

## MIRA INFORM REPORT

Report No. :	533828
Report Date :	12.10.2018

### IDENTIFICATION DETAILS

Name :	MUGHAL IRON & STEEL INDUSTRIES LIMITED
Registered Office :	31-A, Shadman 1, Lahore
Country :	Pakistan
Financials (as on) :	30.06.2018
Date of Incorporation :	1940
Com. Reg. No.:	0071627
Legal Form :	Public Limited Company
Line of Business :	The principal activity of the company is manufacturing and trading of mild steel products.
No. of Employees :	About 772

### RATING & COMMENTS

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

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow & Delayed
Litigation :	Clear

### NOTES :

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

**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
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

**PAKISTAN - ECONOMIC OVERVIEW**

Decades of internal political disputes and low levels of foreign investment have led to underdevelopment in Pakistan. Pakistan has a large English-speaking population, with English-language skills less prevalent outside urban centers. Despite some progress in recent years in both security and energy, a challenging security environment, electricity shortages, and a burdensome investment climate have traditionally deterred investors. Agriculture accounts for one-fifth of output and two-fifths of employment. Textiles and apparel account for more than half 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, and was 5.3% in 2017. Official unemployment was 6% in 2017, 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 has remained relatively stable against the US dollar since 2015, though it declined about 10% between November 2017 and March 2018. Balance of payments concerns have reemerged, however, as a result of a significant increase in imports and weak export and remittance growth.

Pakistan must continue to address several longstanding issues, including expanding investment in education, healthcare, and sanitation; adapting to the effects of climate change and natural disasters; improving the country's business environment; 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" (CPEC) with \$60 billion in investments targeted towards energy and other infrastructure projects. Pakistan believes CPEC investments will enable growth rates of over 6% of GDP by laying the groundwork for increased exports. CPEC-related obligations, however, have raised IMF concern about Pakistan's capital outflows and external financing needs over the medium term.

Source : CIA

## **BUSINESS NAME**

MUGHAL IRON & STEEL INDUSTRIES LIMITED

## **FULL ADDRESS**

### **Registered Address**

31-A, Shadman 1, Lahore, Pakistan

Tel # 92 (42) 111-000-007, 35960841, 35960842, 35960843

Fax # 92 (42) 35960846

## **SHORT DESCRIPTION OF BUSINESS**

- |    |                    |   |
|----|--------------------|---|
| a. | Nature of Business | The principal activity of the Company is manufacturing and trading of mild steel products |
| b. | Year Established   | 1940  |
| c. | Registration No.   | 0071627   |

## **BRANCHES**

41 Peco Road Badami Bagh,  
Lahore, Pakistan

## **WORKS LOCATION**

17 K.M., Sheikupura Road, Lahore,  
Pakistan

## **AUDITORS**

Fazal Mehmood & Co.  
(Chartered Accountants)

## **LEGAL STATUS**

Public Limited Company (Listed at stock exchange of Pakistan)

## **DETAILS OF DIRECTORS**

<b>Names</b>	<b>Designation</b>
Mr. Mirza Javed Iqbal	Chairman
Mr. Syed Salman Ali Shah	Chief Executive
Mr. Abdul Rehman Qureshi	Director
Mr. Khurram Javaid	Director
Mr. Muhammad Mubeen Tariq Mughal	Director
Mr. Jamshed Iqbal	Director
Mr. Fazeel Bin Tariq	Director
Mr. Fahad Javaid	Director
Mr. Muhammad Mateen Jamshed	Director

## **SHAREHOLDERS**

<b>Categories</b>	<b>Shareholding (%)</b>
Sponsors, Directors, CEO and Children	74.9980
Banks, DFI and NBF1	2.2063
Insurance Companies	1.7942
Mutual Funds	7.0406
General Public (Local)	10.4448
General Public (Foreign)	0.2933

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Others	3.1758
Modarabas	0.0147
Foreign Companies	0.0324

## **ASSOCIATES**

A. SUBSIDIARY

None

B. ASSOCIATED COMPANIES

- (1) Mughal Steel Metallurgies Corporation Limited, Pakistan
- (2) Kalabagh Steel Mills Corporation Limited, Pakistan.
- (3) Mughal Energy Limited, Pakistan.
- (4) Mughal Steel Re-Rolling Industries Limited, Pakistan.
- (5) Indus Steel Mills Corporation (Pvt) Limited, Pakistan.
- (6) Al-Bashir Steel Industries (Pvt) Ltd, Pakistan.
- (7) Indus Engineering (Pvt) Limited, Pakistan.

## **BUSINESS ACTIVITIES**

The principal activity of the Company is manufacturing and trading of mild steel products.

It sells against Cash / Credit term basis to its domestic customers.

Its major customers are Steel Traders, Construction Companies, Government Organizations, Private Companies etc.

Subject operates from caption leased office & factory premises located at commercial & industrial centers of Lahore.

Subject employs about 772 persons in its set up.

## **ANNUAL SALES VOLUME**

Years

In Pak Rupees

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2015	12,241,271,852/-
2016	18,983,478,792/-
2017	18,802,810,936/-
2018	22,225,842,588/-

## **TRADE SUPPLIERS (FOREIGN)**

Subject import globally from Companies belongs to European Countries, China, Korea, Japan, Taiwan, Singapore & U.S.A.

## **CUSTOMERS**

Major customers are Traders, Dealers, Government Corporations, Engineering Companies, Construction Companies etc

## **ANNUAL PRODUCTION VOLUME**

	2018	2017
Total active capacity (MT)		
Melting	340,700	340,700
Re-Rolling	446,000	446,000
Actual production (MT)		
Melting	211,934	116,207
Re-Rolling	251,950	241,773

Total active capacity available comprises of currently active mills. Melting production is dependant on availability of surplus load capacity after meeting re-rolling production requirements. Short-fall in actual production is due to electricity and raw material constraints and due to production of different sizes according to sales mix.

## **BANKERS**

- (1) MCB Bank Limited, Pakistan.
- (2) Bank Alfalah Limited, Pakistan.
- (3) Soneri Bank Limited, Pakistan
- (4) Bank Islami Pakistan Limited, Pakistan.

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- (5) Summit Bank Limited, Pakistan.
- (6) JS Bank Limited, Pakistan.
- (7) Meezan Bank Limited, Pakistan.
- (8) Dubai Islamic Bank Limited, Pakistan.
- (9) Askari bank Limited, Pakistan.
- (10) Samba Bank Limited, Pakistan.

## **COMPANY'S PROFILE**

With a history of over 50 years of excellence to its credit, mughal iron & steel industries limited ("misil") is one of the leading companies of Pakistan in the iron and steel sector. The company was incepted in the early 1950 in the form of a proprietorship firm with a purpose to uplift trade, contribute to national economy and ensure industrial growth of the country. In the turmoil that surrounded the newly independent country, the sponsors came up with a strong vision and devoted entirely to trade and industry, their dedication is truly appreciated by their commendable clientele. The company is involved in multidimensional activities from making billets of mild steel, spring steel, deformed bar, re-bar, cold twisted rebar and a huge range of sections such as i.beams, l.sections, c.section, h.beam, t.bar etc. In the down stream industry. Over the years mughal steel has emerged as a thriving progressive steel enterprise due to its ability to transform itself rapidly to meet the challenges of a highly competitive global economy. Constant modernization, introduction of state-of-the-art technology and being manned by the highly efficient and dynamic team of employees, has enabled the company to stay ahead in the industry and successfully meet the expectations of all customers.

## **MEMBERSHIPS**

Lahore Chamber of Commerce & Industry. (LCCI)  
Federation Pakistan Chamber of Commerce & Industry.(FPCCI)

## **COMMENTS**

Subject Company was established in 1940 and is engaged in manufacture & marketing of Billet, Ingot for Mild Steel, Carbon Steel, Special Steels and Stainless Steel. Market reputation is good. Trade relations are reported as fair. 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 74.39
UK Pound	1	INR 98.30
Euro	1	INR 85.90
PKR	1	INR 0.56

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	DIV
<b>Report Prepared by :</b>	TPT

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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)