



**Corporate Briefing Session (CBS)
For the Year Ended 30 June 2020**

Company Introduction

Company Brief

Masood Textile Mills Limited (MTM) started as a spinning unit in 1984 under the leadership of Ch. Nazir Ahmed (late). The Company has since then grown into a fully integrated textile unit with focus on value added products.

Date of Incorporation	3 rd October, 1984
Registration Number	0012223
NTN Number	0658678-3
Listing Status	Listed at Pakistan Stock Exchange
Date of Listing	20 th July, 1988
Credit Rating by VIS	Long-term (A-) Short-term (A-2) Sukuk (A)
No. of Permanent Employees	13,027 as on 30-06-20
Head office	Faisalabad

Company Introduction

Company Brief

- Masood Textile Mills Limited (**MTM**) is a public limited company incorporated under the Companies Act, 1913 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange (“**PSX**”). **MTM** core business is manufacturing and sale of cotton and synthetic fiber yarn, dyed fabrics and garments.
- **MTM** is a truly vertically integrated textile unit, having in house Spinning, Knitting, Fiber and Yarn dyeing, Fabric Dyeing & Processing, Laundry, Printing, Embroidery and Apparel Manufacturing facilities, managed by a highly trained, qualified and experienced team comprising proven Industry Leaders.
- **MTM** is engaged in the production of high quality textile and textile products that are largely exported to USA, Canada and Europe. The Company has a product range that includes yarn, fabric, loungewear, active wear, sleepwear, athletic and sportswear.
- **MTM** is one of Pakistan’s leading textile exporters with strong footprint and is working with leading brands of the world. With the latest developments globally such as US China trade war along with improved policy framework by Govt. of Pakistan for textile exporters, **MTM** along with other exporters, has witnessed a surge in product sourcing from Pakistan.

Company Introduction

- **MTM** has established itself as a leader in creating, developing and manufacturing of knitted apparel products right from basic to highly fashioned thus responding effectively to emerging trends in the global industry. **MTM** has been able to translate conceptual ideas of customers into reality and shape them through technical bent and professional acumen.
- The Company is principally engaged in Sportswear products with wide selection of quality garments including T-shirt, Polo shirt, Jogging suit, Henley shirt, Raglan shirt, Tank top, Shorts, Pants and Sleepwear.
- **MTM** is a key and long term supplier to world's leading clothes retailers such as JCPenney, Wal-Mart, Macy's, C&A, Sears, Amazon, Target and Brands such as Adidas, Levi's, Reebok, PVH, Izod, Shoeby, Branded, Quick Silver, S. Oliver, DC Shoes, Foot Locker, Champs, Hema, Hampshire, PME Legend, Express, Jack& Jones, Pepe Jeans, Teddy Smith etc.,

Recognition and Distinguished Awards:

Awards

- FPCCI Excellence Award 2016
- 2015-2016 President of Pakistan Awards for Best Garments & Hosiery
- 2014-2015 Prime Minister of Pakistan Awards For Best Export
- 2012-2013 President of Pakistan Awards For Best Export
- 2010-2011 President of Pakistan Awards For Best Export
- 2008 Export Achievement Award by Faisalabad Chamber of Commerce & Industry (Pakistan)
- 2008 Quality Award for Men's Apparel from a JC Penny which is a leading department store in U.S.
- 2007 Best Supplier Award of the Year from a JC Penny which is a leading department store in U.S.
- 2007 Best Export Performance Trophy Awarded by PTEA (Pakistan)
- FTL Accuracy of Information and Compliance Supplier award (2006)



Masood's Key Customers

Company Brief

JCPenney



amazon

s.Oliver®



THE STING
house of brands



JACK & JONES®

PULL&BEAR

GYMBOREE®



de KOOPman

Pepe Jeans



IZOD

VAN HEUSEN



Walmart 



Masood's Key Customers

- MTM is an approved fabric vendor for following brands

MARKS &
SPENCER



KOHL'S



Sainsbury's



next

PRIMARK®

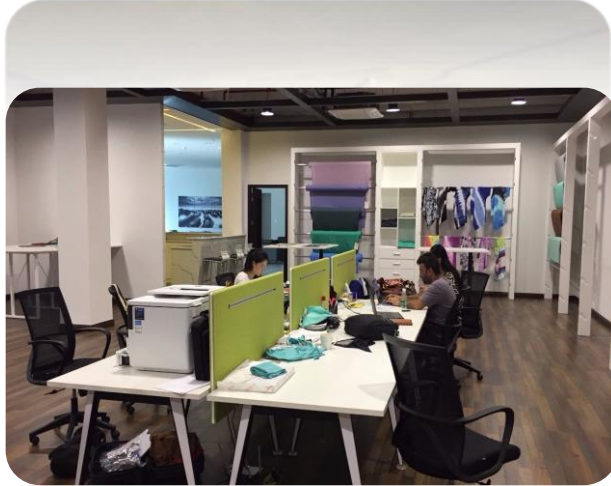


Strong Capability

- As part of the Company's focus on **research and development**, **MTM** PD Centre at Humen, China strives to achieve rapid introduction of new and improved products by adopting a disciplined and customer focused approach to product development.
- **MTM** success lies in a systematic approach to operation management and quality control. There are quality checks at every stage of manufacturing starting from Raw Cotton, Yarn, Fabric, Processing, Cutting, Stitching and Packing. Each garment produced has a unique ID tracking number which is attached inside the garment, and it back tracks from cotton crop type, yarn, knitting, fabric processing, cutting, stitching operations & inspections to packaging and shipment.
- This unique back track system makes **MTM** the only textile exporter in Pakistan to provide customers with online access to its quality control system, and it helps in achieving accountability of workers and floor management, MIS reporting goal, cost monitoring at each production stage, as well as quality and efficiency monitoring.

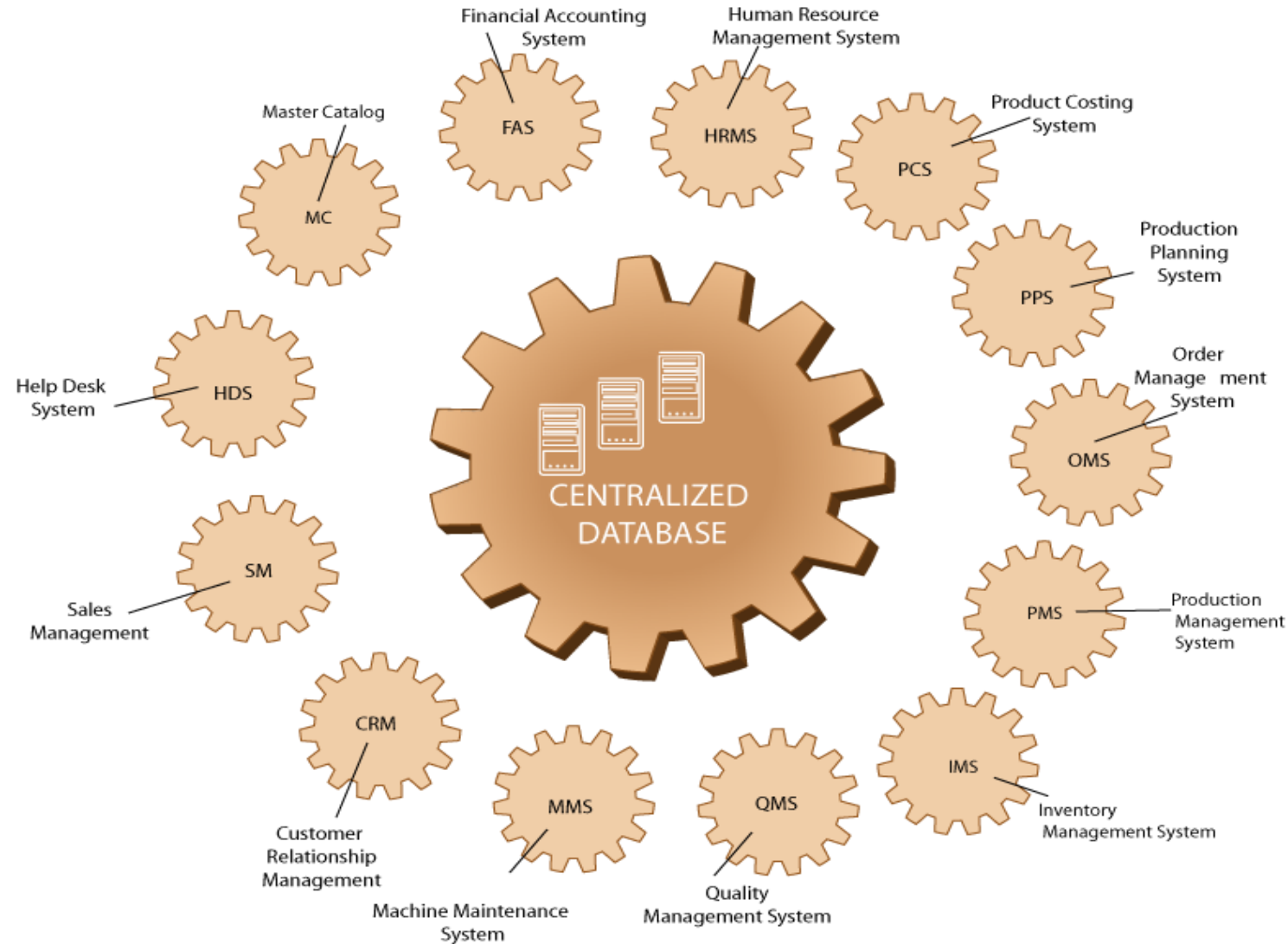
Product Development Centre at HUMEN (China)

Infrastructure Development
& Key Strengths



In-House Developed ERP System

Infrastructure Development
& Key Strengths



Lean Manufacturing

MTM has taken initiative to adopt Lean Manufacturing best practices in its production facility by using RFID (Radio Frequency Identification) Technology into its production lines. This RFID technology helps real time production activity and item tracking. Each process of garment is integrated with this technology. It's a real time shop floor data tracking management system that keeps the management updated what's happening on the production floor. Through this technology the management can extract each worker data regarding their productivity, quality and efficiency.

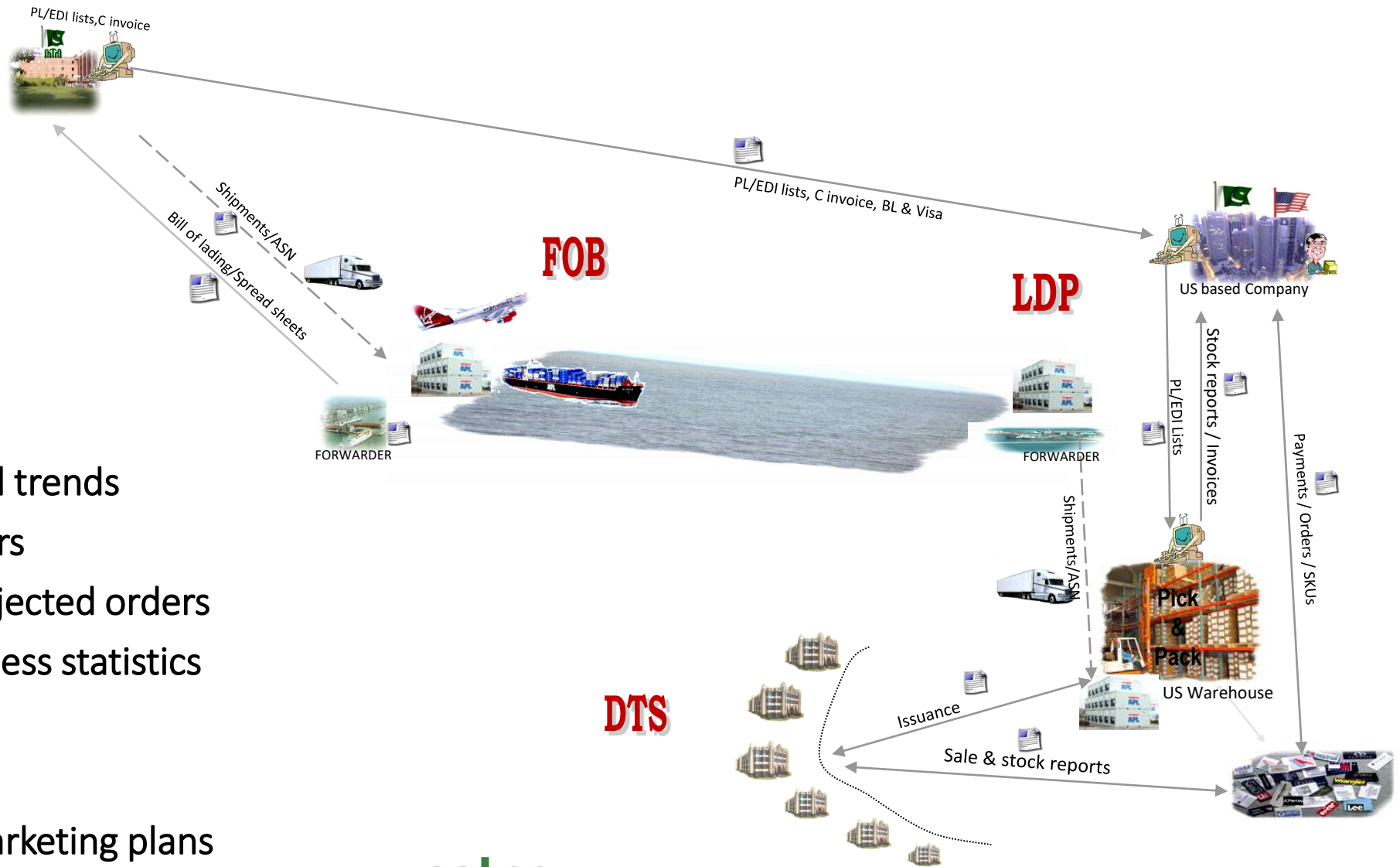
By using Lean Manufacturing in MTM, there will be reduction of Waste in a system through consideration of the following:

- ❖ Overproduction
- ❖ Waiting (man or machine)
- ❖ Transportation
- ❖ Business process
- ❖ Inventory or work in process
- ❖ Motion and rework



Vendor Managed Inventory Capability

Infrastructure Development & Key Strengths



- ❖ Data mining for historical trends
- ❖ Analysis of sales vs. orders
- ❖ Analysis of actual vs. projected orders
- ❖ Weekly analysis on business statistics
- ❖ Service level monitoring
- ❖ Pick & pack on FIFO
- ❖ Incorporating buyer's marketing plans

Sponsors & Foreign Alliance

Infrastructure Development
& Key Strengths



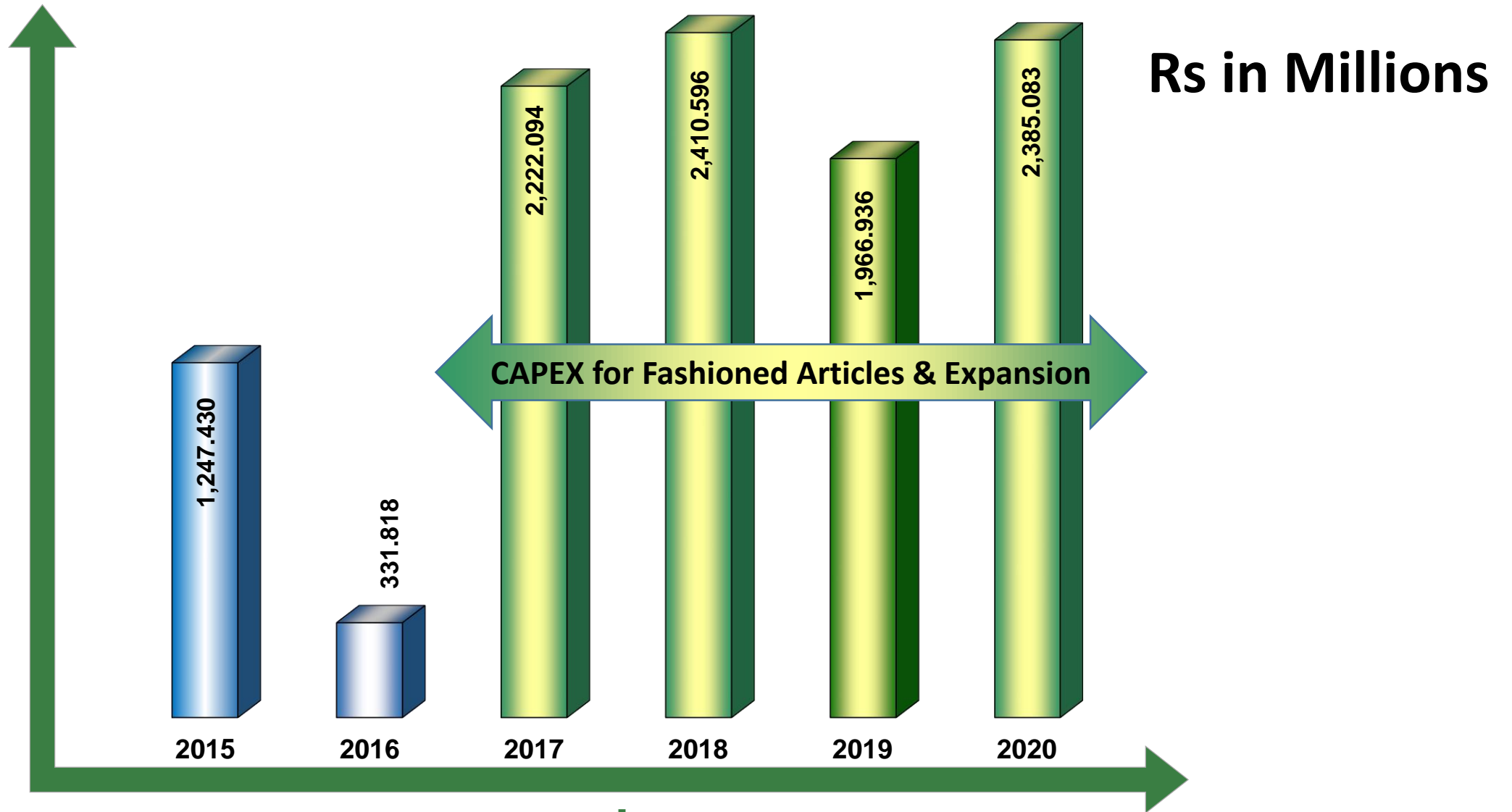
Masood embarked upon a Joint Venture with Shanghai Challenge Textile & Zhejiang Xinao Industry Company China

Shareholder (As at 30 June 2020)	% held
Directors	2.39%
Mrs. Nazia Nazir	30.17%
Zhejiang Xinao Industry Company Limited	11.31%
Shanghai Challenge Textile Co. Limited	25.77%
Financial Institutions	6.77%
Insurance Companies	0.59%
Mutual Funds	3.28%
Joint Stock Companies	10.81%
General Public	8.95%
Total	100.00%

Major Investments

Shifting from Basic to Fashioned Articles

Infrastructure Development & Key Strengths



Manufacturing Footprint

Geographical location of all business units of the company are as follow:



Production Capacities

Being one of the few vertically integrated textile mill in Pakistan, MTM has a dependable capacity to produce 900,000-920,000 dozen garments per month. From its in-house spinning, knitting, dyeing, processing and apparel manufacturing capabilities the Company has advantage in terms of quality consistency and predictable lead times. The Company's current production facilities are as follows:

SEGMENT	CAPACITY
Spinning	Total 41,352 Spindles (Producing Fashion yarns, melanges, Injection Slub, Chain yarns in multiple fiber blends)
Fiber / Yarn Dyeing	12.6 Tons Per Day
Knitting	Active Machines - 612 & Seasonal Machines – 150
Dyeing and Finishing	Installed Capacity - 130-140 Tons per Day
Garments	5,511 Machines including 594 machines Dedicated for Denim Div
Fiber/ Yarn Dyeing	12.6 Tons per day
Cutting	70.6 Tons per day
Auto Placket	90,000 pieces per day
Laundry	25 tons per Day for Washing, garment Dyeing & Tumble (13.7 tons per Day with Mix Process)
Embroidery	44 Million Stitches per day (approx.)
Printing	91,961 pieces per day (Digital, Hybrid & Screen)
Denim	12,000 pieces per day with Mix Process

Six Years Financial Results

Financial Results

Rupees in Million

DESCRIPTION	2020	2019	2018	2017	2016	2015
Revenue	28,668	34,211	30,842	23,394	23,183	26,703
Cost of Sales	(27,303)	(30,418)	(26,991)	(20,009)	(19,971)	(22,988)
Gross Profit	1,366	3,794	3,851	3,385	3,212	3,714
Distribution cost	(2,149)	(2,450)	(2,063)	(1,478)	(1,396)	(1,473)
Administrative expenses	(716)	(698)	(549)	(481)	(473)	(477)
Other expenses	(973)	(49)	(108)	(11)	(49)	(54)
Other income	420	2,353	1,071	218	341	326
Finance cost	(1,699)	(1,203)	(896)	(641)	(719)	(1,003)
(Loss)/Profit before taxation	(3,752)	1,748	1,305	993	918	1,032

Statement of Profit or Loss

For the year ended 30 June 2019

Financial Results

Rupees in Million

DESCRIPTION	2020	2019	Variance
Revenue	28,668	34,211	(5,543)
Cost of Sales	(27,303)	(30,418)	(3,115)
Gross Profit	1,366	3,794	(2,428)
Distribution cost	(2,149)	(2,450)	(301)
Administrative expenses	(716)	(698)	18
Other expenses	(973)	(49)	924
Other income	420	2,353	(1,933)
Finance cost	(1,699)	(1,203)	496
Profit before taxation	(3,752)	1,748	(5,500)
Taxation	(369)	(416)	(47)
(Loss)/Profit after taxation	(4,120)	1,332	(5,452)
(Loss)/Earnings Per Share (Rupees)			
Basic	(61.75)	19.24	
Diluted	(56.90)	17.70	

Ratio Analysis

Financial Results

	30 June 2020	30 June 2019
Total Debt / Equity Ratio	73:27	64:36
Leverage Ratio	3.20	2.23
Current Ratio	1.16	1.24
Debt Service coverage Ratio (DSCR)	(0.34)	1.41
Indebtness Ratio	(23.9)	5.37
Stock Turnover Ratio- Days	109	93
Debtors Turnover Ratio- Days	99	114
Financial Charges Coverage	(1.21)	2.45
Break-up Value (w/o Pref Shares)	125.90	165.72
Earning per Share - Basic (Rupees)	(61.75)	19.24
Earning per Share - Diluted (Rupees)	(56.90)	17.70

COVID-19 Impact

- ✓ The pandemic of COVID-19 which rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy.
- ✓ On 24 March 2020, Punjab Government announced a temporary lockdown as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations of different units for one to two months. The lockdown caused disruptions in supply chain including supply of goods to the customers resulting in a decline in sales.
- ✓ The suspension of operations and lockdown in foreign countries resulted in more than 16 percent decrease in revenue of the Company in comparison to last year which significantly affected the results of the Company.
- ✓ Subsequent to the year ended 30 June 2020, due to significant reduction in outbreak, demand for the Company's goods is fast reverting back to normal levels. Moreover, at the start of outbreak, State Bank of Pakistan vide its circular No. ERD/M&PRD/PR/01/2020-32 dated 26 March 2020 allowed deferment of principal repayments on loan obligations due to banks by a period of one year. The Company has availed this opportunity and the repayments of long term financing and leases have been deferred for one year.

Cont.....

COVID-19 Impact

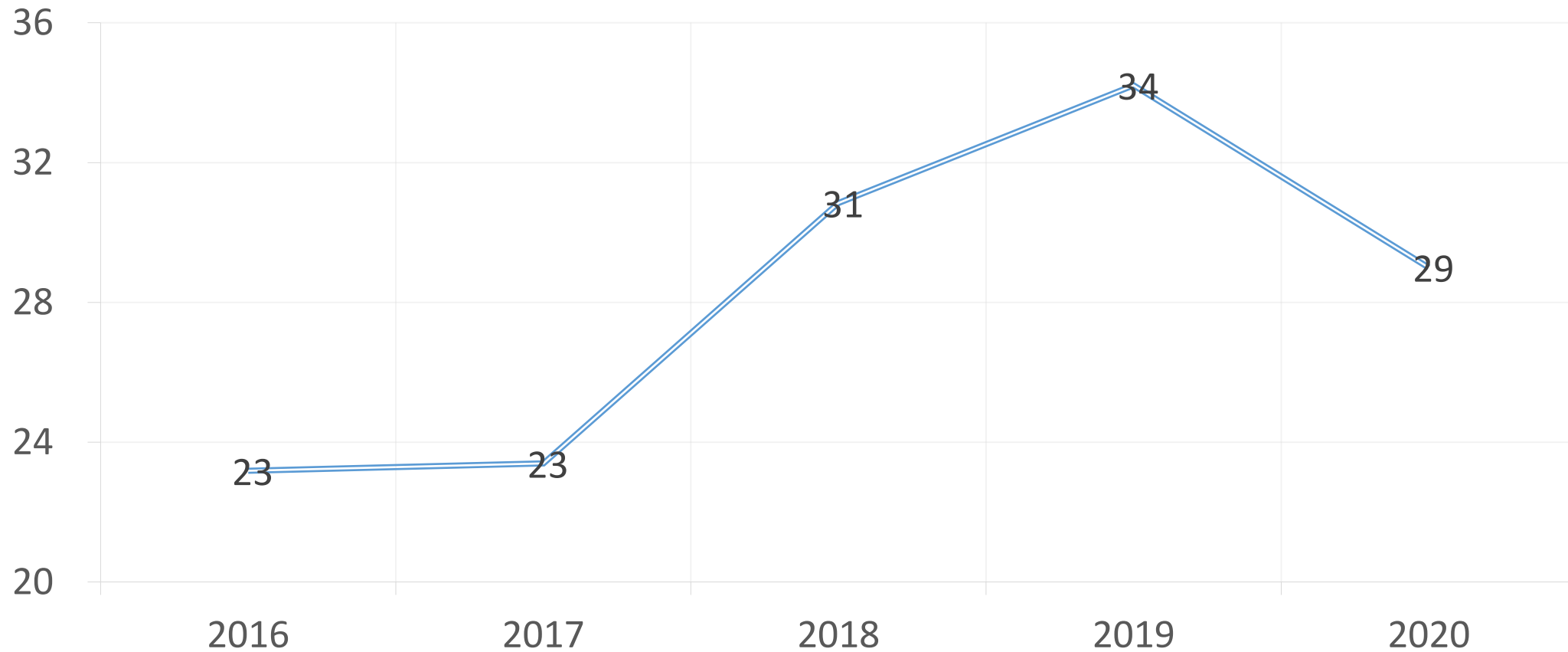
- ✓ The Company has also assessed expected credit losses on receivable balances due to the pandemic situation and a suitable allowance for expected credit losses has been made. Moreover certain stock in trade was valued at net realizable value. Apart from these, according to management's assessment, there is no other significant accounting impact of the effects of COVID-19 in these financial statements.

- ✓ **Following are the reasons of one-off Losses due to COVID-19:**
 - Discount/cancellation of orders by Customers
 - Delay in export receivables
 - Provision of doubtful debts due to JCP chapter 11
 - Capacity Losses June Qtr. due to Lock Down
 - NRV losses on closing stock

Revenue Growth Last 5 Years

Financial Results

Rupees in Billion



Strategy of Future Business

- ✓ COVID-19 has significantly impacted MTM's operations as many of the customers frozen/cancelled the deliveries of their products and demanded credit extensions. All these circumstances collectively lead to huge losses for the year ended 30 June 2020.
- ✓ Keeping in view, the gapes created by the epidemic, consequential effects, it was expected that the issue will have far reaching effects. Which created a compelling need for change of existing strategies and expectations on part of management.
- ✓ MTM's Management truly believed in its brand promise and focused on things that matter most – **the health and wellbeing of its staff, clients and the greater good of the communities.**
- ✓ During these exceptional times MTM's management tried to put the best foot forward to navigate through the uncertainty of the situation and has been doing the same since then.
- ✓ MTM is very much out of the catastrophe, as many of the customers have again started the business with massive volumes to cover the gapes of the disaster.
- ✓ MTM's Management is hopeful to fully recover from the effects of COVID-19 by FY 2022.

Strategy of Future Business

Future Strategy

- ✓ Operate company at optimum operations level of efficiency and capacity with increase in wealth of Shareholders.
- ✓ Placement of Customer base below 20% in one customer and 40% in one region.
- ✓ Develop new customer base in Denim and Fabric also.
- ✓ Fulfilling its all commitments when due with all stakeholder including creditors and banks.
- ✓ Commitment of sponsors with the overall goal of MTM.

Q & A

mtm
Masood Textile Mills Ltd.

*Thank
You*

Presented by:

Muhammad Shahid Naveed

CFO

Masood Textile Mills Limited,

Faisalabad, Pakistan