

MIRA INFORM REPORT

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| Report No. : | 483679 |
| Report Date : | 01.01.2018 |

IDENTIFICATION DETAILS

| | |
|--------------------------------|---|
| Name : | MAHMOOD TEXTILE MILLS LIMITED |
| Registered Office : | Mehr Manzil, Lohari Gate, Multan |
| Country : | Pakistan |
| Financials (as on) : | 30.06.2016 |
| Date of Incorporation : | 1970 |
| Com. Reg. No.: | 0003079 |
| Legal Form : | Public Limited Company |
| Line of Business : | Subject is engaged in manufacturing & sale of yarn, grey cloth and generation of Electricity. |
| No. of Employees : | 2,080 |

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

| | |
|------------------------|---|
| MIRA's Rating : | A |
|------------------------|---|

| Credit Rating | Explanation | Rating Comments |
|---------------|-----------------|---|
| A | Acceptable Risk | Business dealings permissible with moderate risk of default |

| | |
|-----------------|------|
| Status : | Good |
|-----------------|------|

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| Payment Behaviour : | Slow and delayed |
| Litigation : | Clear |

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

| Country Name | Previous Rating (31.03.2017) | Current Rating (30.06.2017) |
|---------------------|---|--|
| Pakistan | B1 | B1 |

| Risk Category | ECGC Classification |
|----------------------|----------------------------|
| Insignificant | A1 |
| Low Risk | A2 |
| Moderately Low Risk | B1 |
| Moderate Risk | B2 |
| Moderately High Risk | C1 |
| High Risk | C2 |
| Very High Risk | D |

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PAKISTAN - ECONOMIC OVERVIEW

Decades of internal political disputes and low levels of foreign investment have led to slow growth and underdevelopment in Pakistan. Pakistan has a large English-speaking population. Nevertheless, a challenging security environment, electricity shortages, and a burdensome investment climate have deterred investors. Agriculture accounts for one-fifth of output and two-fifths of employment. Textiles and apparel account for most of Pakistan's export earnings; Pakistan's failure to diversify its exports has left the country vulnerable to shifts in world demand. Pakistan's GDP growth has gradually increased since 2012. Official unemployment was 6.1% in 2016, but this fails to capture the true picture, because much of the economy is informal and underemployment remains high. Human development continues to lag behind most of the region.

In 2013, Pakistan embarked on a \$6.3 billion IMF Extended Fund Facility, which focused on reducing energy shortages, stabilizing public finances, increasing revenue collection, and improving its balance of payments position. The program concluded in September 2016. Although Pakistan missed several structural reform criteria, it restored macroeconomic stability, improved its credit rating, and boosted growth. The Pakistani rupee, after heavy depreciation in 2013, remained relatively stable against the US dollar in 2016. Low global oil prices in 2016 contributed to a narrowing current account deficit and lower inflation. Remittances from overseas workers continued to be a key revenue source, also mitigating the impact of the lack of foreign investment and a growing trade deficit on the country's current account.

Pakistan must continue to address several longstanding issues, including expanding investment in education and healthcare, adapting to the effects of climate change and natural disasters, improving the country's business environment, reducing dependence on foreign donors, and widening the country's tax base. Given demographic challenges, Pakistan's leadership will be pressed to implement economic reforms, promote further development of the energy sector, and attract foreign investment to support sufficient economic growth necessary to employ its growing and rapidly urbanizing population, much of which is under the age of 25.

In an effort to boost development, Pakistan and China are implementing the "China-Pakistan Economic Corridor," a \$46 billion investment program targeted towards the energy sector and other infrastructure projects that Islamabad and Beijing had agreed on in early 2013.

Source : CIA

COMPANY NAME

MAHMOOD TEXTILE MILLS LIMITED

FULL ADDRESS

Registered Address

Mehr Manzil, Lohari Gate, Multan, Pakistan

Tel # 92 (61) 111-181-181

Fax # 92 (61) 4511262

Website www.mahmoodgroup.com

SHORT DESCRIPTION OF BUSINESS

- | | | |
|----|---------------------------|---|
| a. | Nature of Business | Engaged in manufacturing & Sale of yarn, grey cloth and generation of Electricity |
| b. | Incorporated | 1970 |
| c. | Registration No. | 0003079 |

MILLS LOCATIONS

- (1) Mahmoodabad, Multan Road, Muzaffargarh, Pakistan.
- (2) Masoodabad, D.G. Khan Road, Muzaffargarh, Pakistan.
- (3) Chowk Sarwar Shaheed, District Muzaffargarh, Pakistan.

AUDITORS

Hameed Chaudhri & Co.
(Chartered Accountants)

LEGAL STATUS

The Company was incorporated in Pakistan in the year 1970 as a Public Limited Company and its shares are listed at Pakistan Stock Exchange

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DETAILS OF MANAGEMENT

| Names | Designation |
|-----------------------------|-------------------------|
| Mr. Khawaja Muhammad Masood | Chairman |
| Mr. Khawaja Muhammad Iqbal | Chief Executive Officer |
| Mr. Khawaja Muhammad Ilyas | Director |
| Mr. Khawaja Muhammad Younus | Director |
| Mr. Jalal-Ud-Din Roomi | Director |
| Mst. Khadija Qureshi | Director |
| Mr. Muhammad Muzafar Iqbal | Director |

SHAREHOLDERS

| Categories | Percentage (%) |
|---|-----------------------|
| Directors, Chief Executive Officer, & their spouse & minor children | 42.44 |
| Associated Companies, Undertakings & related parties | 5.80 |
| NIT & ICP | 0.20 |
| Banks, Development Financial Institutions, Non-Banking Financial Institutions | 0.08 |
| Joint Stock Companies | 0.90 |
| Insurance Companies | -- |
| Modarabas & Mutual Funds | -- |
| General Public | 50.58 |

ASSOCIATES

A. SUBSIDIARY

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None

B. ASSOCIATED COMPANIES

- (1) Masood Spinning Mills Limited, Pakistan.
- (2) Masood Fabrics Limited, Pakistan.
- (3) Roomi Fabrics Limited, Pakistan.
- (4) Roomi Enterprises (Pvt) Limited, Pakistan.
- (5) Khawaja Enterprises (Pvt) Limited, Pakistan.
- (6) Khawaja Tanneries (Pvt) Limited, Pakistan.
- (7) Ghousia Agricultural & Fruit Farms, Pakistan.

BUSINESS ACTIVITIES

Subject Company is engaged in manufacturing & sale of yarn, grey cloth and generation of Electricity.

Its import Textile Raw Materials, Textile Machineries through **D/A, D/P** basis.

It sells its products to its domestic customers including Buying Agencies, Trading Companies, International Buyers.

Its exporting countries are U.S.A., European & Far East Countries.

Its importing countries are Japan, China, Korea, Taiwan, Thailand, Hong Kong & European Countries.

Its major customers are reputable companies, Domestic & Worldwide.

Subject employs about **2,080** persons in its set up.

ANNUAL SALES VOLUME

| Years | In Pak Rupees |
|-------|------------------|
| 2014 | 15,475,222,284/- |
| 2015 | 13,759,434,489/- |
| 2016 | 13,663,708,498/- |

PLANT CAPACITY & PRODUCTION

| Description | 2016 | 2015 |
|------------------------------|---------|---------|
| Yarn | | |
| Number of spindles installed | 107,760 | 107,760 |

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| | | |
|--|-------------|-------------|
| Number of spindles – shift worked | 113,749,959 | 109,598,857 |
| Production capacity at 20's count 1,096 shifts (2015: 1,093 shifts) (Kgs.) | 41,418,134 | 37,284,948 |
| Actual production converted into 20's count (Kgs.) | 37,990,392 | 36,882,663 |
| Cloth | | |
| Number of looms installed | 100 | 100 |
| Number of looms-shifts worked | 109,800 | 109,500 |
| Installed capacity at 60 picks 1,096 shifts (2015: 1,093 shifts) Sq.Mtrs | 23,340,798 | 22,717,499 |
| Actual production converted into 60 picks | 21,591,110 | 19,857,366 |
| Power House | | |
| Number of generators installed | 9 | 9 |
| Number of shifts worked | 1,096 | 1,093 |
| Generation capacity in Mega Watt | 19 | 19 |
| Actual generation in Mega Watts | 16 | 16 |

It is difficult to describe precisely the production capacity in spinning / weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles' speed, twist, the width and construction of fabric woven, etc. It also varies according to the pattern of production adopted in a particular year.

TRADE SUPPLIERS (FOREIGN)

Subject import globally from Companies belongs to Japan, China, Korea, Taiwan, Thailand, Hong Kong & European Countries. Its global trade suppliers are Companies related to Textile Raw Materials, Machineries

BANKERS

- (1) MCB Bank Limited, Pakistan.
- (2) United Bank Limited, Pakistan.
- (3) Habib Bank Limited, Pakistan.
- (4) Allied Bank Limited, Pakistan.
- (5) Bank Al-Habib Limited, Pakistan.
- (6) Meezan Bank Limited, Pakistan.
- (7) National Bank of Pakistan.
- (8) Bank Alfalah Limited, Pakistan.

MEMBERSHIPS

Multan Chamber of Commerce & Industry.(MCCI)
All Pakistan Textile Mills Association.(APTMA)

COMMENTS

Mahmood Group enjoys good reputation in Pakistan. Directors of the Company are reported as qualified, experienced and resourceful businessmen. Payments are reported to be slow and delayed. In view of current disturbed economic and political situation, we would advise to deal with all the business in Pakistan with some caution.

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 64.93 |
| UK Pound | 1 | INR 86.06 |
| Euro | 1 | INR 76.39 |
| PKR | 1 | INR 0.58 |

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

| | |
|----------------------|-----|
| Analysis Done by : | NIS |
| Report Prepared by : | TRU |

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RATING EXPLANATIONS

| Credit Rating | Explanation | Rating Comments |
|---------------|------------------|--|
| A++ | Minimum Risk | Business dealings permissible with minimum risk of default |
| A+ | Low Risk | Business dealings permissible with low risk of default |
| A | Acceptable Risk | Business dealings permissible with moderate risk of default |
| B | Medium Risk | Business dealings permissible on a regular monitoring basis |
| C | Medium High Risk | Business dealings permissible preferably on secured basis |
| D | High Risk | Business dealing not recommended or on secured terms only |
| NB | New Business | No recommendation can be done due to business in infancy stage |
| NT | No Trace | No recommendation can be done as the business is not traceable |

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)

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