

MIRA INFORM REPORT

Report No. :	535847
Report Date :	26.10.2018

IDENTIFICATION DETAILS

Name :	GADOON TEXTILE MILLS LIMITED
Registered Office :	7-A, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabba Street, Karachi-75350
Country :	Pakistan
Financials (as on) :	30.06.2018
Date of Incorporation :	1988
Com. Reg. No.:	0017553
Legal Form :	Public Limited Company
Line of Business :	Subject is principally engaged in Manufacture and Sale of Yarn
No. of Employees :	4,840

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 :	Satisfactory
Payment Behaviour :	Slow & Delayed
Litigation :	Clear

NOTES :

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

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 (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

GADOON TEXTILE MILLS LIMITED

FULL ADDRESS

Registered Address

7-A, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabba Street, Karachi-75350, Pakistan

Tel # 92 (21) 35205479, 35205480

Fax # 92 (21) 34382436

SHORT DESCRIPTION OF BUSINESS

- | | | |
|----|--------------------|---|
| a. | Nature of Business | Principally engaged in manufacture and sale of Yarn |
| b. | Year Established | 1988 |
| c. | Registration # | 0017553 |

LIAISON OFFICE

Syed's Tower, Third Floor, Opposite
Custom House, Jamrud Road,
Peshawar, Pakistan

FACTORIES LOCATION

(1) 200-201, Gadoon Amazai Industrial Estate, District Swabi, Khyber Pakhtoonkwa, Pakistan

(2) 57 K.M., On Super Highway, Karachi, Pakistan.

AUDITORS

Deloitte Yousuf Adil
(Chartered Accountants)

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

LEGAL STATUS

Gadoon Textile Mills Limited is a public limited company incorporated in Pakistan and is quoted at Pakistan Stock Exchange

DETAILS OF DIRECTORS

Names	Designation
Mr. Muhammad Yunus Tabba	Chairman
Mr. Muhammad Sohail Tabba	Chief Executive
Mr. Muhammad Ali Tabba	Director
Mr. Imran Yunus Tabba	Director
Mr. Jawed Yunus Tabba	Director
Mrs. Mariam Tabba Khan	Director
Mrs. Zulekha Tabba Maskatiya	Director
Mr. Saleem Zamindar	Director

SHAREHOLDERS

Name **Shareholding (%)**
List of shareholders are attached in separate file in PDF format

ASSOCIATED COMPANIES

- (1) Yunus Brothers, Pakistan.
- (2) Aziz Tabba Foundation, Pakistan.
- (3) Lucky Energy (Pvt) Limited, Pakistan.
- (4) Lucky Textile Mills Limited, Pakistan.
- (5) Fazal Textile Mills Limited, Pakistan.
- (6) Lucky Cement Limited, Pakistan.
- (7) Aziz Tabba Kidney Centre, Pakistan.
- (8) Yunus Textile Mills Limited, Pakistan.
- (9) Lucky Paragon Readymix Limited, Pakistan.

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

- (10) Lucky Knits (Pvt) Limited, Pakistan.
- (11) Tabba Heart Institute, Pakistan.
- (12) LuckyOne (Pvt) Limited, Pakistan.
- (13) Yunus Energy Limited, Pakistan.
- (14) ICI Pakistan Limited, Pakistan.
- (15) Y.B. Pakistan Limited, Pakistan.

BUSINESS ACTIVITIES

Principally engaged in manufacture and sale of Yarn

NUMBER OF EMPLOYEES

4,840

PLANT CAPACITY

	2018	2017
Total number of spindles installed	332,724	321,676
Number of shifts worked per day	3	3
Number of days worked	365	365
Number of shifts worked	1,094	1,093
Average number of spindles shift worked	352,519,113	346,194,195
Installed capacity after conversion into 20/s (Kgs)	139,311,008	133,423,624
Actual capacity conversion into 20/s (Kgs)	132,048,782	130,251,254
Actual production (Kgs)	81,335,356	77,607,237
Knitting		
Total number of knitting machines installed	12	12
Installed capacity (Kgs)	1,485,000	1,485,000

The knitting capacity has not been used during the year because the company outsourced its knitting production in order to achieve lower cost of production.

It is difficult to describe precisely the production capacity in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch, raw material used, etc.

ANNUAL SALES VOLUME

Years	In Pak Rupees
2015	23,003,447,000/-
2016	21,269,477,000/-
2017	23,248,578,000/-
2018	27,554,687,000/-

CUSTOMERS

Various local & international

BANKERS

- (1) Allied Bank Limited, Pakistan.
- (2) Bank Alfalah Limited, Pakistan.
- (3) Bank Al-Habib Limited, Pakistan.
- (4) Bank Islami Pakistan Limited, Pakistan.
- (5) Barclays Bank Limited, Pakistan.
- (6) Citibank N.A..
- (7) Dubai Islamic Bank Pakistan Limited.
- (8) Faysal Bank Limited, Pakistan.
- (9) Habib Bank Limited, Pakistan.
- (10) Habib Metropolitan Bank Limited, Pakistan.
- (11) HSBC Bank Middle East Limited, Pakistan.
- (12) Meezan Bank Limited, Pakistan.
- (13) National Bank of Pakistan.
- (14) Standard Chartered Bank, Pakistan.
- (15) The Bank of Punjab, Pakistan.
- (16) United Bank Limited, Pakistan.

OVERVIEW

Despite stringent competition, management penetrated locally, selling to nearly every corner of the domestic market; evident from the increase in local sales.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company also contributed billion of rupees on account of all kinds of taxes, excise duty and sales tax. Furthermore, significant foreign exchange through export sales.

FUTURE OUTLOOK

The management is of the opinion that application of zero-rated taxation scheme for the textile industry and other awaited favorable policies will help the industry to sustain in the said competitive environment. Despite all challenges, management is making efforts to provide maximum yield to its stakeholders and are taking measures to further curtail cost of production.

MEMBERSHIPS

Karachi Chamber of Commerce & Industry.(LCCI)
All Pakistan Textile Mills Association.(APTMA)
Federation Pakistan Chamber of Commerce & Industry.(FPCCI)

COMMENTS

Subject Company enjoys good reputation in Pakistan. Directors are reported as qualified, experienced and resourceful businessmen. Payments are 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 73.27
UK Pound	1	INR 94.62
Euro	1	INR 83.65
PKR	1	INR 0.55

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	TPT

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

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)