

# AlphaRating

## PARAMOUNT TEXTILE PLC (PTPLC)

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

**(Corporate)**

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07 November, 2024

**Managing Director**

**Paramount Textile PLC (PTPLC)**

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

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

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 (PTPLC)**

<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>
07 November, 2024	09 September, 2024	08 September, 2025	8 <sup>th</sup> Surveillance	AA	ST-1	Stable

The long term rating & short term rating is valid up to the earlier of 08 September, 2025 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 (PTPLC)**, 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 (PTPLC)****AA** Long Term Rating**ST-1** Short Term Rating**Stable** Outlook**Date of Declaration** 07 November, 2024**Valid From** 09 September, 2024**Valid Till** 08 September, 2025**Rating Action** 8<sup>th</sup> SurveillanceBusiness Risk  
ModerateLiquidity Profile  
SoundSolvency  
GoodIndustry Group  
Primary TextileSector  
Fabric Manufacturer

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: **19 November, 2023**Valid From: **09 September, 2023**Valid Till: **08 September, 2024****Contact Analysts****Razzaqul Haider**[razzaqul@alpharating.com.bd](mailto:razzaqul@alpharating.com.bd)**Mithun Das**[mithun@alpharating.com.bd](mailto:mithun@alpharating.com.bd)**Contents**

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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 25,973.12 million (As on 30/06/2024)

**Banks/Other Financial Institutions:**

Pubali Bank PLC, The Hong Kong and Shanghai Banking Corporation, Al-Arafah Islami Bank PLC, IDLC Finance PLC, IPDC Finance PLC, Alliance Finance PLC, Uttara Bank PLC, Community Bank Bangladesh PLC, United Finance Limited, BRAC Bank PLC, Shimanto Bank PLC, Mutual Trust Bank PLC, United Commercial Bank PLC, Citizen Bank PLC, Bangladesh Infrastructure fund Finance Limited, Eastern Bank PLC, Trust Bank PLC, Bengal Commercial Bank PLC

**Total Limit:**

BDT 34,526.46 million

**Total Outstanding:**

BDT 22,217.49 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 (PTPLC)** (Hereinafter referred to as 'the company or PTPLC'). 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 PTPLC. Moreover, improved revenue, positive CFO, sound liquidity position, most of the updated compliances, 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, EOL balance. The above rating is based on the audited financial statements of year ended 30 June, FY 2021 to 2024 and other qualitative information provided by the management. 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 2024	2023	2022	2021
<b>Revenue (BDT in Millions)</b>	10,072.44	8,609.80	6,615.53	5,020.71
<b>COGS (BDT in Millions)</b>	8,475.33	7,286.64	5,619.90	4,246.97
<b>Gross Profit (BDT in Millions)</b>	1,597.11	1,323.16	995.63	773.74
<b>Operating Profit (BDT in Millions)</b>	1,305.56	1,033.08	715.39	534.58
<b>Profit After Tax (BDT in Millions)</b>	1,009.32	1,005.17	760.01	661.89
<b>CFO (BDT in Millions)</b>	561.07	935.29	571.59	797.20
<b>Gross Profit Margin (%)</b>	15.86	15.37	15.05	15.41
<b>Operating Profit Margin (%)</b>	12.96	12.00	10.81	10.65
<b>Net Profit Margin (%)</b>	10.02	11.67	11.49	13.18
<b>Current Ratio (x)</b>	1.33	1.03	1.16	1.14
<b>Quick Ratio (x)</b>	0.45	0.40	0.40	0.37
<b>Cash Conversion Cycle (Days)</b>	289	281	302	289
<b>Debt to Equity (x)</b>	3.02	2.58	2.49	1.53
<b>Interest Coverage (x)</b>	1.95	2.27	2.30	2.49
<b>Net Asset Value (BDT in Millions)</b>	6,376.55	5,612.60	4,819.73	4,224.79

Data obtained from the audited financial statements of 2021-2024



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

## Company Profile

Paramount Textile PLC (PTPLC) 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 (PTPLC)
- 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
- Dynamic Sun Energy Pvt. Ltd.

## Ownership Pattern

Paramount Textile PLC (PTPLC) 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 30/09/2024)

Shareholders	Percentage (%)
Sponsor/ Directors	48.48%
Institutes	20.20%
Foreign	0.01%
General Public	31.31%
<b>Total Number of Shares</b>	<b>100.00</b>

Source-DSE website

## Product Range

The product range of PTPLC 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        |

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**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.

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

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**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, PTPLC ensures 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**

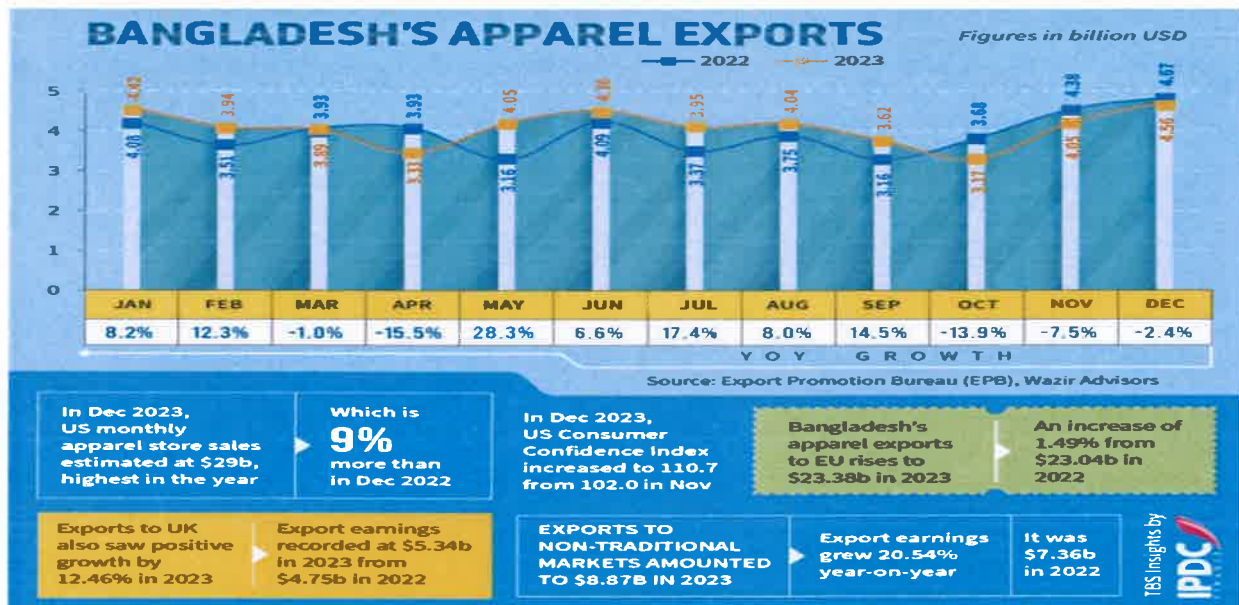
Paramount Textile PLC has its own captive power plant and generates its own power resulting uninterrupted production through GE Jenbacher gas engines. The factory generates own power through 4 GE Jenbacher gas fired generators which have cumulative generation capacity of 5 MW. World's leading compressors 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 Overview

Bangladesh's garment industry has been experiencing a significant shift in its global positioning in recent years, with the country eyeing absolute dominance in this crucial sector. Bangladesh's apparel sector has performed commendably over the last three decades, securing the second most prominent position in the global apparel market. Currently, with 3,500 operational clothing factories and a total investment of USD 20 billion, this industry makes up 11% of the GDP and directly sustains over 4 million jobs. (BGMEA, Aug 2023). However, despite growing in value and volume, the industry has primarily suffered in the low-value segment attaining slim profit margins. Usually reliant on Western markets, particularly the United States and European countries, Bangladesh is now exploring new avenues for growth, including expanding into Asian markets once dominated by powerhouse competitors like India and China. Bangladesh is the second-largest exporter of readymade garment products after China. Local garment traders are trying to boost exports to non-traditional markets as developed countries in Europe and the USA spend less on RMG goods. In 2023, Bangladesh's export earnings from non-traditional countries reached \$8.871 billion. According to BGMEA, the growth of Bangladesh's garment industry in the European Union has been 40.98 percent in the last four years and 37.42 percent in the US. The rate is 39.28 percent in the UK and 60.89 percent in non-traditional market countries.

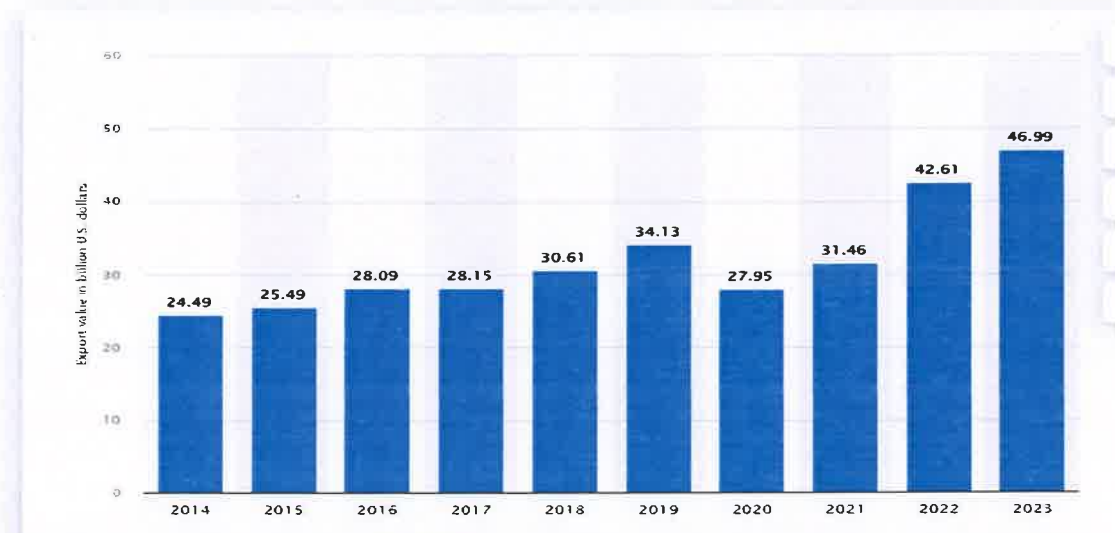
Bangladeshi exporters anticipate a surge in clothing orders from the beginning of the second quarter of 2024, as global retail shops have successfully cleared out their winter inventories, due to several festive occasions and easing inflation in the West.

However, as per the expert's opinion and the industry insider's information and forecast, Bangladesh apparel export will grow robustly in FY24 as it is expected to get benefits from bar on Vietnam over the use of Xinjiang cotton, Pakistan's political turmoil, Sri Lanka's crisis and Turkey's earthquake impacts. On the other hand, the China-US trade war can be a great tool for Bangladesh to earn more from exporting apparel goods to the US.

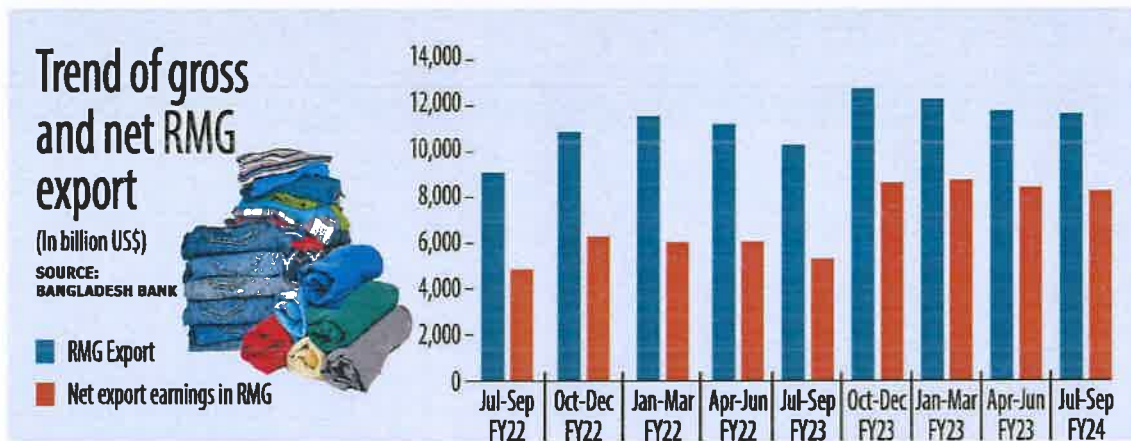


Source: <https://www.tbsnews.net/economy/rmg/rmq-expects-order-pickup-april-based-us-uk-market-reports-781694>

Export value of ready-made garments (RMG) in Bangladesh:



Source: <https://www.statista.com/statistics/987707/bangladesh-export-value-garments/>



Source: <https://www.thedailystar.net/business/economy/rmg/news/net-export-earnings-garments-continues-be-over-70-3484246>

The US is the largest export destination for Bangladesh, and it earned nearly \$10 billion from apparel export last year. During the period of January to April 2023, Vietnam's textile and garment exports experienced a decline of 18.1 percent, reaching \$9.72 billion. However, all the projection will depend in the global economic condition and business environment and policy of Bangladesh, the support to be offered for the next fiscal year.

The textile and garments industry is not immune to geopolitical uncertainties that can impact trade relations. Tensions between major trading partners or shifts in global trade policies can pose challenges for the industry, affecting export volumes and market access. Moreover, the industry is vulnerable to fluctuations in raw material prices, including cotton and synthetic fibers. Volatility in global commodity markets can impact production costs, potentially affecting the competitiveness of Bangladesh's garments in the international market. The garments industry of Bangladesh in 2024 stands at a critical juncture where strategic decisions and adaptability will shape its future trajectory.



## 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 PTPLC operates its business within the frame of applicable laws & regulation which is a primary requirement for any company to be listed with BSEC. PTPLC 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 likely 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, PTPLC 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 PTPLC 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 PTPLC 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 PTPLC 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 PTPLC 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 PTPLC 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 (PTPLC) 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 supported PTPLC to achieve revenue growth in FY 2024. According to audited financial statement, revenue of the company has increased by 16.99% compared to last year & stood at BDT 10,072.44 million in FY 2024. Revenue has increased mainly due to significant increase in sale of yarn & solid dyed fabrics, knit yarn dyeing. 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 15.86% in FY 2024 from 15.37% in last year.

Total operating cost of the company has consisted of distribution costs & administrative expense. Operating expense of the company has decreased to 2.89% from 3.37% of revenue. As a result, Operating Profit Margin has increased to 12.96% in FY 2024 from 12.00% in FY 2023. It has noticed that, during the year, finance cost of the company has increased to BDT 670.31 million compared to previous year. Which in turn decreased Net Profit Margin by 1.65% compared to that of FY 2023.

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 decreased in FY 2024 because the growth rate of net profit which is lower than the growth rate of total assets. At the same time, Return on Equity (ROE) has decreased in FY 2024 because net profit has increased at a lower rate than the growth rate of shareholders equity which indicates inefficiency in utilizing the shareholders fund to generate return.

**Exhibit 1: Selected Indicators: Paramount Textile PLC.**

FYE 30 June	2024	2023	2022	2021
<b>Revenue (BDT in Millions)</b>	10,072.44	8,609.80	6,615.53	5,020.71
<b>Revenue Growth (%)</b>	16.99	30.15	31.76	(2.58)
<b>COGS (BDT in Millions)</b>	8,475.33	7,286.64	5,619.90	4,246.97
<b>COGS Growth (%)</b>	26.89	29.66	32.33	(2.54)
<b>Gross Profit (BDT in Millions)</b>	1,597.11	1,323.16	995.63	773.74
<b>Operating Profit (BDT in Millions)</b>	1,305.56	1,033.08	715.39	534.58
<b>Gross Profit Margin (%)</b>	15.86	15.37	15.05	15.41
<b>Operating Profit Margin (%)</b>	12.96	12.00	10.81	10.65
<b>Net Profit Margin (%)</b>	10.02	11.67	11.49	13.18
<b>ROA (%)</b>	4.35	5.36	5.41	6.66
<b>ROE (%)</b>	15.83	17.91	15.77	15.67

Data obtained from the audited financial statements of 2021-2024



## Liquidity Analysis

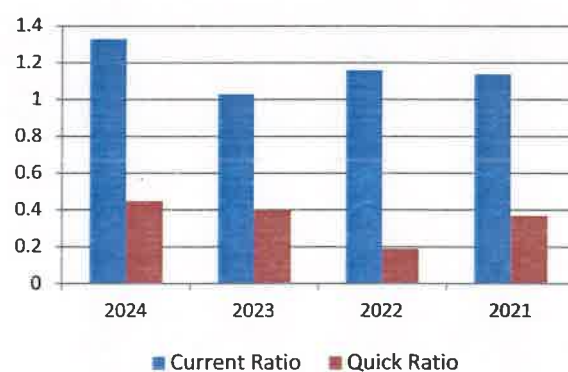
Liquidity ratios are used to determine a company's ability to meet its short-term obligations. The liquidity position of the company has increased from previous year. The liquidity condition of the company has measured by current ratio, which has increased in FY 2024 and stood at 1.33 times. Moreover, it has observed that, current assets has increased by 30.39%, whereas current liability has increased by 1.37% in FY 2024. Such this has resulted to increase current ratio. Additionally, current assets of PTPLC is comprised of 66.15% of inventories. Quick Ratio (without considering inventories) of the company has reported 0.45 times in FY 2024 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 3.86% of total current assets during the year. Holding extra cash is not desired as because of the opportunity cost.

Cash Conversion Cycle has increased due to increase in inventory turnover and trade receivable days. Further analysis revealed that, inventory turnover days has increased in FY 2024, due to increase of closing inventory. However, the company takes almost 8 months to release its cash from inventory. 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 65 days. Additionally, trade payables days has slightly increased by 01 days & it impels that the company pays off its suppliers within 07 days.

**Exhibit 2: Selected Indicators: Paramount Textile PLC**

FYE 30 June	2024	2023	2022	2021
<b>Current Ratio (x)</b>	1.33	1.03	1.16	1.14
<b>Quick Ratio (x)</b>	0.45	0.40	0.40	0.37
<b>Cash Ratio (x)</b>	0.05	0.04	0.02	0.02
<b>Trade Receivable Period (Days)</b>	65	57	48	49
<b>Trade Payable Period (Days)</b>	7	6	5	16
<b>Inventory Turnover Period (Days)</b>	231	230	260	256
<b>Cash Conversion Cycle (Days)</b>	289	281	302	289

Data obtained from the audited financial statements of 2021-2024



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### Cash Flow Analysis

In FY 2024, PTPLC has Positive cash flow from operation (CFO) of BDT 561.07 million. This positive CFO enables PTPLC to settle debts, reinvest in its business, return money to shareholders, pay expenses, and provide a buffer against future financial challenges. In FY 2024, CFO of PTPLC has decreased than that of last year. This decline was mainly due to decreased cash received from house rent & other income. The company was partially able to pay its financing costs by generating CFO, as indicated by the CFO Interest Coverage ratio. The CFO Debt Coverage Ratio indicates that the business was also partially able to pay off its debt.

**Exhibit 3:** Selected Indicators: **Paramount Textile PLC**

FYE 30 June	2024	2023	2022	2021
<b>CFO (BDT in millions)</b>	561.07	935.29	571.59	797.20
<b>CFO Interest Coverage (x)</b>	0.84	2.06	1.84	3.72
<b>CFO Debt Coverage (x)</b>	0.03	0.06	0.05	0.12

Data obtained from the audited financial statements of 2021-2024

### Leverage & Capital Structure

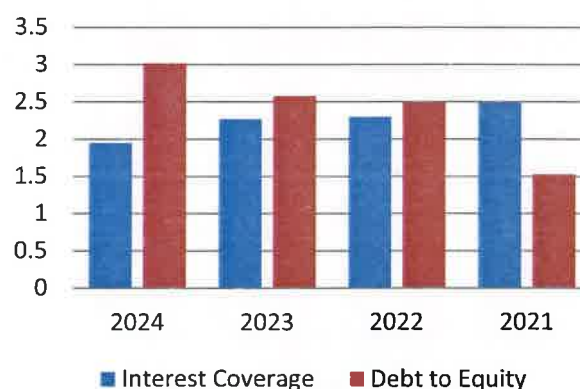
The debt to equity ratio is a leverage ratio that compares a company's total debt to total equity. The debt to equity ratio shows the percentage of company financing that comes from debt providers and investors. A higher debt to equity ratio indicates that more external financing (bank loans) is used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

Debt to equity ratio of PTPLC has increased during FY 2024 and reported 3.02 times and this value represents high gearing position of the company. 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	2024	2023	2022	2021
<b>Debt-to-Equity (x)</b>	2.90	2.58	2.49	1.53
<b>Net Asset Value (BDT in millions)</b>	6,376.55	5,612.60	4,819.73	4,224.79
<b>Interest coverage (x)</b>	1.95	2.27	2.30	2.49

Data obtained from the audited financial statements of 2021-2024



## 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)	EOL (BDT in Millions)
Pubali Bank PLC (As on 31/08/2024)	LC (Rev.)**	5,000.00	3,392.20	
	Specific LC (Machinery)**	2,124.10	1,275.60	
	BG(Rev)**	190.56	176.35	
	BBLC (Rev)**	400.00	351.00	
	LATR**	100.00	-	
	Rev. BG	50.00	41.10	
	Spe. BG	1,855.60	1,722.40	
	Over Draft**	650.00	649.20	
	Ex. Bill Negotiation**	1,650.00	379.20	
	Term Loan**	2,356.30	1,050.00	
	STL**	500.00	500.00	
EDF Cash	422.60	0.25		
<b>Sub Total</b>		<b>15,299.16</b>	<b>9,537.30</b>	
The Hong Kong and Shanghai Banking Corporation. Ltd. (As on 31/07/2024)	Accepted bills/LC**	1,000.00	-	
	Import lien/UPS**	100.00	8.90	
	Bills Discounting**	(100.00)	-	
	Demand Loan/short term loan**	100.00	17.10	
	OD**	50.00	12.30	
	Force loan /Term Loan	530.00	314.70	
	Guarantee****	10.00	-	
<b>Sub Total</b>		<b>1,790.00</b>	<b>353.00</b>	
Community Bank Bangladesh PLC (As on 28.08.2024)	Overdraft	450.00	445.85	
	Time Loan**	(200.00)	200.00	
	BG**	450.00	388.74	
	LC***	200.00	-	
<b>Sub Total</b>		<b>1,100.00</b>	<b>1,034.59</b>	
IDLC Finance PLC (As on 30/06/2024)	Term Loan**	700.00	466.67	
<b>Sub Total</b>		<b>700.00</b>	<b>466.67</b>	
Uttara Bank PLC (As on 31/08/2024)	Term Loan**	500.00	381.01	
<b>Sub Total</b>		<b>500.00</b>	<b>381.01</b>	
United Finance Limited (As on 31/8/2024)	Term Loan**	50.00	6.46	
	Investment in Preference Shares**	100.00	82.82	
	<b>Sub Total</b>		<b>150.00</b>	<b>89.28</b>
Alliance Finance PLC (As on 30/06/2024)	Long Term Loan**	200.00	178.27	
<b>Sub Total</b>		<b>200.00</b>	<b>178.27</b>	
IPDC Finance PLC(As on 26/08/2024)	STL	150.00	151.92	1.92
	Long Term Loan	350.00	185.49	
<b>Sub Total</b>		<b>500.00</b>	<b>337.41</b>	<b>1.92</b>
United Commercial Bank PLC (As on 03/09/2024)	Lease Finance **	700.00	790.00	90.00
	Time Loan**	500.00	539.15	39.15
	BG**	1000.00	150.00	
<b>Sub Total</b>		<b>2,200.00</b>	<b>1,479.15</b>	<b>129.15</b>

Bank (S) & Other Financial Institution (S)	Mode	Total Limit (BDT in Millions)	Outstanding (BDT in Millions)	EOL (BDT in Millions)
BRAC Bank PLC (As on 31/07/2024)	LC-1 – Raw Materials**	1,410.00	401.32	
	Acceptance-1 (inner of 1)**	(1,410.00)	9.32	-
	UPAS-1 (inner of 1a)**	(1,410.00)	202.46	
	EDF (inner of 1)**	(1,410.00)	296.64	
	LTR (inner of line 1c)**	(250.00)	-	
	LC-2 (S/D/U) (inner 1) – Machinery & Spares**	(150.00)	13.18	
	(Acceptance)-2 (inner 1e)**	(150.00)	5.35	-
	UPAS-2 (inner 1e)**	(150.00)	138.03	-
	STL (inner 1f)**	(150.00)	-	-
	Bill Purchase**	590.00	345.93	-
	RL**	100.00	99.95	-
	OD**	40.00	39.32	
	EDF Loan-2	(460.00)	101.75	
	LC**	50.00	-	
Acceptance**	(50.00)	-		
	UPAS**	(50.00)	42.99	
<b>Sub Total</b>		<b>2,190.00</b>	<b>1,696.14</b>	
Shimanto Bank PLC (As on 25/08/2024)		20.00	20.00	
	Time Loan**	100.00	100.00	
		100.00	100.00	
<b>Sub Total</b>		<b>220.00</b>	<b>220.00</b>	
Mutual trust Bank PLC (As on 18/08/2024)	BTB LC**	1,400.00		
	LC cash**	(1,400.00)	160.48	
	Acceptance**	(1,400.00)	1,006.68	
	EDF**	(1,400.00)	171.60	
	LTR	(400.00)	Nil	
	Acceptance	(100.00)	Nil	
	LC(sight/UPAS)	(100.00)	50.03	
	Term loan **	(1,170.00)	1,100.99	
	BG	(100.00)	Nil	
	Time Loan	100.00	100.00	
	LC Machinery**	1,540.00	452.98	
<b>Sub total</b>		<b>3,040.00</b>	<b>3,042.76</b>	

Bank (S) & Other Financial Institution (S)	Mode	Total Limit (BDT in Millions)	Outstanding (BDT in Millions)	EOL (BDT in Millions)
Bengal Commercial Bank PLC(As on 31/07/2024)	Corporate Bai-Muazzal**	377.30	406.11	28.81
<b>Sub Total</b>		<b>377.30</b>	<b>406.11</b>	<b>28.81</b>
Al-Arafah Islami Bank PLC (As on 31/07/2024)	LC (FS/deferred/UPAS/EDF)	250.00	Nil	
	LTR (inner)	(100.00)	Nil	
	HPSM (R.E)	1,200.00	1,347.41	147.41
<b>Sub Total</b>		<b>1,450.00</b>	<b>1,347.41</b>	<b>147.41</b>
Bangladesh Infrastructure Finance Fund Limited (As on 31/07/2024)	Term Loan**	2,500.00	165.14	
<b>Sub Total</b>		<b>2,500.00</b>	<b>165.14</b>	
Citizens Bank PLC (As on 30/06/2024)	Time Loan**	350.00	361.75	11.75
<b>Sub Total</b>		<b>350.00</b>	<b>361.75</b>	<b>11.75</b>
Eastern Bank PLC (As on 31/08/2024)	ULC	540.00	-	
	Acceptance	(540.00)	-	
	Slight Letter of Credit	(540.00)	-	
	Loan against EDF	(540.00)	-	
	Demand Loan	100.00	101.41	1.41
	Overdraft	20.00	20.09	0.09
<b>Sub Total</b>		<b>960.00</b>	<b>121.50</b>	<b>1.50</b>
Trust Bank PLC (As on 31/08/2024)	Time Loan	1000.00	1000.00	
<b>Sub Total</b>		<b>1000.00</b>	<b>1000.00</b>	
<b>Total:</b>		<b>34,526.46</b>	<b>22,217.49</b>	<b>320.54</b>

\*\* Limit has considered form outstanding statement

Paramount Textile PLC (PTL) has been enjoying composite banking facilities from Pubali Bank PLC, Principal Branch, The Hong Kong and Shanghai Banking Corporation, Dhaka Main Office, Uttara Bank PLC & Community Bank Bangladesh PLC, Gulshan Branch, IDLC Finance PLC, 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 PLC, Head office Al-Arafah Islami Bank PLC, HO Corporate Branch, Bangladesh Infrastructure Finance Fund Limited, Citizen Bank PLC, Eastern Bank PLC, Trust Bank PLC, Dhaka. As per bank information, PTL has BDT 320.54 million EOL. 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

**Pubali 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

**The Hong Kong and Shanghai Banking Corporation**

- 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 PTPLC

**IDLC Finance PLC**

- 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 PTPLC
- Corporate guarantee

**United Commercial Bank PLC**

- BDT 10.00 million director & sponsor share of PTPLC 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 PLC**

- 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

**United Finance Limited**

- FDR BDT 5.00 million

**Community Bank Bangladesh PLC**

- Charge with RJSC on present and future floating assets of the company
- Lien of BDT 10,000.000 nos of share of PTPLC
- Lien on CBBL FDT BDT 50.00 million
- Personal Guarantee of all directors
- MICR cheque
- Standard charge documents

**Bengal Commercial Bank PLC**

- Bai Muzzal agreement
- Hypothecation of stock
- Personal guarantee
- Postdated cheque
- Usual charge documents
- Lien on 60 lac share of PTPLC 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 PTPLC 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

PTPLC 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, PTPLC 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.

*Company Profile**Industry Overview**Business Risk**Financial Analysis**Bank Facilities**Management & Other Qualitative Factor***Company Information****Compliance Issues**

Particulars	Valid till
Trade License	2024-2025
Factory License	22.10.2025
Income Tax Clearance (Acknowledgement receipt)	2023-2024
BTMA Membership Certificate	31/12/2024
BGCCI Membership Certificate	31/12/2024
ERC	30.06.2028
IRC	30.06.2028
Fire License	30/06/2025
Environmental Certificate	03/02/2025
Export Promotion Bureau	30/06/2025
<b>Insurance</b>	<b>08/10/2025</b>
VAT	Registered
Boiler License	29/05/2025
Bond License	01/11/2025

**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. Alòck 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. Shakhawat Hossain	Managing Director
2	Mr. Mohammad Jahidul Abedin	Chief Financial Officer
3	Mr. Md. Abdul Halim	Head of Internal Audit
4	Mr. Md. Shah Aziz, FCMA	General Manager
5	Mr. Md. Robiul Islam, FCS	Company Secretary
6	Mr. Rashedul Hasan	Senior DGM

### 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.

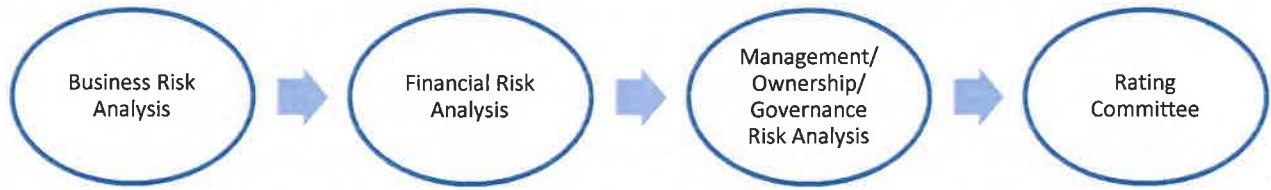
**Factory**

Gilarchala, Sreepur, Gazipur, Bangladesh

### 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

POSITIVE	Rating may be raised
NEGATIVE	Rating may be lowered
STABLE	Rating is likely to remain unchanged
DEVELOPING	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 y
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 Credit	Slightly Below Average Quality
B	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.