The Pakistan Credit Rating Agency Limited

PRESS RELEASE

Rating Action

Lahore: (23-Feb-2011)

Analyst

Aisha Khaild
(+92-42-3586 9504)
aisha@pacra.com
www.pacra.com

PACRA UPGRADES ENTITY RATINGS OF NISHAT MILLS LIMITED

The Pakistan Credit Rating Agency (PACRA) has upgraded the long term and short term entity ratings of Nishat Mills Limited (NML) to **AA-** (Double A Minus) and **A1+** (A One Plus), respectively. The ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

The ratings reflect NML's ability to maintain its positioning in the key markets despite tough economic times. The company's diversified revenue stream, large market segmentation, and sound customer base, while sustaining its margins, have led to a considerably protected business risk profile. In addition, ratings incorporate a consistent dividend stream from strategic investments – lately supplemented by acquisitions in the power segment. The entity continues to maintain sound coverages, engendering good risk absorption capacity against the challenging business dynamics. Meanwhile, NML's association with Nishat Group as its flagship company remains a key rating factor.

About the company: NML, established in 1951, is the single largest textile composite and a leading exporter of textile products in the country. Mansha family together with associated companies of Nishat Mills Limited, mainly D.G Khan Cement Company Limited, collectively owns majority (~50%) shares of the company.

NML has a seven member board of directors including the Chief Executive Officer. The CEO, Mr. Umer Mansha, also holds the office of the chairman. With the exception of one member, who is a nominee of NIT, the other members of the board are senior executives.

The company has an experienced and qualified management team. Moreover, the quality of systems and processes in place is good.

Disclaimer

This press release is being transmitted for the sole purpose of dissemination through print/electronic media. The press release may be used in full or in part without changing the meaning or context thereof with due credit to PACRA.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity.

PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings.

PACRA's opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.