



## Rating Action

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## PACRA ASSIGNS RATINGS TO AHMED FINE TEXTILE MILLS LIMITED

The Pakistan Credit Rating Agency (PACRA) has assigned a long term entity rating of "A-" (Single A minus) and short term rating of "A2" (A Two) to Ahmed Fine Textile Mills Limited (AFTML). These ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong.

The ratings reflect the company's demonstrated ability to identify and penetrate into promising consumption centres, particularly in international markets, while understanding fragile economic environment and changing demand patterns. This has ensured maintained growth and profitability, in turn, adequate cash flows. The ratings recognize benefits of strong oversight of experienced management team reflected in efficient production process in terms of both quality and yield. The company is working on improving its technology infrastructure, while planning to cover all production and control functions. Meanwhile, the company's leveraging is low and coverages coincide with the ratings of the company.

The ratings are dependent on the continued competitiveness of the company in its key markets, which may be subject to volatility due to ongoing economic crisis in Europe. Meanwhile, any material deterioration in the company's margins or adverse drop in operational cash flows, emanating from business risk, would have negative implication for the ratings.

**About the company:** Ahmed Fine Textile Mills Limited, incorporated in 1989, is engaged in the manufacturing of different varieties of yarn and fabric. The company operates one spinning and two weaving units having capacities of 36,288 spindles and 236 Air jet looms respectively. It also has an additional capacity of 132 looms through its wholly owned subsidiary - Fazal Rehman Fabrics Limited. The shareholding of AFTML is divided between three groups: Fazal Group (34%), Fatima Enterprises Limited (32%) and Hussain Group (34%) - all belonging to the same family descending from Mr. Fazal-ur-Rehman. Textile industry is their basic forte with prim focus on spinning and weaving.

AFTML has a seven member board including the CEO. All three groups have their representatives on the board. Mr. Rehman Naseem, a member of Fazal Group, is the CEO and also the Chairman of the board. The CEO co-manages the company with Mr. Ashar Fazal, who is a director on the board, representing Fatima Enterprises. Both the CEO and the executive director have a good educational background with a significant exposure to the textile industry. They are assisted by a team of experienced management.

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