

# CREDIT RATING REPORT



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**CREDIT RATING  
AGENCY OF  
BANGLADESH LTD.**

## Credit Rating Report (15<sup>th</sup> Surveillance)

### Envoy Textiles Limited

Particular	Rating	Remark
Envoy Textiles Limited	AA <sub>1</sub>	-
BDT 2,243.2 million Long Term Outstanding	AA <sub>1</sub> (Lr)	Vide Appendix-1
BDT 21,911.4 million Short Term Limits	ST-1	
Outlook	Positive	-

Lr – Loan Rating, ST – Short Term

**Date of Rating:** 29 December, 2025.

**Validity:** 31 December, 2026.

**Rating based on:** Audited Financial Statements (FYE 30/06/2025, 30/06/2024, 30/06/2023), and other relevant qualitative and quantitative information up to the date of rating declaration.

**Auditor:** K. M. Hasan & Co. Chartered Accountants.

**Methodology:** CRAB's Corporate Rating Methodology ([www.crab.com.bd](http://www.crab.com.bd))

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#### ■ RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has reaffirmed **AA<sub>1</sub>** (pronounced Double A One) rating of Envoy Textiles Limited. CRAB has assigned **AA<sub>1</sub>(Lr)** loan rating to BDT 2,243.2 million long-term outstanding of the Company. CRAB has also assigned **ST-1** rating to BDT 21,911.4 million funded and non-funded limit of the Company in the short term.

The rating retention considered the healthy and continued improvements in key operational and financial areas of the Company while sustaining in others – during FY2025, Envoy-Tex's topline growth continued with a high growth of 30.6% (FY2024: 28.5%, 5Y CAGR of 17.9%) along with improved profitability compared to PY's metrics (GP 18.9%, EBITDA 19.7%, OP 16.5%, NP 7.6% and ROE 15.2%). The Company's bottom-line increased due to sustained high growth coupled with moderately and relatively decreased costs. The rating retention also considered sustained and moderate leverage (L/E 1.7x, BF/E 1.2x and BF/EBITDA 3.1x) and adjusted leverage (L/AE 2.7x and BF/AE 1.8x) – considering the scale and nature of business, high borrowing is expected to sustain to meet working capital pressure and continuous investment in capital assets. The rating further considered the adequate coverage of 2.2x and the liquidity stress resulting from sheer scale of operation – CR 1.2x & QR 0.6x, long cash conversion cycle of 184 days and low CL coverage of 6.7% despite having CFO of BDT 800.4 million. Continuation of growth trend and retention of healthy profitability during Q1 FY2026 reinforces the positive business and credit outlook of the Company.

The assigned rating reflected Envoy-Tex's long operational history, business model with a complex value chain, strong brand position in the market and operational scale, supported by its diversified product

Financial Highlights	(Figures in Million BDT)	
	30/06/25	30/06/24
Revenue	18,624.8	14,261.4
EBITDA	3,675.0	2,661.0
EBITDA Margin (%)	19.7	18.7
Net Profit after Tax	1,408.9	600.4
Net Profit Margin (%)	7.6	4.2
Cash Conversion Cycle (Days)	184	211
Total Equity	9,782.6	8,710.8
Total Liability	17,066.2	15,275.2
Total Borrowed Fund	11,508.2	12,032.8
Total Liability to Equity (x)	1.7	1.8
Borrowed Fund to Equity (x)	1.2	1.4
Borrowed Fund to EBITDA (x)	3.1	4.5
EBIT to Interest Expense (x)	2.2	1.6

#### ■ PROFILE

Name	Envoy Textiles Limited
Legal Status	Public Limited Company
Incorporation Year	1995
Office Address	Envoy Tower, 18/E, Lake Circus Kalabagan (West Panthapath), Dhaka
Factory Location	Zamirdia, Bhaluka, Mymensingh
Business	Manufacturer & Exporter of Denim Fabrics
Managing Director	Mr. Tanvir Ahmed
Group Affiliation	n/a

range and sustained growth. The key factors contributing to the rating included the Company's relatively improved profitability, enhanced equity through retention of earnings, and a favourable demand outlook for the textile industry as well as standalone growth projection of the Company. Additionally, Envoy-Tex benefits from strong and long-term relationships with established and renowned foreign buyers and international fashion brands (70% direct nomination as denim supplier), reducing demand-related risks in the long term. The experience of Envoy-Tex's promoters and senior leadership in the textile sector further reinforced the rating, which was complemented by the Company's integrated supply chain, high value-addition margin, advanced manufacturing facilities built with modern technology, continued capital investments to enhance quality and capacity, and green manufacturing practices that ensure eco-friendliness and stringent quality assurance processes. The Company's long history of satisfactory credit repayments with its lenders also strengthened its credit profile. The 'Positive' outlook on the rating reflects that the Company will maintain its revenue line, improved profitability and leverage-coverage profile in the mid-term.

However, the rating was constrained to some extent by the inherent characteristics of the Company due to its nature of business - due to Envoy-Tex's scale of operation and high working capital requirements, the Company's borrowing along capital asset investment remained high which impacted its leverage while high borrowing costs taxed its profitability and coverage in the short term. Fully import-based procurement exposes the Company to various import barriers - raw material price fluctuations & availability, lead-time management & logistics vulnerability, adverse import policies, tariffs & duties, and above all, exchange rate fluctuations which could hinder its procurement and/or increase its cost of procurement. Demand volatility due to inflation and recessionary economic movements as well as geo-political & economic stability of foreign markets may impact topline in the mid to long-term while competitive landscape will continue to be a challenge due to buyers' pressure to reduce procurement costs and sourcing strategy. Any adverse changes in the socio-economic and geo-political scenario as well as business dynamics will, inevitably, impact the performance of Envoy-Tex in the short to midterm. Going forward, significant changes in operational and financial performance, credit repayment behaviour, and evolving economic conditions - both domestic and global, will be key determinants of future rating considerations.

#### Key Rating Drivers

##### Credit Strengths

- Fundamental strengths of Envoy-Tex: large scale of operation, robust business model, revenue generation capacity and the demand outlook of Textile industry.
- Established track record, vast experience of promoters, expertise of Senior Management and availability support from associates.
- State of the art manufacturing facility, conforming to compliance via green and sustainable manufacturing with strong focus on and continued investment in resource conservation (power, water and material), use of renewable energy, reduction in GHG emissions and offering a safer workplace for people.
- Strong liaison with foreign buyers, international brands and renowned local RMG manufacturing units comforting the long-term sustenance and business growth.
- Healthy financial profile: high revenue growth (30.6%), improved profitability (EBITDA 19.7%, NP 7.6%), sustained leverage (L/E 1.7x, BF/E 1.2x) and comfortable coverage (2.2x).
- Projected sustenance of revenue and profitability via Q1 FY2026 performance: BDT 4,742.2 million, NP 8.0%.

##### Credit Challenges

- Volatility in financial parameters via prolonged operating cycle, high leverage and moderate coverage. Capital intensive nature of business and continuous capital investment led to substantially high leverage.
- Highly competitive business landscape from both local and international peers - limited bargaining power, reallocation and rebalancing of global sourcing footprints and restructuring of supplier relationships.
- Sustained performance highly dependent on geo-political & economic stability of foreign markets. Global economic contraction may hinder growth.
- Substantial import-based procurement exposed to exogenous factors such as volatility in exchange rate, trade finance gaps, changes in tariff, duties & trade access, logistics disruption, geo-political instability, socio-economic changes and hike in cost of labor and energy may impact the industry in the midterm.
- Any significant impact in business and operations may lead to adverse impact on debt coverage profile.

## ■ BACKGROUND

Envoy-Tex was incorporated as a Private Limited Company in June 1995 and went into commercial operations in March 2008. The Company amalgamated with Edge Denims Limited in September 2009 and converted to Public Limited Company in October 2009. Envoy-Tex is a leading denim manufacturing company having production capacity of 52.0 million yards per year. The Company has its own Spinning Unit inside the factory compound with production an annual capacity of 29.2 million kg yarn including cotton and blended yarn. The factory of the Company is situated at Zamirdia, Bhaluka, Mymensingh with captive power generation facility. Envoy-Tex was awarded LEED™ (Leadership in Energy and Environmental Design) Platinum Certification by US Green Building Council, ensuring environment friendly production facilities.

Table 1: Timeline of Envoy Textiles Limited and Awards & Accolades

Year	Event
2008	Commencement of commercial operation
2009	Certification of GOTS and OE -100 for organic production
2010	Awarded ISO 9001:2008 and ISO 14001:2008 Certificates
2013	Doubled the production capacity (37 million yards per year)
2016	Started production of Spinning Unit, awarded LEED Platinum Certification by US Green Building Council
2018	BGMEA Green Factory Award
2018	Presidential Award (Category- Large Industry) for Industrial Development (2016, 2017, 2020)
2019	National Environment Award 2019 and National Export Trophy Gold for the Year 2017-2018
2019	Awarded National Productivity & Quality Excellence Award by the Ministry of Industry (2017, 2020)
2020	Awarded National Export Trophy (from 2009-10 from 2020-21)
2020	ICSB National Award 2014, 2015, 2016, 2020
2020	Highest Tax Prayer Award 2016-2020; Highest Regular Electric Bill Prayer Award 2018-20
2020	ICMAB Best Corporate Award 2016-2020
2021	Production capacity increased to 52 million yards per year
2022	The Sustainability Leadership Award 2022
2022	HSBC Export Excellence Award 2017, 2022
2023	Started production of Blended Yarn Unit with Capacity of 4,200 MT per year.
2023	Green Factory Award by Ministry of Labour & Employment
2024	Renewable Energy (RE) capacity building by installing Solar Panel (2.2 MW)
2025	Commercial operation of Waste Recycle Plant, Inauguration of Marketing Office in Gulshan and
2025	Expansion to USA through Liaison Office

## ■ SHAREHOLDING AND BOARD COMPOSITION

Envoy Textiles Limited (Envoy-Tex) has been listed with the Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) since 2012. The authorized share capital of the Company is BDT 4,750.0 million divided into 2,750.0 million Ordinary Shares and 2,000.0 million Redeemable Preference Shares of BDT 10.0 each and paid-up capital was BDT 1,677.3 million. As of 30 June 2025, 65.2% shares of the Company are held by its sponsors/directors and remaining 34.8% shares are held by individual, institutional and foreign shareholders.

Table 2: Shareholding Structure

As of	30/06/2025			30/06/2024		
	No. of Shares	Mil. BDT	%	No. of Shares	Mil. BDT	%
Sponsors/Directors	109,317,677	1,093.2	65.2	105,717,677	1,057.2	63.0
Institutional Shareholders	14,515,685	145.2	8.7	14,530,819	145.3	8.7
Individual Shareholders	43,791,809	437.9	26.1	47,372,813	473.7	28.2
Foreign Shareholders	109,596	1.1	0.07	113,458	1.1	0.07
<b>Total</b>	<b>167,734,767</b>	<b>1,677.3</b>	<b>100.0</b>	<b>167,734,767</b>	<b>1,677.3</b>	<b>100.0</b>

The Board of the Company comprises twelve (12) Directors including four Independent Directors, who possess a wide range of skills and vast experience accumulated across different professions and businesses. The Directors have both local and international experience and expertise and are specialized to assist in policy formulation and decision making. The Board of Directors are responsible for setting out the Company's strategic aims, providing the necessary guidance, supervising executive management and continuous evaluation of the business.

Table 3: Shareholding in Envoy-Tex

Name	Position held	No of Shares	%
Engr. Kutubuddin Ahmed	Chairman	18,595,059	11.1
Mr. Tanvir Ahmed	Managing Director	16,144,471	9.6
Mr. Sk. Bashir Ahmed	Director	4,148,336	2.5
Mr. Md. Moin Uddin	Director	3,364,695	2.0
Mr. Sunil Daulatram Daryanani	Director	4,440,000	2.6
Mr. Dinesh Gope Virwani	Director	3,600,000	2.1
Mrs. Rashida Ahmed	Director	3,354,774	2.0
Mrs. Sumayyah Ahmed	Director	7,734,469	4.6
Ambassador Syed Shahed Reza	Independent Director	-	-
Mr. Fakhruddin Ahmed FCMA, FCA	Independent Director	-	-
Barrister M. Shafiqur Rahman	Independent Director	-	-
Professor Tanzina Haque FCMA	Independent Director	-	-
<b>Total</b>		<b>61,381,804</b>	<b>36.6</b>

#### ■ OPERATION, BUSINESS & FINANCIAL RISK PROFILE

##### Operation

Envoy Textiles Limited is a manufacturer of 100% export-oriented denim fabric which established with contemporary technology of USA, Europe, Japan etc. Envoy-Tex is the first denim project in Bangladesh with Rope Dyed Technology. The Company started its operation in 2008 with an initial production capacity of 16.0 million yards per annum. During last 17 years of operations, Envoy-Tex has expanded its capacity by more than three times. Current production capacity of the Company is manufacturing 52.0 million yards denim fabrics per year with 384 loom machine and capacity utilization was around 105.5 % in FY2025 (FY2024: 74.6%). The utilization exceeded capacity through outsourced production to meet substantially increased demand over capacity.

Table 4: Details of Production and Sales of Envoy-Tex

Period ended	30/06/25	30/06/24	30/06/23	30/06/22
<b>Production Capacity</b>				
Fabrics (million yards)	52.0	52.0	52.0	52.0
Yarn (million kg)	29.2	29.2	29.2	25.0
<b>Actual Production</b>				
Fabrics (million yards)	54.9	38.8	33.3	49.0
Yarn (million kg)	30.2	27.7	22.1	24.2
<b>Utilization</b>				
Fabrics	105.5%	74.6%	64.1%	94.2%
Yarn	103.4%	94.8%	84.8%	96.7%
<b>Sales Quantity</b>				
Fabrics (million yards)	55.4	39.7	31.8	50.6
Yarn (million kg)	30.1	28.3	21.4	24.3

The Company gives emphasis on product development through research and innovation. Envoy-Tex recruited experts from Turkey to innovate products to sustain with the changing market environment. The Company has also installed a dedicated dyeing plant for research and innovation purpose. The Company produces high quality denim products and waves in various shades of indigo and black. Envoy-Tex specializes in 4.5 oz to 14.75 oz (ounce) ring and open-end denim, and uses stretch, mill wash, modern finishing processes, for products intended for the new-age consumers. These products feature ring-ring constructions in pure indigo and sanforized denim. Envoy-Tex specializes in basic indigo products and plans to move up the value chain to cater to the most refined customers. The Company has taken two strategic projects aligned with its long-term sustainability – installation of Slasher Dyeing process and Indigo Dye Recovery plant. The indigo dye recovery plant, set to initiate operation in 2026, is a strategic move to reduce cost and waste by recycling a high-value raw material (indigo dye). State-of-the-art Slasher Dyeing technology will allow advanced technique to

produce a new range of high-quality and economical fabrics to widen its market while Indigo Dye Recovery plant will allow the Company to recycle and reclaim a high value raw material (Indigo Dye), reducing production loss, reducing material and production cost, increase contribution both financially and ecologically.

Table 5: Composition of Revenue (Mil. BDT)

Period ended	30/06/25	30/06/24	30/06/23	30/06/22
Revenue from Fabric Export	16,237.0	11,128.9	8,882.9	10,761.6
% of Total Revenue	87.2	78.0	80.1	86.8
Revenue from Yarn Export	2,301.1	3,067.5	1,895.4	1,289.4
% of Total Revenue	12.4	21.5	17.1	10.4
Revenue from Other Sales	7.2	6.9	6.6	5.5
% of Total Revenue	0.04	0.0	0.1	0.0
Export Cash Subsidy	55.0	26.1	266.5	322.8
% of Total Revenue	0.3	0.2	2.4	2.6
Exchange Fluctuation Gain	24.4	32.0	43.6	22.2
% of Total Revenue	0.1	0.2	0.4	0.2
<b>Total Revenue</b>	<b>18,624.8</b>	<b>14,261.4</b>	<b>11,095.0</b>	<b>12,401.5</b>

The Company has also Spinning Unit which came into operation at the end of 2016. The Spinning Unit is established with European machineries and producing cotton yarn mostly for own consumption to produce denim fabrics. Envoy-Tex recently has established another Spinning Unit which involves producing blended yarn using a significant proportion of cotton substitute raw materials. The new unit commenced commercial operation on 1 April 2023 with capacity to produce 4,200 MT yarn per year. At present, the Company has aggregate production capacity of 29,200 MT yarn per annum (cotton yarn 25,000 MT and blended yarn 4,200 MT). Aggregate capacity utilization was 103.4% in FY2025 (FY2024: 94.8%). The utilization exceeded capacity through outsourced production to meet increased demand over capacity, the same fabrics. Around 70-75% of the production is consumed internally which will help to reduce dependence on outsourced yarn and will support in improving operating efficiency.

Revenue of the Company mostly comes from deemed export through export oriented local readymade garment (RMG) against back-to-back LC. The Company also exports fabrics directly to more than 15 countries which is around 10-15% of its total export volume. Part of revenue is cash incentive from Govt. on export. There are also some revenues from exporting dyed yarn through export oriented local knit garments. Foreign exchange fluctuation gain or loss is recognized in revenue. A volume of around 25-30% of total produced yarn is exported through local export-oriented denim fabric manufacturer.

Revenue sources of the Company were dominated by export of fabrics as the core tenet of the Company - 87.2% in FY2025 and an average 83.0% for the last four years, followed by export of yarn - 12.4% in FY2025 and an average 15.3% for the last four years. As per un-audited financial statement, Envoy-Tex earned revenue of BDT 4,742.2 million during the first quarter of FY2026, which if annualized, the Company's revenue is likely to sustain the revenue of FY2025, provided that the trend remains stable.

Manufacturing of textile is based on the conversion of fibre into yarn, yarn into fabric. These are then dyed or printed, fabricated into clothes. Different types of fiber are used to produce yarn. Cotton remains the most important natural fibre and Envoy-Tex imports 100% organic, agroecologically farmed, ethically marketed and traceable cotton. The country needs 9.4 million bales of cotton per year for its consumption. Only 155,000 bales are produced locally, and while the rest are procured from India (22%), Brazil (14%), US (11%), and West African nations: Benin, Burkina Faso, Cameroon, Chad, Ghana, Ivory Coast and Mali etc. (35%) - import composition based in MY2024 (Aug-Jul).

Since cotton price is directly correlated with crops harvesting, price of cotton is volatile in the world market. Therefore, the Company is exposed to volatility of raw materials price. The management's extensive experience in textile helps to hedge risk of price volatility as well as raw material buffer & lead time management.

Other than cotton, Envoy-Tex use other natural and emerging natural fibres such as linen, banana, jute, bamboo and hemp which are mixed with cotton yarn in fabric production. The Company also mixes different semi-synthetic and synthetic yarns with cotton, e.g. modal, tencel, rayon, elastane, nylon, polyester, lycra etc. The Company also used 100% recycled cotton in its yarn and fabric production. The Company successfully started commercial operation of its Waste Fabric Recycle plant with the capacity of recycling 12 MT of waste fabric to reclaim cotton on October 1, 2025. This effectively allows Envoy-Tex to recycle high quality fibre under GRS & RCS, reduce procurement and production cost and increase its contribution to environment directly through reducing GHG emissions.

For the manufacturing process, uninterrupted supply of electricity/fuel is required therefore the Company ensures uninterrupted power supply by setting captive power generation facilities. The Company gets gas supply from Titas Gas Transmission and Distribution Limited. The Company has installed ETP at its factory which minimises the risk associated with environmental pollution. The Company has already commissioned its 2.2 MWp rooftop solar power plant, operating at 80% efficiency and generating clean energy 4-5 hours per day. Envoy-Tex is currently advancing on enhancing the plant's capacity by an additional 3.5 MWp through ADB financing - which will further increase energy self-sufficiency, reduce cost and contribute to environment over the long term. Envoy-Tex, also, launched a biogas plant with 30M<sup>3</sup>/day capacity using locally available free organic waste further enhancing its energy security and ecofriendly practices.

Envoy Textiles Limited was awarded LEED Platinum Certified company by U.S. Green Building Council (USGBC), the highest worldwide recognition for Leadership in Energy & Environmental Design. Envoy-Tex is the first to score 'LEED Platinum' among all denim manufacturer in the world. The LEED Certification is a mark of quality and achievement in green building. Envoy-Tex brought Laser Wash Technology, by which any wash effect can be made in fabrics without using water and chemical and accumulated washing machines for sample testing. Other key compliance certifications include OEKO Tex, OCS, GOCS, GRS, RCS, ISO 9001 & 14001, CMIA & BCI (cotton), BSCI, BEPIC, ICS, Alliance, HIGG Index, PACT, ZDHC, PURE, YESS and DETOX - which solidifies Envoy-Tex's commitment to ethical, environmentally conscience and sustainable manufacturer of yarn and denim.

The global denim market is expected to reach approximately USD 76.1 billion by 2026 with an annual growth rate of 4.8%. With 42 state-of-the-art mills, Bangladesh can now produce over 900 million meters of denim fabric annually. BGMEA has set a target of exporting USD 100 billion worth of readymade apparel by 2030 where denim will play a significant role. Bangladesh is the highest sourcing destination of denim both for the EU and US. Major international brands such as H&M, Uniqlo, Levi's, Nike, Tesco, Wranglar, Hugo Boss, Puma, Primark, JC Penny and many more are now importing denim products from Bangladesh.

Since the denim industry of Bangladesh is an export oriented sub-sector, its growth is mostly dependent on the economic stability of importing countries. A repeat economic recession, high volatility of cotton price in the international market, infrastructure bottlenecks, Government's stiff textile policy, and political instability will surely put the industry as well as the Company at considerable business risk. The industry is struggling to survive and to be competitive mainly because of ongoing gas crisis and high cost of energy. Moreover, inefficiency in ports, inadequate rail and road networks and lack of deep-sea ports are some of key challenges for the country.

Bangladesh is competing with other established manufacturer in countries like China, India, Pakistan, Vietnam, Indonesia and Cambodia. India and Pakistan are two leading denim exporters that have cost advantages having high volume local cotton production. Besides, Pakistan is enjoying GSP facility in the EU market. Due to rising costs in China as well as trade war and detrimental policies, buyers are relocating sourcing points, redefining procurement strategies and moving to other cost-efficient destination like Bangladesh. Bangladesh's textile industry has a competitive advantage having a well-developed garment infrastructure on the back of continuously improving and relatively cheaper human resources. These very business-oriented features positively reinforce Envoy Textile's long-term business sustenance outlook.

Envoy-Tex has insurance coverage with Pragati Insurance Company Limited for sum insured of BDT 4,363.7 million, valid till 19 January 2026. Insurance cover the risk associated with Industrial All Risks (Material Damage) as such: Fire & Lighting, Riot & Strike Damage, Malicious Damage, Explosion (other than explosion & collapse of boiler), electrical clause "B", cyclone, flood, earthquake (both fire & shock) and burglary except the exclusions specified in the policy.

#### Capacity Expansion Plan

Envoy Textiles Limited has acquired USD 30.0 million sustainability-linked long-term fund from Asian Development Bank (ADB) which will fuel the expansion of yarn manufacturing facilities with another blended yarn manufacturing unit with an annual capacity of 4,550 MT. The loan will also finance the expansion of existing solar power plant from 2.2 MWp to 5.7 MWp as well as refinancing high cost working capital loan at a relatively lower rate. This the first sustainability-linked finance by ADB in Bangladesh.

### Management

Although the core policies and standard practices are set by the Board, the daily operations are monitored by a team of Key Executives reporting directly to the Managing Director and the Board. The Company has different committees (Audit Committee, Nomination & Remuneration Committee and Management) to ensure compliance and corporate governance.

Under reporting to the Board, a team of dedicated and efficient management carries out day-to-day operations of the Company. Chief Executive Officer (CEO) of the Company, Mr. Tushar Tripathi, a highly experienced textile and apparel management executive oversees regular operations, production, marketing, HRM, financial management, and overall business performance of Envoy-Tex. A group of senior executives aids the CEO to perform day-to-day business of the Company. There are Unit Heads for each unit who report to the CEO; and CEO reports time-to-time to the Board/Chairman/Managing Director with summary reports on the performance of the Company. The factory operates three (3) shifts a day and 335 days in a year. As on 31 October 2025, the Company has 3,279 employees (530 executives & support staff and 2,749 fulltime factory workers) stationed in the head office and the factory.

### Financials

The financial information presented here is based on audited financial statements of Envoy Textiles Limited up to FYE 30/06/2025. The Auditor, K. M. HASAN & Co. Chartered Accountants, provided a true and fair view regarding the financial statements. Vide appendix 4 for key financial indicators.

Revenue of the Company comes from multiple sources, although, most of it is generated through export of fabrics – both deemed and direct exports. The Company also earns revenue from export of cotton and dyed yarn, and a small portion of revenue is generated from the sale of sample fabrics, wastage or stock fabric sales, cash incentives from the government against export and exchange rate gain. Envoy-Tex reported revenue of BDT 118,624.8 million in FY2025 compared to BDT 14,261.4 million in previous year (PY). Revenue of the Company increased by 30.6% in FY2025 over 28.5% previous financial year due to increase in revenue from fabric export while

yarn export decreased despite sales volume growth in both fabric and yarn export. Revenue growth was driven by growth in market demand particularly in the USA and Europe, strategic positioning as a green manufacturer of high quality and diverse set of yarn & fabric as well as favourable exchange rate.

**Table 6: Segment Wise Revenue Growth**

Period ended	30/06/2025		30/06/2024	
	Mil. BDT	Growth (%)	Mil. BDT	Growth (%)
Revenue from Deemed Export	15,994.8	68.9	9,468.0	85.1
Revenue from Direct Export	242.2	(85.4)	1,660.9	(55.9)
Revenue from Fabric Export	16,237.0	45.9	11,128.9	25.3
Revenue from Cotton Yarn Export	2,220.6	(26.2)	3,008.8	61.8
Revenue from Dyed Yarn Export	80.6	37.3	58.7	64.7
Revenue from Yarn Export	2,301.1	(25.0)	3,067.5	61.8
Revenue from Other Fabric Sales	7.2	4.2	6.9	4.0

**Table 7: Cost Component and Profitability as % of Revenue**

Period ended	30/06/2025		30/06/2024		30/06/2023	
	Mil. BDT	%	Mil. BDT	%	Mil. BDT	%
Revenue	18,624.8	-	14,261.4	-	11,095.0	-
Cost of Goods Sold	15,098.3	81.1	11,951.4	83.8	9,462.8	85.3
Material Cost	11,685.9	62.7	9,138.9	64.1	7,122.8	64.2
Factory Overhead	3,412.4	18.3	2,812.5	19.7	2,340.1	21.1
Gross Profit	3,526.5	18.9	2,310.0	16.2	1,632.1	14.7
Operating Expenses	448.5	2.4	373.6	2.6	330.6	3.0
Non-operating Income	(17.2)	(0.1)	48.2	0.3	4.8	0.0
Financial Expenses	1,375.3	7.4	1,232.5	8.6	763.3	6.9
Income Tax	196.3	1.1	115.8	0.8	189.9	1.7
Net Profit	1,408.9	7.6	600.4	4.2	327.3	2.9

The Company experienced improvement in overall profitability which was relatively highest in the last five years due to economies of scale, direct cost control and operational efficiency – gross profit and EBITDA margin in FY2025 stood at 18.9% and 19.7% respectively (FY2024: 16.2% and 13.6%). In FY2025, financial expenses increased by BDT 142.8 million due to relatively higher interest rates on loans; however, relatively growth in revenue reduced interest cost burden compared to PY. Despite the increase of financial expenses, net profit increased by 234BDT 199.0 in FY2025. On the other hand, tax expenses reduced significantly on the back of a 50% concessional source tax benefit. As a result, Profit after Tax grew by 134.7% to BDT 1,408.9 million over BDT 600.4 million in FY2024 leading to a considerable growth in Earnings per share (EPS) – BDT 8.40 in FY2025 from BDT 3.58 in FY2024.

Overall liquidity profile of the Company was moderate due to mix of weak current and quick ratio – respectively, 1.2x and 0.6x in FY2025, prolonged cash conversion cycle (184 days) owing the nature of the industry and moderate cash flow from operation (CFO/Current Liability of 0.07x). Envoy-TEX experienced improvement in working capital management as cash cycle continued to decrease for the last two years resulting from improved inventory turnover and deferral of payables. Cash Flow from Operations stood at BDT 800.4 million in FY2025 (PY: BDT 617.9 million). After adjusting capital expenditure, Free Cash Flow stood at negative BDT 442.8 million in FY2025 (PY: BDT – 326.0 million) which can be used to reward shareholders, repay debts or fund immediate capital expansion. As on 30 June 2025, Envoy-TEX reported cash and bank balance was BDT 213.7 million which will also aid liquidity along with available unutilized credit lines with its lenders.

Total equity of Envoy-TEX accumulated to BDT 9,782.6 million (including revaluation reserve of BDT 3,540.7 million) as of 30 June 2025. The equity comprised BDT 1,677.3

million share capital, BDT 1,095.6 share premium and BDT 3,469.0 million retained earnings revealing sound equity contribution in the total capital structure. The Company's equity position is decorated by sound portion of retained earnings which provided cushion to its leverage and capital expenditure budget. Total Assets stood at BDT 26,848.8 million including BDT 14,454.0 million current assets, financed by total Liabilities of BDT 17,066.2 million. Liabilities included both long and short term borrowed funds, combined BDT 11,508.2 million. Looking at leverage, Total Liabilities/Equity stood at 1.7x (FY2024: 1.8x) and Borrowed Fund/Equity at 1.2x (FY2024: 1.4x) while Borrowed Fund to EBITDA at 3.1x (FY2024: 4.6x). Overall leverage improved compared to last year to some extent. The Company's coverage position was satisfactory: EBIT/Interest Expense at 2.2x in FY2025 (PY: 1.6x) whereas DSCR was found to be at 1.6x.

### Credit Facilities

Envoy-Tex has banking relations with nine Commercial Banks, two Financial Institutions and one Development Bank having total short-term limit facilities of BDT 21,911.4 million and BDT 2,243.2 million long-term outstanding as at the time of rating. As per feedback received from its bank, CRAB found that the dealings of the Company were excellent considering generally timely payment and no reschedule & default history with these Banks. Envoy-Tex has secured USD 30.0 million sustainability-linked long-term loan from ADB which has not yet been disbursed as of 29 December 2025. A detailed liability position is given in appendix 1.

### ■ RECENT INFORMATION

Revenue of Envoy Textiles Limited increased by 7.8% revenue in the first quarter of FY2026 compared to revenue of first quarter of FY2025. Moreover, Gross profit margin increased by 2.4% to 20.2% while net profit margin of the Company improved to 8.0% in Q1 FY2026. As a result, EPS of the Company also increased to BDT 2.26 in Q1 FY2026 over BDT 1.51 in Q1 FY2025.

#### Financial Highlights, Q1 2026 (Unaudited, Figures in Million BDT)

Period	30/09/2025	30/09/2024	30/09/2023	30/09/2022
Revenue	4,742.2	4,399.5	3,146.4	2,948.4
Revenue Growth (%)	7.8	39.8	6.72	-
EBITDA	956.5	858.3	535.5	491.5
Net Profit after Tax	379.3	253.3	108.3	106.7
EBITDA Margin (%)	20.2	19.5	17.0	16.7
Net Profit Margin (%)	8.0	5.8	3.4	3.6
Total Equity	10,161.5	8,963.9	6,577.4	6,512.2
Total Liability	15,268.9	13,883.7	14,199.6	13,694.8
Total Assets	25,430.5	22,847.6	20,777.0	20,207.1
Total Borrowed Fund	12,105.0	11,861.3	11,787.7	12,129.0
Total Liability to Total Equity (x)	1.5	1.5	2.2	2.1
Borrowed Fund to Total Equity (x)	1.2	1.3	1.8	1.9
Borrowed Fund to EBITDA (x)	12.7	13.8	22.0	24.7
Cash Flow from Operations	615.3	80.1	(95.3)	133.5

**APPENDIX – 1: STOCK MARKET INFORMATION**

Share Information as of 18 December 2025		
Trading Code	:	Envoy-Tex
Market Category	:	A
Year of Listing	:	2012
Floated Shares	:	167,734,767
Market	:	DSE CSE
Opening Price (BDT)	:	46.80 49.50
Closing Price (BDT)	:	46.90 49.50
Day's Price Range (BDT)	:	46.20 – 47.50 49.50 – 49.50
52 Week's Moving Range (BDT)	:	36.00 – 63.80 35.50 – 63.00
Dividend	:	2025: 30% Cash 2024: 20% Cash
Earnings Per Share (BDT)	:	2025: 8.40 2024: 3.58
NAV per Share (BDT)	:	2025: 58.32 2024: 51.93
NOCF per Share (BDT)	:	2025: 4.77 2024: 3.68

**APPENDIX – 2: CREDIT FACILITIES OF ENVOY TEXTILES LIMITED**

Bank/FI	Facility	Limit	Outstanding	Expiry
Asian Development Bank	Term Loan (EURO 10.8M)	1,353.4	1,021.2	31/05/2030
IDCOL	Term Loan	405.8	276.8	30/03/2030
Dutch-Bangla Bank PLC.	Term Loan	500.0	53.1	25/05/2026
Modhumoti Bank PLC.	Term Loan	500.0	155.6	28/02/2027
Pubali Bank PLC.	Term Loan	424.5	371.1	17/12/2026
Southeast Bank PLC.	Term Loan	1,220.0	264.3	24/08/2027
IDLC Finance PLC.	Term Loan	230.0	-	31/12/2024
United Finance PLC.	Term Loan	110.0	101.1	25/03/2030
<b>Total Long Term</b>		<b>4,743.7</b>	<b>2,243.2</b>	
HSBC Bangladesh	Overdraft (OD)	50.0	42.1	31/12/2025
HSBC Bangladesh	Bill Discounting	200.0	307.6	31/12/2025
HSBC Bangladesh	EDF/UPAS/IMC	(1,850.0)	1,247.2	31/12/2025
Commercial Bank of Ceylon PLC.	Overdraft (OD)	100.0	-	30/04/2026
Commercial Bank of Ceylon PLC.	RSTL	1,000.0	600.0	30/04/2026
Commercial Bank of Ceylon PLC.	STL	700.0	700.0	30/04/2026
Commercial Bank of Ceylon PLC.	UPAS/LTR	(900.0)	-	30/04/2026
Commercial Bank of Ceylon PLC.	EBP	500.0	-	30/04/2026
Dutch-Bangla Bank PLC.	Overdraft (OD)	200.0	156.1	30/11/2025
Dutch-Bangla Bank PLC.	RSTL	(800.0)	802.8	30/11/2025
Dutch-Bangla Bank PLC.	Bill Discounting/LAAB	500.0	-	30/11/2025
Dutch-Bangla Bank PLC.	LTR (machinery)	(300.0)	-	30/11/2025
Modhumoti Bank PLC.	CC (Hypo)	100.0	52.7	01/03/2026
Modhumoti Bank PLC.	STL	450.0	312.5	01/03/2026
Modhumoti Bank PLC.	LDBP	200.0	-	01/03/2026
Modhumoti Bank PLC.	EDF	(500.0)	109.8	01/03/2026
The Premier Bank PLC.	OD (General)	250.0	154.8	08/06/2026
The Premier Bank PLC.	UPAS/EDF	(900.0)	-	08/06/2026
Pubali Bank PLC.	Cash Credit	700.0	403.5	31/05/2026
Pubali Bank PLC.	STL	600.0	200.0	31/05/2026

Bank/Fl	Facility	Limit	Outstanding	Expiry
Pubali Bank PLC.	Bill Purchase	700.0	339.3	31/05/2026
Pubali Bank PLC.	EDF	(3,000.0)	1,538.4	31/05/2026
Southeast Bank PLC.	Overdraft	250.0	167.3	31/07/2026
Southeast Bank PLC.	IDBP	350.0	-	31/07/2026
Southeast Bank PLC.	LTR/STL	(600.0)	205.2	31/07/2026
Southeast Bank PLC.	EDF	(1,500.0)	349.3	31/07/2026
<b>Total Short Term Funded</b>		<b>6,850.0</b>	<b>7,688.4</b>	
HSBC Bangladesh	LC/Acceptance	1,850.0	288.9	31/12/2025
HSBC Bangladesh	BG	30.0	-	28/03/2027
Commercial Bank of Ceylon PLC.	LC/Acceptance	900.0	490.7	30/04/2026
Commercial Bank of Ceylon PLC.	LG	1,395.0	16.5	30/04/2026
Dutch-Bangla Bank PLC.	LC/Acceptance	1,400.0	72.4	30/11/2025
Dutch-Bangla Bank PLC.	LC (Machinery)	(300.0)	-	30/11/2025
Modhumoti Bank PLC.	Letter of Credit	500.0	542.8	01/03/2026
Modhumoti Bank PLC.	BG	1,676.4	-	16/03/2027
The Premier Bank PLC.	LC/Acceptance	800.0	-	08/06/2026
The Premier Bank PLC.	LC (Machinery)	100.0	-	08/06/2026
Pubali Bank PLC.	Letter of Credit	3,000.0	518.3	31/05/2026
Pubali Bank PLC.	BTB LC/Acceptance	1,500.0	-	31/05/2026
Pubali Bank PLC.	LC (Machinery)	200.0	-	31/05/2026
Pubali Bank PLC.	BG	50.0	-	30/11/2024
Southeast Bank PLC.	LC/Acceptance	1,500.0	820.6	31/07/2026
Southeast Bank PLC.	LC (Machinery)	80.0	-	31/07/2026
Southeast Bank PLC.	BG	80.0	-	31/07/2025
<b>Total Short Term Non-Funded</b>		<b>15,061.4</b>	<b>2,750.1</b>	
<b>Total Short Term</b>		<b>21,911.4</b>	<b>10,438.5</b>	
<b>Grand Total</b>		<b>26,655.1</b>	<b>12,681.7</b>	

**Note:**

- Bank liabilities are based on 31/10/2025.
- Figures in million BDT.
- Banker's feedback: excellent relationship and timely repayment.
- Hypothecation of fixed and floating assets.
- Insurance coverage: BDT 4,363.7 million (Pragati Insurance Ltd).

**APPENDIX – 3: RATING HISTORY**

Date of Rating	Entity Rating	Long Term Loan Rating	Short Term Loan Rating	Outlook
30 December 2024	AA <sub>1</sub>	AA <sub>1</sub> (Lr)	ST-1	Stable
14 February 2024	AA <sub>1</sub>	AA <sub>1</sub> (Lr)	ST-1	Stable
29 September 2022	AA <sub>1</sub>	AA <sub>1</sub> (Lr)	ST-2	Stable
30 September 2021	AA <sub>1</sub>	AA <sub>1</sub> (Lr)	ST-2	Stable
10 September 2020	AA <sub>1</sub>	AA <sub>1</sub> (Lr)	ST-2	Stable

## APPENDIX – 4: KEY FINANCIAL INDICATORS

Type of Statement: Audited (K. M. Hasan &amp; Co, ARTISAN)

(Figures in Million BDT)

Period	30/06/2025	30/06/2024	30/06/2023	30/06/2022
<b>Earnings &amp; Stability</b>				
Revenue	18,624.8	14,261.4	11,095.0	12,401.6
Revenue Growth (%)	30.6	28.5	(10.5)	43.1
COGS as % of Revenue	81.1	83.8	85.3	86.1
EBITDA	3,675.0	2,661.0	1,960.0	2,031.0
EBITDA Margin (%)	19.7	18.7	17.7	16.4
Net Profit after Tax	1,408.9	600.4	327.3	501.3
<b>Profitability</b>				
Gross Profit Margin (%)	18.9	16.2	14.7	13.9
Operating Profit Margin (%)	16.5	13.6	11.7	11.2
Net Profit Margin (%)	7.6	4.2	2.9	4.0
Return on Average Asset (%)	5.5	2.7	1.6	2.6
Return on Average Equity (%)	15.2	7.9	5.1	7.9
<b>Liquidity</b>				
Current Ratio (x)	1.1	1.1	1.1	1.1
Quick Ratio (x)	0.6	0.6	0.5	0.7
Inventories	6,740.7	5,090.3	5,219.7	3,712.4
Average Inventory Processing Period (Days)	144	158	173	131
Accounts Receivables	6,287.0	4,712.7	3,434.9	4,424.1
Average Receivable Collection Period (Days)	108	105	130	97
Accounts Payables	3,744.2	1,851.0	1,504.5	811.2
Average Payable Payment Period (Days)	68	52	45	19
Operating Cycle (Days)	252	263	303	228
Cash Conversion Cycle (Days)	184	211	258	209
<b>Leverage</b>				
Total Equity	9,782.6	8,710.8	6,469.6	6,409.0
Total Liability	17,066.2	15,275.2	14,232.7	13,312.3
Total Assets	26,848.8	23,986.0	20,702.3	19,721.4
Total Borrowed Fund	11,508.2	12,032.8	10,825.6	10,221.5
Total Long Term Borrowed Fund	2,684.8	3,673.8	3,781.7	3,059.9
Fund Flow from Operations (FFO)	2,103.4	1,312.7	1,006.8	1,211.0
Cash Flow from Operations (CFO)	800.4	617.9	1,172.0	576.1
Total Liability to Total Equity (x)	1.7	1.8	2.2	2.1
Borrowed Fund to Total Equity (x)	1.2	1.4	1.7	1.6
Borrowed Fund to EBITDA (x)	3.1	4.5	5.5	5.0
<b>Coverage</b>				
FFO to Borrowed Fund (%)	18.3	10.9	9.3	11.8
CFO to Borrowed Fund (%)	7.0	5.1	10.8	5.6
EBIT to Interest Expense (x)	2.2	1.6	1.7	1.8
Cash and Cash Equivalents	213.7	630.3	362.3	179.0
<b>Others</b>				
Adjusted Equity	6,241.9	5,161.6	4,806.5	4,736.5
Total Liability to Adj Equity (x)	2.7	3.0	3.0	2.8
Borrowed Fund to Adj Equity (x)	1.8	2.3	2.3	2.2

Note: Equity adjusted for revaluation surplus.

CRAB RATING SCALES AND DEFINITIONS – Long Term (Corporate)

CRAB's Long Term Rating Scale	BSEC's equivalent Rating Notches	Definition
AAA Triple A	AAA Triple A	Companies rated in this category have extremely strong capacity to meet financial commitments. These companies are judged to be of the highest quality, with minimal credit risk.
AA <sub>1</sub> , AA <sub>2</sub> , AA <sub>3</sub> * Double A	AA+, AA, AA- Double A	Companies rated in this category have very strong capacity to meet financial commitments. These companies are judged to be of very high quality, subject to very low credit risk.
A <sub>1</sub> , A <sub>2</sub> , A <sub>3</sub> Single A	A+, A, A- Single A	Companies rated in this category have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions. These companies are judged to be of high quality, subject to low credit risk.
BBB <sub>1</sub> , BBB <sub>2</sub> , BBB <sub>3</sub> Triple B	BBB+, BBB, BBB- Triple B	Companies rated in this category have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. These companies are subject to moderate credit risk. Such companies possess certain speculative characteristics.
BB <sub>1</sub> , BB <sub>2</sub> , BB <sub>3</sub> Double B	BB+, BB, BB- Double B	Companies rated in this category have inadequate capacity to meet financial commitments. Have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. These companies have speculative elements, subject to substantial credit risk.
B <sub>1</sub> , B <sub>2</sub> , B <sub>3</sub> Single B	B+, B, B- Single B	Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk.
CCC <sub>1</sub> , CCC <sub>2</sub> , CCC <sub>3</sub> Triple C	-	Companies rated in this category have very weak capacity to meet financial obligations. These companies have very weak standing and are subject to very high credit risk.
CC Double C	-	Companies rated in this category have extremely weak capacity to meet financial obligations. These companies are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C	C Single C	Companies rated in this category are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. These companies are typically in default, with little prospect for recovery of principal or interest.
D (Default)	D (Default)	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

*\*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC, which are equivalent to +(positive) sign, without any sign and -(negative) sign respectively as mentioned in the rating notches of BSEC (CRC) Rules, 2022 (Form XI). The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

**LONG-TERM RATING: LOANS/FACILITIES FROM BANKS/FIS**  
(All loans/facilities with original maturity exceeding one year)

Rating	Definition
<b>AAA (Lr)</b> Highest Safety	Loans/facilities rated AAA (Lr) are judged to offer the highest degree of safety, with regard to timely payment of financial obligations. Any adverse changes in circumstances are unlikely to affect the payments on the loan facility.
<b>AA (Lr)*</b> High Safety	Loans/facilities rated AA (Lr) are judged to offer a high degree of safety, with regard to timely payment of financial obligations. They differ only marginally in safety from AAA (Lr) rated facilities.
<b>A (Lr)</b> Adequate Safety	Loans/facilities rated A (Lr) are judged to offer an adequate degree of safety, with regard to timely payment of financial obligations. However, changes in circumstances can adversely affect such issues more than those in the higher rating categories.
<b>BBB (Lr)</b> Moderate Safety	Loans/facilities rated BBB (Lr) are judged to offer moderate safety, with regard to timely payment of financial obligations for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for issues in higher rating categories.
<b>BB (Lr)</b> Inadequate Safety	Loans/facilities rated BB (Lr) are judged to carry inadequate safety, with regard to timely payment of financial obligations; they are less likely to default in the immediate future than instruments in lower rating categories, but an adverse change in circumstances could lead to inadequate capacity to make payment on financial obligations.
<b>B (Lr)</b> High Risk	Loans/facilities rated B (Lr) are judged to have high risk of default; while currently financial obligations are met, adverse business or economic conditions would lead to lack of ability or willingness to pay interest or principal.
<b>CCC (Lr)</b> Very High Risk	Loans/facilities rated CCC (Lr) are judged to have factors present that make them very highly vulnerable to default; timely payment of financial obligations is possible only if favorable circumstances continue.
<b>CC (Lr)</b> Extremely High Risk	Loans/facilities rated CC (Lr) are judged to be extremely vulnerable to default; timely payment of financial obligations is possible only through external support.
<b>C (Lr)</b> Near to Default	Loans/facilities rated C (Lr) are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest. C (Lr) are typically in default, with little prospect for recovery of principal or interest.
<b>D (Lr)</b> Default	Loans/facilities rated D (Lr) are in default or are expected to default on scheduled payment dates.

\*Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC, which are equivalent to +(positive) sign, without any sign and -(negative) sign respectively as mentioned in the rating notches of BSEC (CRC) Rules, 2022 (Form XI). The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

**SHORT-TERM CREDIT RATING: LOANS/FACILITIES OF BANKS/FIS**  
(All loans/facilities with original maturity within one year)

CRAB's Rating Scale	BSEC's equivalent Rating Notches	Definition
<b>ST-1</b> Highest Grade	ST 1	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is very strong.
<b>ST-2</b> High Grade	ST 2	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is strong; however, the relative degree of safety is lower than that for issues rated higher.
<b>ST-3</b> Adequate Grade	ST 3	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is adequate; however, the issues are more vulnerable to the adverse effects of changing circumstances than issues rated in the two higher categories.
<b>ST-4</b> Marginal	ST 4	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is marginal; and the issues are quite vulnerable to the adverse effects of changing circumstances.
<b>ST-5</b> Inadequate Grade	ST 5	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is minimal, and it is likely to be adversely affected by short-term adversity or less favorable conditions.
<b>ST-6</b> Lowest Grade	ST 6	This rating indicates that the loans/facilities are expected to be in default on maturity or is in default.

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