	760.01	661.89	658.81
CFO (BDT in Millions)	935.29	571.59	797.20	633.23
Gross Profit Margin (%)	15.37	15.05	15.41	15.45
Operating Profit Margin (%)	12.00	10.81	10.65	10.70
Net Profit Margin (%)	11.67	11.49	13.18	12.78
Current Ratio (x)	1.03	1.16	1.14	1.06
Quick Ratio (x)	0.40	0.40	0.37	0.31
Cash Conversion Cycle (Days)	281	302	289	238
Debt to Equity (x)	2.58	2.49	1.53	1.34
Interest Coverage (x)	2.27	2.30	2.49	2.52
Net Asset Value (BDT in Millions)	5,612.60	4,819.73	4,224.79	3,562.63

Data obtained from the audited financial statements of 2020-2023

  
**Abdul Mannan**  
 Chief Executive Officer  
 Alpha Credit Rating Limited

## Company Profile

Paramount Textile PLC (PTL) is one of the leading manufacturers of high quality woven fabric in Bangladesh. Having started the journey in 2006 they commenced commercial production on September 01, 2008. Later it converted to a public limited company on September 19, 2010. Paramount textile produces high quality yarn dyed woven fabric which include 100% cotton yarn dyed fabrics, cotton solid white fabrics, stripe & check shirts, stretch fabric. The products are consumed by 100% export oriented garment companies. Normally the products are designed based on specification and guideline of ultimate buyer. The company is an Oeko-Tex certified (Class#1) 100% export oriented woven fabric manufacturer equipped with state of the art machineries sourced from leading European and Asian manufacturers, producing 15 million yards of fabric annually. The Oeko-Tex label is a recognized benchmark for the manufacturers and serves as an additional credential of quality assurance. The registered office of the company is situated at Navana Tower (Level #7), Gulshan C/A, Dhaka-1212. The Factory is located in Sreepur, Gazipur an hour drive from the Dhaka International Airport, Sprawled across 35 acre of factory premise and over 4000 numbers of skilled workers and employees. Paramount Textile today is a name to be reckoned both nationally and globally. Paramount aims to provide high quality fabric for the fashion retailers and fabric sourcing companies from across the globe ensuring an eco-friendly GO FOR GREEN (GFG) environment.

## Group Profile

Paramount is one of the most successful group of company which has grown significantly since its beginning with Sunrise Chemicals in 1986. Businesses under Paramount Group are given below:

- Paramount Textile PLC (PTL)
- Paramount Insurance Company Limited
- Sunrise Chemical Industries Limited
- Paramount Holdings Limited
- Foodex International Limited
- Paramount B Trac Energy Limited
- Paramount Agro Limited
- Paramount Spinning Limited
- Intraco Solar Power Limited

## Ownership Pattern

Paramount Textile PLC (PTL) is Public Limited Company listed on 2013 under Dhaka & Chittagong Stock exchange. The company has authorized 5,000.00 million shares of Tk. 10 each and Issued BDT 1,628.34 million shares of Tk. 10 each. Ownership pattern of the company was presented in below (As on 31/10/2023)

Shareholders	Percentage (%)
Sponsor/ Directors	60.95%
Institutes	10.07%
Foreign	4.38%
General Public	24.60%
<b>Total Number of Shares</b>	<b>100.00</b>

Source-DSE website

## Product Range

The product range of PTL includes 100% cotton yarn dyed fabrics from plain weave to structured twills, dobby & satins. Product range includes the following:

- 100% cotton yarn dyed woven fabric
- 100% cotton solid white fabric
- PFD/RFD woven fabric for garment dyeing/printing
- Dyed yarn for circular knitting
- Sweater yarn or flat knitting dyed yarn

Their special finishing facility gives a distinct advantage to produce different types of finishes such as:

- Silky soft
- Easy care, wrinkle free, post mercerize
- Teflon, Water repellent, oil repellent, Soil release
- Peach & carbon peach finish

## Installed Production Capacity

- Yarn Dyed Fabric 110,000 yards per day
- Dyed Yarn 32 ton per day
- Printing 10 ton per day



### Dyeing Plant

Their dyeing plant has introduced sets of world's top equipment such as r f dryer machine from STALAM, Italy; stenter machine from EU & China; singeing & de-sizing machine, scouring, bleaching, washing & sanforising machine from RED FLAG.

Weaving Unit	Number
Sectional Warping	4 sets
Direct Warping	7 sets
Sizing & pre-weting system	2 sets
<b>Air Jet loom</b>	<b>318 sets</b>
Warping Machine	12 sets
<b>Rapier Machine</b>	<b>52 sets</b>
Knotting Machine	7 sets
<b>Sample Loom</b>	<b>7 sets</b>
<b>Yarn Dyeing Unit</b>	
<b>Soft &amp; Hard Winding Machine</b>	<b>1,728 spindles</b>
Yarn Dyeing Machine	106 sets
<b>Hydroextractor</b>	<b>10 sets</b>
RF Dryer	4 sets
<b>Finishing Unit</b>	
Singeing/de-sizing Machine	01 set
Scouring, Bleaching & Washing Machine	<b>01 set</b>
<b>Printing Unit</b>	
<b>Stenter (all types)</b>	<b>5 sets</b>
Sanforising	4 sets
<b>Utility Unit</b>	
Generator	9 pieces
<b>Boiler</b>	<b>5 pieces</b>
Air Compressor	22 pieces
Water Circulation Pump	6 pieces

### Weaving Plant

In their weaving plant, they have brand new TSUDAKOMA wrapping machine and sizing winder, combination of TSUDAKOMA, TOYOTA, PINACOL air jet looms with world's renowned French cam-motion and dobby motion machines from STAUBLI, Sectional machine from Korean manufacturer UKIL & JUPITER and Knotting machine from STAUBLI. PTL also has high level of experimental equipment and full range sampling & powered handloom machines to produce high quality yarn dyed fabrics.

### Design & Quality Control

To ensure safe and consumer friendly fabric, Paramount has its own high-tech laboratory and computer data processing system. The laboratory is fully equipped with modern testing equipment and machinery to enable checking of fabrics in all stages to comply with all testing criteria and performance indicators. The testing lab equipment is sourced from renowned brands from USA and UK. The company has its own design studio equipped with Tex Tronic dobby and Koppermann software for creating fabric designs. This enables buyers to choose ready designs straight away which can be put into bulk production thereby reducing the lead-time of sampling and handloom making. To support the design studio, Paramount has complete automatic/powerd sampling unit.

**Company Profile**

Bank Facilities

**Industry Overview**

Management &amp; Other Qualitative Factor

**Business Risk****Financial Analysis**

Company Information

**ETP & WTP**

Paramount Textile PLC takes great care to conserve the environment they operate in. Their sophisticated effluent treatment plant (ETP) treats, purifies & releases waste water through a biological treatment. It has been established covering an area of 70000 sqft along with a 1500 feet long drain.

The company also built water treatment plant (WTP) capable to reduce iron level in water so that it can help produce high quality fabric consistently in term of color levels and the strength of the yarn as well as help environment minimizing the use of pretreatment chemicals.

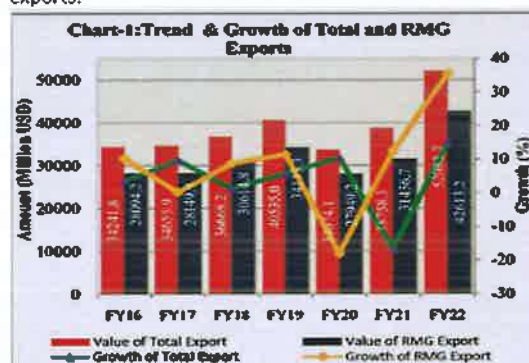
Apart from that, PTLensures eco-friendly GFG (Go for Green) environment for their products. The factory premises have been carefully planted with trees offsetting carbon emission and ensuring a healthy environment for all.

**Utilities**

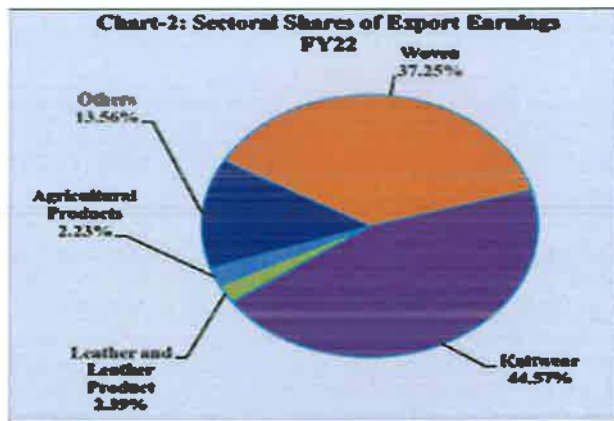
Paramount Textile PLC has its own captive power plant and generates its own power resulting uninterrupted production through GE Jenbacher gas engines. The factory generates own power through 4 GE Jenbacher gas fired generators which have cumulative generation capacity of 5 MW. World's leading compressors ATLAS COPCO has been installed and SIEMENS substations and bus bars are used to support the production flow. The company also uses LOOS Boiler from Germany & chillers from other renowned manufacturers.

**INDUSTRY ANALYSIS**

The RMG sector of Bangladesh was turning around quite well in the post-Covid-19 period; and then the Russia-Ukraine war in late February of last year interrupted that momentum. The apparel sector, the largest contributor to the national export earnings, started the year 2022 with a 30.36% annual growth. Exporters projects that the impact of the war may continue in 2023 and the year will be a crucial and challenging one for the apparel sector of the country. However, the sector bagged \$45.7 billion by shipping apparel items, seeing an annual growth of 27.64% from \$35.41 billion in 2021. Industry insiders said that the major challenges include the prolonged Russia-Ukraine war, mounting energy prices and fear of recession. Moreover, 2023 is the year of the national poll of Bangladesh. Rallies of the political party may create instabilities and put pressure on exports.

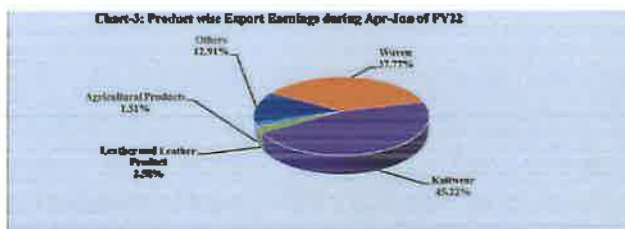


In FY22, the RMG sector contributed 9.25 percent to GDP. Bangladesh's overall RMG export earnings stood at USD 42613.15 million, which was 35.47 percent higher than that of the previous fiscal year (Chart-1).



The sectorial shares of export earnings in FY22 have been shown in Chart-2.

Source: Export Promotion Bureau (EPB)

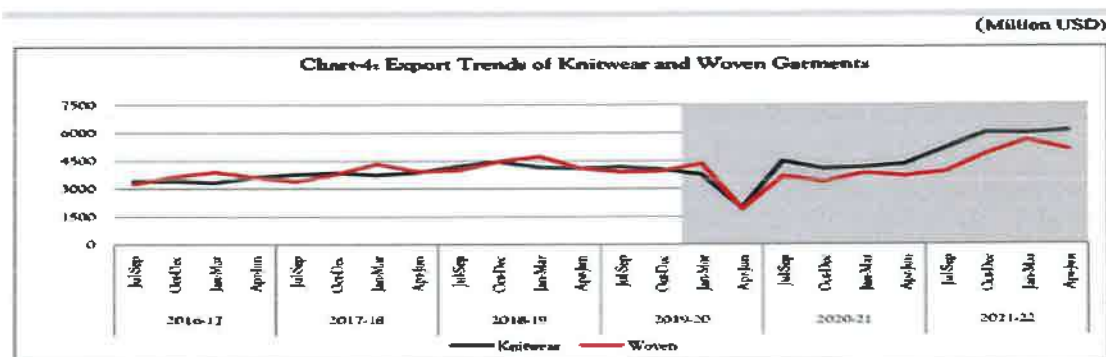


Source: Export Promotion Bureau (EPB)

In this quarter, the contributions of non-RMG products to total exports earnings were as follows: leather and leather products (2.58 percent), agricultural products (1.51 percent), and other products (12.91 percent) (Chart 3).

**Knitwear**

Export earnings from knitwear rose in April-June FY22, to USD 6094.42 million, which was 2.29 percent higher than the previous quarter. Export trends of knitwear and woven are displayed in Chart-4 on quarterly basis



\*Shaded area denotes the export earnings during Covid period



Table-1: Export of Readymade Garments (From FY17 to FY22)

FY	Total Export	Woven Garments		Knitwear		Total RMG (Woven + Knitwear)	Percentage Share in Total Export		
		Target	Actual	Target	Actual		Woven Garments	Knitwear	Total
1	2	3	4	5	6	7=(4+6)	8=(4+2)	9=(6+2)	10=(8+9)
FY17	34655.92	16210.00	14392.59	14169.00	13757.30	28149.89	41.53	39.70	81.23
FY18	36668.17	15060.00	15426.25	15100.00	15188.51	30614.76	42.07	41.42	83.49
<b>FY'19</b>	<b>40535.04</b>	<b>16539.00</b>	<b>17244.73</b>	<b>16150.00</b>	<b>16888.54</b>	<b>34133.27</b>	<b>42.54</b>	<b>41.66</b>	<b>84.21</b>
Jul-Sep FY20	9647.99	4612.95	3887.34	4493.76	4170.22	8057.56	40.29	43.22	83.51
Oct-Dec FY20	9654.17	4797.10	3930.88	4673.14	4035.58	7966.36	40.72	41.80	82.52
Jan-Mar FY20	9671.67	5004.21	4330.95	4874.90	3748.75	8079.70	44.78	38.76	83.54
Apr-Jun FY20	4700.26	4935.74	1892.02	4308.20	1953.45	3845.47	40.25	41.56	81.81
<b>FY'20</b>	<b>33674.09</b>	<b>19350.00</b>	<b>14041.19</b>	<b>18850.00</b>	<b>13908.00</b>	<b>27949.19</b>	<b>41.70</b>	<b>41.30</b>	<b>83.00</b>
Jul-Sep FY21	9896.84	4025.39	3662.72	3934.68	4463.66	8126.38	37.01	45.10	82.11
Oct-Dec FY21	9336.61	4173.74	3356.67	4079.69	4062.51	7419.18	35.95	43.51	79.46
Jan-Mar FY21	9704.90	4418.35	3814.35	4318.78	4128.01	7942.36	39.30	42.54	81.84
Apr-Jun FY21	9819.96	4467.52	3662.96	4366.85	4305.85	7968.81	37.30	43.85	81.15
<b>FY'21</b>	<b>38758.31</b>	<b>17085.00</b>	<b>14496.70</b>	<b>16700.00</b>	<b>16960.03</b>	<b>31456.73</b>	<b>37.40</b>	<b>43.76</b>	<b>81.16</b>
Jul-Sep FY22	11021.95	3748.44	3895.26	4680.46	5164.18	9059.44	35.34	46.85	82.19
Oct-Dec FY22	13676.60	3934.56	4843.81	4912.84	5997.45	10841.26	35.42	43.85	79.27
Jan-Mar FY22	13907.12	4029.05	5569.43	5030.84	5958.27	11527.70	40.05	42.84	82.89
Apr-Jun FY22	13476.99	3916.95	5090.34	4890.86	6094.42	11184.76	37.77	45.22	82.99
<b>FY'22</b>	<b>52082.66</b>	<b>15629.00</b>	<b>19398.84</b>	<b>19515.00</b>	<b>23214.32</b>	<b>42613.15</b>	<b>37.25</b>	<b>44.57</b>	<b>81.82</b>

<https://www.newclothmarketonline.com/international-business-pages/bangladesh-readymade-garments-rmg-industry-april-june-2022-review/>

#### Destination of RMG Exports

The main destinations of Bangladesh's RMG exports are the USA, Germany, UK, Spain, France, Italy, Netherlands, Canada, and Belgium (Chart-6). During April-June of FY22, total export earnings from these nine countries stood at USD 9084.71 million; of which 90.43 percent or USD 8215.13 million was earned from the RMG (woven 43.03 percent and knitwear 47.40 percent) export (Table-3).

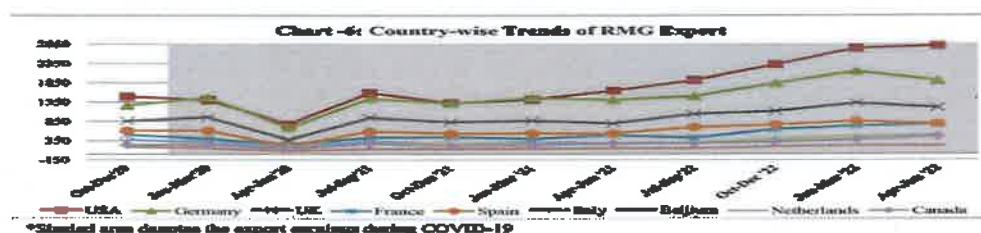




Table-3: Country wise RMG Export in April-June, FY22

(Million USD)							
Countries	Total Export	Woven Garments	Knitwear	Total RMG	Other Exports	Share of RMG in Total Export (%)	Others Share in Total Export (%)
1	2	3	4	5=(3+4)	6=(2-5)	7=(5+2)	8=(6+2)
USA	2802.42	1617.38	805.81	2423.19	379.23	86.47	13.53
Germany	1906.15	692.54	1105.58	1798.12	108.03	94.33	5.67
UK	1201.93	473.16	650.96	1124.12	77.81	93.53	6.47
France	771.37	247.15	432.06	679.21	92.16	88.05	11.95
Spain	777.47	315.37	434.09	749.46	28.01	96.40	3.60
Italy	490.22	148.21	313.80	462.01	28.21	94.25	5.75
Belgium	217.87	54.15	130.14	184.29	33.58	84.59	15.41
Netherlands	464.90	165.14	229.21	394.35	70.55	84.82	15.18
Canada	452.38	196.31	204.07	400.38	52.00	88.51	11.49
<b>Sub-Total</b>	<b>9084.71</b>	<b>3909.41</b>	<b>4305.72</b>	<b>8215.13</b>	<b>869.58</b>	<b>90.43</b>	<b>9.57</b>
Others Countries	4392.28	1180.93	1788.70	2969.63	1422.65	67.61	32.39
<b>Total</b>	<b>13476.99</b>	<b>5090.34</b>	<b>6094.42</b>	<b>11184.76</b>	<b>2292.23</b>	<b>82.99</b>	<b>17.01</b>

Source: Export Promotion Bureau, Bangladesh

#### Recent Measures Taken to Facilitate RMG Exports

Recently, the government and Bangladesh Bank have undertaken a number of measures especially for facilitating production and export of the RMG sector. Some measures taken to boost up production and export of the RMG sector are highlighted below:

##### Pre-shipment Credit:

To continue the export activities of export oriented RMG industries amid the Corona pandemic, Bangladesh Bank has formed a refinance fund worth of BDT 50.00 billion. RMG entrepreneurs can take loans from this fund through banks at 6 percent rate of interest (BRPD Circular No 9, Date 13 April, 2020). Recently, for the betterment of economic growth in export sector, BB reduced the interest rate on this refinance fund from 6 percent to 5 percent at receiver level and 3 percent to 2 percent at bank level (BRPD Circular No-26, Date 26 April, 2021). Bangladesh Bank has expanded the tenure of loan facilities for entrepreneurs from 01 year to 03 years under this refinance scheme. Entrepreneurs can avail the loan more than one times within the mentioned period (BRPD circular no: 44, Date 30 September 2021).

##### Incentives for Export Expansion:

During the FY22, to encourage the country's export trade, export subsidies or cash incentives have been given for some export items from 1 July 2021 to 30 June 2022. Among them, 4 percent cash incentive has been given to export oriented garments sector, small & medium industry of garments sector and to help expanding the new items/new market garments sector (excluding the USA, Canada, UAE). In spite of existing 4 percent cash incentive, additional 2 percent has been given as support for the exporters of garments sector of EURO zones. Moreover, 1 percent special cash incentive has been to RMG sector (FE Circular No-29, Date 20 September, 2021).

##### Extended Facilities for Trade Transactions:

To facilitate smooth transition in the external trade activities of the country, the following decisions have been implemented: The usage period for industrial raw material imports, including back-to-back imports under supplier or buyer credit, has been extended up to 270 days under the Guideline for Foreign Exchange Transactions (GFET)-2018, Vol.-1.

The Export Development Fund (EDF) limit for individual BTMA and BGMEA member mills have been enhanced to USD 30 million from USD 25 million, and the period of EDF loan has been extended from 90 days to 270 days which remained valid for the respective transactions until June 30, 2022 (FE Circular No-01, Date January 6, 2022).

##### Conclusion

The strong growth in the RMG industry and the boom in export earnings in the last several months are highly encouraging for Bangladesh. However, for the next phase of export growth and competitiveness for the RMG sector, the pace of innovation and digitalization should be given high priority. Furthermore, this sector requires the adaptability appetite for fast fashion demand and diversified products in the future to settle its own brand globally through the increasing knowledge and skills of garment workers.

## Business Risk Analysis

### Regulatory Risk

As a major foreign currency earner, textile industry always gets special consideration from government. But accidents in several RMG factories has pushed whole textile industry under surveillance of more aggressive regulation and increased government intervention which resulted in greater uncertainty. Regulations vary significantly by jurisdiction, making it difficult to implement consistent growth strategies or operational capabilities across markets. Regulators often control factors that are fundamental to how textile companies operate, and can remove certain competitive advantages that may be expensive to obtain. In response to the changing regulatory environment, many companies are providing additional resources to monitor changes in regulation otherwise it would be difficult to operate in certain jurisdiction, in extreme case a company may have to stop doing business.

However PTL operates its business within the frame of applicable laws & regulation which is a primary requirement for any company to be listed with BSEC. PTL prepares its financial statements in accordance with all relevant reporting standards (IAS, BAS, IFRS & BFRS). It also has established set procedures to ensure compliance with all statutory and regulatory requirements. Moreover assigned personnel are responsible for ensuring proper compliance with relevant regulatory framework so impact of this risk is considered to be low.

### Interest Rate Risk

Interest rate risk is the risk borne by an interest-bearing asset, such as a loan, due to unfavorable movement of interest rates. The company is availing Loan facilities to meet up working capital and paying a significant amount as bank profit and charge. If the company fails to generate enough profit in future years to serve the loan repayment obligation, the company may expose to default risk. However, considering current monetary policy & money supply in Bangladesh economy, it is unlikely that interest rate will go up.

### Technology Risk

Technology always plays a vital role for each and every type of business. As the technology is improving rapidly with the change of the customers taste, all entities operating in this industry are exposed to obsolescence risk. Better technology can increase productivity, efficiency and quality of product. Quality of product is assured by the quality assurance organizations but the competitive advantage depends on highly efficient technological adoption. In this sector a company is exposed to technology risks when there are competitors who have already adopted advanced technology in their production process. Keeping updated with the latest processes and methods of providing innovative products is essential to maintain market share which is a big challenge for the company. However, PTL is currently using latest production & quality control equipment. But the company will be exposed to technological risk if one of its competitors introduces updated technology in their operations.

### Foreign Exchange Risk

The company faces significant foreign exchange risk as it pays the foreign suppliers and receives from foreign customers in US dollar and other foreign currency. When value of US Dollar rises, the company has to spent more Bangladeshi currency (BDT) to procure materials and receives less BDT that impact growth of sales and overall profitability. The recent trend of the exchange rate of US dollar to BDT is highly volatile and therefore it is a relative concern for the firm to be affected in terms of payment & receipt. Like other businesses PTL uses both export & import facilities, so exchange rate risks can be netted off against each other through use of back to back L/C facilities. Moreover PTL has undertaken hedging facilities thorough use of foreign exchange limit from different banks. So impact of this substantial risk is considered low by AlphaRating.

### **Environmental Risk**

Textile industry is considered as one of the biggest environment polluter of the country. The overall manufacturing process of the industry makes harmful effect on the environment by evaporating unsafe chemicals that contaminate the surface water. Acetic acid and formaldehyde are two major emissions of concern in textiles industries. This industry uses high volumes of water throughout its operations, from the washing of fibers to bleaching, dyeing and washing of finished products. There are almost 1,700 factories producing fabric for Bangladesh's booming textile industry. Most of them are located in Dhaka and on its fringe. These factories, known as "wet processors," consume as much as 300 liters of water to produce one kilogram of fabric. That's about six times more water than what is considered international best practice. All told, the sector devoted to washing, dyeing and finishing fabrics consumes 1,500 billion liters of groundwater a year. According to a recent world bank report, the textile mills in and around Dhaka city consume as much groundwater as goes to all of Dhaka's residents. The good news is that, government has decided to make this industry green and to encourage the owner to adapt eco-friendly manufacturing process.

However PTL strongly adheres to the concept of eco-friendly environment and hence implemented various measures to lower Carbon Dioxide emission. The heat generated by their capture power plant is recycled and reused as cogeneration energy to operate the chiller & boiler which otherwise would have consumed about 3000 cft natural gas and 1000 kw conventional electrical power. Moreover PTL has its own ETP (Effluent Treatment Plant) and WTP (Water Treatment Plant) which presents the discharge of waste water to the surrounding water bodies. The plant also has a rain harvesting project which provides natural water to their in house reservoir. This way PTL minimizes environmental consequences of its operations.

## Financial Risk Analysis

AlphaRating performs financial analysis by dividing the financial portion into different categories which are Profitability Analysis, Liquidity analysis Cash Flow Analysis and Capital Structure Analysis. Detailed analysis is presented below:

### Profitability

Paramount Textile PLC (PTL) is a 100% export oriented Company. It manufactures a diversified range of yarn & solid dyed woven fabrics. Being a major foreign remittance earner, textile industry always enjoyed special consideration from all successive government body. And, Due to having improved pandemic situation, low labor cost, production cost is lower in Bangladesh in comparison with other countries which is a competitive advantages for this industry. These conditions support PTL to achieve revenue growth in FY 2023. According to audited financial statement, revenue of the company has increased by 30.15% compare to last year & stood at BDT 8,609.80 million in FY 2023. Revenue has increased mainly due to significant increase in sale of yarn & solid dyed fabrics. It has observed that, with the increased scale of operation, COGS of the company has also increased. However, COGS has increased at a lower rate than revenue, which has resulted Gross Profit Margin to increase to 15.37% in FY 2023 from 15.05% in last year.

Total operating cost of the company has consisted of distribution costs & administrative expense. Deeper analysis revealed that, Operating expense of the company has decreased to 3.37% from 4.24% of revenue. As a result, Operating Profit Margin has increased to 12.00% in FY 2023 from 10.81% in FY 2022. It has noticed that, during the year, finance cost & income tax of the company has increased to BDT 454.82 million & BDT 129.73 million respectively compared to previous year. In spite of increasing finance & tax expense, the company has improved Net Profit Margin to 11.67% in FY 2023 due to improved operating profit margin as well as non-operating income

The return on assets ratio measures, how efficiently and effectively company is utilizing assets to generate economic benefits for the company whereas return on equity measures profitability as a percentage of the Company's net asset base. It has been observed that ROA has been increased in FY 2023 because the growth rate of OPM is higher than the growth rate of total assets. At the same time, Return on Equity (ROE) has increased in FY 2023 because net profit has increased at a higher rate than the growth rate of shareholders equity which indicates efficiency in utilizing the shareholders fund to generate return.

Exhibit 1: Selected Indicators: Paramount Textile PLC

FYE 30 June	2023	2022	2021	2020
Revenue (BDT in Millions)	8,609.80	6,615.53	5,020.71	5,153.73
Revenue Growth (%)	30.15	31.76	(2.58)	(9.17)
COGS (BDT in Millions)	7,286.64	5,619.90	4,246.97	4,357.66
COGS Growth (%)	29.66	32.33	(2.54)	(9.57)
Gross Profit (BDT in Millions)	1,323.16	995.63	773.74	796.08
Operating Profit (BDT in Millions)	1,033.08	715.39	534.58	551.63
Gross Profit Margin (%)	15.37	15.05	15.41	15.45
Operating Profit Margin (%)	12.00	10.81	10.65	10.70
Net Profit Margin (%)	11.67	11.49	13.18	12.78
ROA (%)	5.51	5.09	5.38	6.44
ROE (%)	17.91	15.77	15.67	18.39

Data obtained from the audited financial statements of 2020-2023





### Liquidity Analysis

Liquidity ratios are used to determine a company's ability to meet its short-term obligations. The liquidity position of the company has decreased from previous year. The liquidity condition of the company has measured by current ratio, which has slightly decreased in FY 2023 and stood at 1.03 times. Moreover, it has observed that, current assets has increased by 5.96%, whereas current liability has increased by 13.12% in FY 2023. Such this has resulted to decrease current ratio. Additionally, current assets of PTL

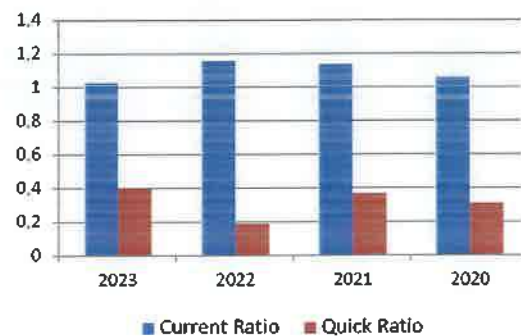
has comprised 61.09% by inventories. Quick Ratio (without considering inventories) of the company has reported 0.40 times in FY 2023 which represents that the company is not capable to meet all kind of short-term liabilities by their most liquid assets. It is observed that, cash & cash equivalents of the company has captured 3.66% of total current assets during the year. Holding extra cash is not desired as because of the opportunity cost.

Cash Conversion Cycle has decreased due to decrease in inventory turnover days. Further analysis revealed that, inventory turnover days has decreased in FY 2023, due to decrease of closing inventory. However, still the company takes almost 8 months to release its cash from inventory. However, this prolonged inventory turnover days has implied risk of damaged inventory and increased storage cost. Therefore, the company should implement a standard method like EOQ (Economic Order Quantity) to reduce the risks regarding inventory at minimum. However, Trade receivables days states that customers have settled their outstanding within 2 months. Additionally, trade payables days has slightly increased by 01 days but still it impels that the company pays off its suppliers within 06 days.

Exhibit 2: Selected Indicators: Paramount Textile PLC

FYE 30 June	2023	2022	2021	2020
Current Ratio (x)	1.03	1.16	1.14	1.06
Quick Ratio (x)	0.40	0.40	0.37	0.31
Cash Ratio (x)	0.04	0.02	0.02	0.01
Trade Receivable Period (Days)	57	48	49	38
Trade Payable Period (Days)	6	5	16	22
Inventory Turnover Period (Days)	230	260	256	222
Cash Conversion Cycle (Days)	281	302	289	238

Data obtained from the audited financial statements of 2020-2023



### Cash Flow Analysis

In FY 2023, PTL has Positive cash flow from operation (CFO) of BDT 935.29 million. This positive CFO enables PTL to settle debts, reinvest in its business, return money to shareholders, pay expenses, and provide a buffer against future financial challenges. In FY 2023, CFO of PTL has increased than that of last year. This improvement was mainly due to increased cash received from customer & other income. The operating cash flow surplus will make the company less dependent on external finance and increase lenders confidence. CFO Interest Coverage ratio reflects that the company was fully capable of paying its finance cost by generated CFO. CFO Debt Coverage ratio reflects that the company was partially able to fully repay its debt by generated CFO.

Exhibit 3: Selected Indicators: Paramount Textile PLC

FYE 30 June	2023	2022	2021	2020
CFO (BDT in millions)	935.29	571.59	797.20	633.23
CFO Interest Coverage (x)	2.06	1.84	3.72	2.89
CFO Debt Coverage (x)	0.06	0.05	0.12	0.13

Data obtained from the audited financial statements of 2020-2023

### Leverage & Capital Structure

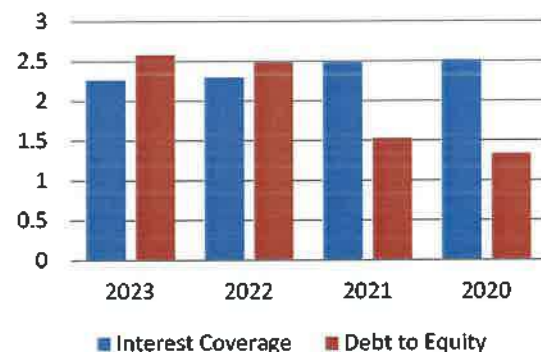
The debt to equity ratio is a leverage ratio that compares a company's total debt to total equity. The debt to equity ratio shows the percentage of company financing that comes from debt providers and investors. A higher debt to equity ratio indicates that more external financing (bank loans) is used than investor financing (shareholders).

Debt to equity ratio of PTL has slightly increased during FY 2023 and reported 2.58 times and this value represents high gearing position of the company. Deeper analysis revealed that, debt capital of the company has increased at a higher rate compared to shareholding Equity. Interest coverage ratio indicates that the company has full capacity to pay off its finance charge from operating profit.

Exhibit 4: Selected Indicators: Paramount Textile PLC

FYE 30 June	2023	2022	2021	2020
Debt-to-Equity (x)	2.58	2.49	1.53	1.34
Net Asset Value (BDT in millions)	5,612.60	4,819.73	4,224.79	3,582.63
Interest coverage (x)	2.27	2.30	2.49	2.52

Data obtained from the audited financial statements of 2020-2023



## Bank Facilities & Credit History

Exhibit 5: Bank Exposure: Paramount Textile PLC

Bank (S) & Other Financial Institution (S)	Mode	Total Limit (BDT in Millions)	Outstanding (BDT in Millions)	Overdue (BDT in Millions)	EOL (BDT in Millions)
Pubali Bank PLC (As on 30/06/2023)	LC (Rev.)**		268.60		
	Accepted Liability**	4,000.00	1,947.50		
	Specific LC (Raw Materials) **		321.60		
	Specific LC (Machinery)**	817.00	538.80		
	BG(Rev)**	105.60	86.80		
	BBLC (Rev)**	400.00	392.30		
	LATR**	100.00	-		
	Over Draft**	650.00	658.80		8.80
	OD-WC**	40.00	40.70		
	Ex. Bill Negotiation**	1,500.00	391.70		
	Term Loan**	2,100.60	1,093.20		
Term Loan(FC) **	118.40	Nil			
EDF Cash	422.60	422.60			
<b>Sub Total</b>		<b>10,254.20</b>	<b>6,162.60</b>		<b>8.80</b>
HSBC Limited (As on 31/08/2023)	Accepted Bills**	1,000.00	680.39		
	Import Lien**	100.00	28.81		
	Bills Discounting**	(100.00)	102.17		2.17
	Installment Loan**	180.00	7.77		
	Demand Loan**	100.00	101.53		1.53
	OD**	50.00	50.69		-
	Force Loan**	530.00	104.64	104.63	
	Shipping Guarantee****	10.00	0.47		
<b>Sub Total</b>		<b>1,970.00</b>	<b>1,076.47</b>	<b>104.64</b>	<b>3.70</b>
Community Bank Bangladesh Limited (As on 31/08/2023)	Overdraft	450.00	449.84		
	Time Loan**	(200.00)	200.00		
	BG**	450.00	201.42		
	LC***	200.00	-		
	LTR**	(200.00)	-		
<b>Sub Total</b>		<b>1,100.00</b>	<b>851.26</b>		
IDLC Finance Limited (As on 31/08/2023)	Term Loan**	700.00	594.99	51.21	
<b>Sub Total</b>		<b>700.00</b>	<b>594.99</b>	<b>51.21</b>	
Uttara Bank PLC (As on 31/08/2023)	Term Loan**	500.00	471.92		
<b>Sub Total</b>		<b>500.00</b>	<b>471.92</b>		
United Finance Limited (As on 31/08/2023 & 08/10/2023)	Term Loan**	50.00	19.93	0.02	
Investment in Preference Shares**	101.35	80.85			
<b>Sub Total</b>		<b>151.35</b>	<b>100.78</b>	<b>0.02</b>	
Alliance Finance PLC (As on 31/08/2023)	Long Term Loan**	200.00	194.68		
<b>Sub Total</b>		<b>200.00</b>	<b>194.68</b>		
IPDC Finance Limited(As on 31/10/2023)	STL	150.00	149.58		
Long Term Loan	350.00	239.44			
<b>Sub Total</b>		<b>500.00</b>	<b>389.02</b>		
Modhumoti Bank Limited (As on 31/10/2023)	Specific STL	350.00	367.13		17.13
<b>Sub Total</b>		<b>350.00</b>	<b>367.13</b>		<b>17.13</b>
United Commercial Bank PLC (As on 07/10/2023)	Lease Finance **	700.00	734.39		34.39
Time Loan**	500.00	504.15		4.15	
<b>Sub Total</b>		<b>1,200.00</b>	<b>1,238.54</b>		<b>38.54</b>





Bank (S) & Other Financial Institution (S)	Mode	Total Limit (BDT in Millions)	Outstanding (BDT in Millions)	Overdue (BDT in Millions)	EOL (BDT in Millions)
BRAC Bank PLC (As on 31/08/2023)	LC-1 – Raw Materials**	1,400.00	255.97		
	Acceptance-1 (inner of 1)**	(1,400.00)	-		-
	UPAS-1 (inner of 1a)**	(1,400.00)	30.48		
	EDF (inner of 1)**	(1,400.00)	566.76		
	LTR (inner of line 1c)**	(250.00)	-		
	LC-2 (S/D/U) (inner 1) – Machinery & Spares**	(150.00)	4.83		
	(Acceptance)-2 (inner 1e)**	(150.00)	-		-
	UPAS-2 (inner 1e)**	(150.00)	38.39		-
	STL (inner 1f)**	(150.00)	-		-
	Bill Purchase**	(500.00)	411.22		-
	RL**	100.00	100.00		-
	OD**	40.00	39.88		
	EOI- Bill Purchase**	222.25	18.75		
	LC**	1,320.00	477.07		
	Acceptance**	(1,320.00)	-		
UPAS**	(1,320.00)	-			
Term Loan**	(1,320.00)	-			
<b>Sub Total</b>		<b>3,082.25</b>	<b>1,943.35</b>		
Shimanto Bank Limited (As on 10/10/2023)	Time Loan**	20.00	20.50		0.50
		100.00	102.50		2.50
		100.00	102.50		2.50
<b>Sub Total</b>		<b>220.00</b>	<b>225.50</b>		<b>5.50</b>
Mutual trust Bank PLC (As on 30/09/2023)	LC**	1,565.00	393.18		
	Acceptance**	(1,565.00)	10.38		
	EDF**	(1,565.00)	1,161.44		
	Term loan **	(1,170.00)	393.47		
	LC Machinery**	1,780.00	82.98		
	ABP-Machinery **	(1,780.00)	1,147.25		
Time Loan**	100.00	100.00			
<b>Sub total</b>		<b>3,445.00</b>	<b>3,288.70</b>		
Bengal Commercial Bank Limited (As on 31/08/2023)	Corporate Bai-Muazzal**	380.00	397.10		17.10
<b>Sub Total</b>		<b>380.00</b>	<b>397.10</b>		<b>17.10</b>
Al-Arafah Islami Bank PLC (As on 09/11/2023)	LC (FS/deferred/UPAS/EDF)	250.00	Nil		
	LTR (inner)	(100.00)	Nil		
	HPSM (R.E)	1,200.00	1,150.00		
<b>Sub Total</b>		<b>1,450.00</b>	<b>1,150.00</b>		
<b>Total:</b>		<b>25,502.80</b>	<b>18,452.04</b>	<b>155.86</b>	<b>90.77</b>

\*Per USD in BDT 110.04 as on 12/10/2023

\*\* Limit has considered form outstanding statement

Paramount Textile PLC (PTL) has been enjoying composite banking facilities from Pubali Bank PLC, Principal Branch, HSBC Bank Limited, Dhaka Main Office, Uttara Bank PLC & Community Bank Bangladesh Limited, Gulshan Branch, IDLC Finance Limited, Corporate Head Office, Alliance Finance PLC, United Finance Limited, Tejgaon Branch, BRAC Bank PLC, Head office Branch, Shimanto Bank Limited, Corporate Head office, Mutual Trust Bank PLC, Gulshan Branch, IPDC Finance, Head office, United Commercial Bank PLC, Corporate Branch, Bengal commercial Bank Limited, Head office Al-Arafah Islami Bank PLC, HO Corporate Branch, Modhumoti Bank Limited, Gulshan Branch, Dhaka. As per bank information, PTL has **BDT 155.86 million** at United finance, HSBC & IDLC Finance & **BDT 90.77 million** EOL at HSBC, Pubali Bank PLC, United Finance, Modhumoti bank, shimanto & Bengal Commercial Bank. AlphaRating only considered the above banking facilities availed by the company while assigning the rating.



**BRAC Bank PLC**

- Hypothecation on fixed, movable & immovable assets including machinery, plant & equipment of the company
- Registered mortgage of land measuring 2,537.33 decimal land existing structure located at Mouza: Kewa, Faugain, Former, Dist Gazipur which has a market value of BDT 930.90 million & force sale value of BDT 465.50 million.
- Corporate Guarantee
- Personal guarantee of all directors
- Basic charge documents
- MICR cheque

**Puball Bank PLC**

- Hypothecation on fixed, movable & immovable assets including machinery, plant & equipment of the company
- Hypothecation on floating assets including receivables, raw materials, wip, finished goods & book debts of the company
- Personal guarantee of all the directors of the company
- Corporate guarantee of Paramount Holdings Limited & Sunrise Chemicals Limited
- Usual Charge Documents
- Registered mortgage of land measuring 1125.00 decimal land existing structure located at Mouza: Kewa, PS: Sreepur, Dist Gazipur which has a market value of BDT 930.90 million and force sale value of BDT 465.50 million.
- Corporate Guarantee
- Personal guarantee of all directors
- Lien of acceptance
- Cheque covering bill discount

**HSBC Limited, Dhaka**

- First charge over the company's stock of raw materials, work in progress, finished goods and book debts/receivables with RJSC on Pari Passu basis with other lenders. HSBC's share being BDT 1,500.00 million
- First charge over company's plant & machineries with RJSC on Pari Passu basis with other lenders. HSBC's share being BDT 1000.00 million.
- Registered mortgage over 1125 decimal land & existing building in the name of Paramount Textile PLC, Paramount Spinning Mills Limited, Mr Shakhawat Hossain & Mr. Alock Das situated at Sreepur, Gazipur on Pari Passu basis with other lenders. HSBC's Share being BDT 1233.00 million.
- Registered mortgage for BDT 430.00 million over 206.75 decimal factory land & building in the name of Paramount Textile PLC situated in Sreepur, Gazipur to secure the term loan facilities.
- Personal Guarantee executed by Mr. Shakhawat Hossain , Mr. Alock Das, , Mrs Anita Haque & Mrs. Anita Rani Das for BDT 1,915.00 each supported by personal net worth statement.
- Personal Guarantee executed by Ms. Samsun Nahar, Ms. Aporna Ghosh Das for BDT 1,233.00 each

**Alliance Finance PLC**

- Pledge of share 2,597,405 of PTL

**IDLC Finance Limited**

- Personal Guarantee from Mr. Shakhawat Hossain, Mr. Alock Kumar Das, Mrs. Anita Haque and Mrs. Anita Das. to be signed separately without using the seal.
- Lien on share
- Hypothecation (fixed/floating charge) on plant & machineries
- One undated cheque for the full amount with authorization letter
- Pledge on 8744202 shares of PTL
- Corporate guarantee

**United Commercial Bank PLC**

- BDT 10.00 million director & sponsor share of PTL of BDT 700.00 million

*Company Profile**Industry Overview**Business Risk**Financial Analysis***Bank Facilities***Management & Other Qualitative Factor**Company Information***Al-Arafah Islami Bank PLC**

- 1579.00 decimal land located at Mouza- Dhamsur District- Mymensigh FSV **BDT 189.50 million**
- Personal guarantee
- Required number of cheque
- Necessary charge documents

**IPDC Finance Limited**

- Hypothecation on all fixed & Floating assets
- Additional FDR BDT 7.50 million
- Tagging existing lien on BDT 22.50 million
- Personal guarantee
- Demand promissory note
- Other usual charge documents

**Modhumoti Bank Limited**

- Personal guarantee
- Corporate Guarantee
- Charge on floating assets
- Fresh Lien on FDR BDT 50.00 million
- MICR cheque covering the entire limit favoring the bank
- Usual charge documents

**United Finance Limited**

- FDR BDT 5.00 million

**Community Bank Bangladesh Limited**

- Charge with RJSC on present and future floating assets of the company
- Lien of BDT 10,000,000 nos of share of PTL
- Lien on CBBL FDT BDT 50.00 million
- Personal Guarantee of all directors
- MICR cheque
- Standard charge documents

**Bengal Commercial Bank Limited**

- Bai Muzzal agreement
- Hypothecation of stock
- Personal guarantee
- Postdated cheque
- Usual charge documents
- Lien on 60 lac share of PTL of BDT 475.50 million

**Mutual Trust Bank PLC**

- 590.95 decimal project land, 701 decimal adjacent land to project & 4.95 decimal third party land with construction BDT 707.76 million



## Management & Other Qualitative Factors

### Board of Directors & its Responsibilities

The board comprises ten members, a good blend of executives and non-executives and independent directors having diverse and professional skills & experiences. The non-executive directors from varied businesses and professional backgrounds and their experience enable them to execute independent judgments on the board where their view carries substantial weight in the process of decision making. They contribute to the company strategy and policy formulation in addition to maintaining its performance as well as executive management. The board is collectively responsible to the company's members as laid down in its article of association. The board approves annual budget and reviews the business plan of the company and gives guideline for improvement wherever necessary. The board also ensures strict compliance on the regulatory requirements by timely submission of financial statements or any other related information for protecting shareholders wealth.

### Corporate Governance

As a part of growth strategy, the company believes in adopting best practices that are followed in the area of corporate governance to ensure full transparency and accountability in all its activities, in order to protect the interest of stakeholders. In this regard, the board of directors considers itself as a trustee of its shareholders and acknowledges its responsibilities towards them through creating & building long term value for the shareholders.

### Audit Committee

The company formed audit committee as a subcommittee of the board, has been constituted by one of the independent director as chairman and two other members of the board for ensuring good governance practices within the company. Mr. Md. Jahangir Yahya is the chairman of the committee who has twenty seven years of practical knowledge & professional experience in the field of accounting and finance, audit and corporate management. The company secretary is the secretary of the audit committee. This committee assists the board to ensure that the financial statements reflect true and fair view of the state of the affairs of the company. The audit committee is responsible to board of directors for its roles & responsibilities that are clearly set forth by the company.

### MIS & Internal Control System

The information system of the company is at developing stage. Currently IT related aspects of the company are taken care of by 8 IT professionals. The company uses Tally software for accounting and most of the cases use packaged software for daily activities of the management. Currently PTL has a total of 285 desktop & laptops in head office and factory for daily operations. Moreover, the company also has separate 10 members internal audit team to ensure structured internal control procedure, safeguard of assets, and promote operational efficiency and compliance with applicable policies and regulations. Internal control system is maintained and reviewed by the internal audit team. This team directly reports to the audit committee, Chairman and Managing Director.

### Human Resource Management

PTL has implemented a well-structured service rule for the human resources. Moreover, the company provides training facilities to the employees to improve their individual skills to meet up the business objectives. The company facilitates good working environment for its employees. It has a day care center, where the babies of female workers are looked after while their mothers are busy at work. To ensure sound health of employees, PTL has a sophisticated medical facility attended by qualified doctors. Paramount Textile PLC also has a primary school for children of workers, children which is situated near to the factory. The company exhibits a performance evaluation system and performance incentives for its employees. As part of this, the company introduced Workers Profit Participation Fund (WPPF) to increase the benefit of their workers. The human resource base of the company stands at 4,518.

**Compliance Issues**

Particulars	Valid till
Trade License	2023-2024
Factory License	30.06.2024
Income Tax Clearance (Acknowledgement receipt)	2022-2023
BTMA Membership Certificate	31/12/2023
BGCCI Membership Certificate	31/12/2023
EPB Enrollment Certificate	02/09/2024
ERC	30.06.2028
IRC	30.06.2028
Fire License	30.06.2024
Environmental Certificate	11/01/2024
Insurance	08/10/2024
VAT	Registered
Bond License	01/11/2023

End of the Report



## COMPANY INFORMATION:

### Board of Director

SL. No.	Name	Designation
1	Ms. Anita Haque	Chairman
2	Mr. Shakhawat Hossain	Managing Director
3	Mr. Alock Kumar Das	Director
4	Ms. Anita Das	Director
5	Mr. A. H. M. Habibur Rahman (Nominated by Paramount Holdings Ltd.)	Director
6	Sib Sankar Saha	Independent Director
7	Mr. Md. Jahangir Yahya	Independent Director
8	Mr. A H M Abdur Rahman (Nominated by Paramount Spinning Ltd.)	Director
9	Aparna Ghosh	Director
10	Samsun Nahar Nadia	Director

### Management Team

SL. No.	Name	Designation
1	Mr. A.B.M. Delwar Hossain	Executive Director (Operation)
2	Mr. Mohammad Jahidul Abedin	Chief Financial Officer
3	Mr. Md. Abdul Halim	Head of Internal Audit
4	Mr. Md. Shah Aziz, FCMA	GM, Accounts & Finance
5	Mr. Md. Robiul Islam, FCS	Company Secretary

### Company Address

#### Registered Office

Navana Tower (Level-7/C), Gulshan-1, Dhaka-1212, Bangladesh.

#### Corporate Office

House No-22 (Level-2, 5-7), Road No. 113/A, Gulshan-2, Dhaka-1212, Bangladesh.

#### Factory

Gilarchala, Sreepur, Gazipur, Bangladesh

### Auditor

Shiraz Khan Basak & Co.

Chartered Accountants

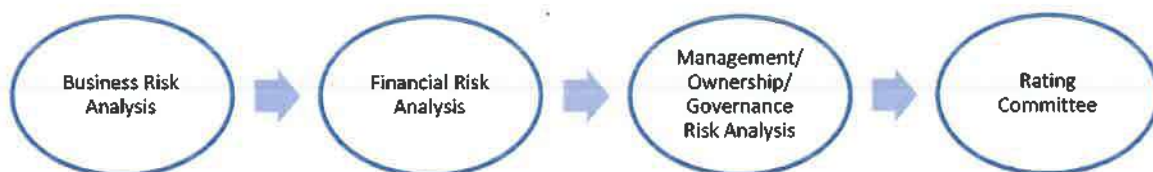
86, Bir Uttam C.R. Datta Road (312, Sonargaon Road)

Hatirpool, Dhaka- 1205

### Company Website

[www.Paramountgroupbd.com](http://www.Paramountgroupbd.com)

AlphaRating's Research Methodology for Determining Corporate Credit Rating



Analysis is segmented into two or three sub sectors:

- ▶ Industry Outlook
- ▶ Competitive Position
- ▶ Operational Analysis

Analysis is segmented into four sub sectors:

- ▶ Earnings Cash Flow Generating Ability & Debt Servicing Capacity
- ▶ Capital Adequacy
- ▶ Financial Flexibility

It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

Senior personnel review each company to determine the appropriate final credit rating.

- ▶ Review Modeling Assumption
- ▶ Approve Company-Specific Adjustments

Rating Outlook

BB	A	BBB
CC	AAA	D
B	AA	CCC

BB	A	BBB
CC	AAA	D
B	AA	CCC

<b>POSITIVE</b>	Rating may be raised
<b>NEGATIVE</b>	Rating may be lowered
<b>STABLE</b>	Rating is likely to remain unchanged
<b>DEVELOPING</b>	Rating may be raised, lowered or remain unchanged.

ST-1	Strongest ability to meet short term financial commitments
ST-2	Above average ability to meet short term financial commitments
ST-3	Average ability to meet short term financial commitments
ST-4	Below Average ability to meet short term financial commitments
ST-5	Well below average ability to meet short term financial commitments
ST-6	Failed to meet short term financial commitments

AAA	Strongest Credit Quality
AA	Very Strong Credit Quality
A	Above Average Credit Quality
BBB	Average Credit Quality
BB	Slightly Below Average Credit Quality
B	Quality Weak Credit Quality
CCC	Very Weak Credit Quality
CC & C	Extremely Weak Credit Quality
D	Failed to Meet Rated Financial Commitment On Time or When Due

**Note:** Long term rating from AA to B may be modified by the inclusion of a plus (+) or minus (-) sign to indicate relative strength within the rating category.

