

MIRA INFORM REPORT

Report No. :	522914
Report Date :	04.08.2018

IDENTIFICATION DETAILS

Name :	ATTOCK CEMENT PAKISTAN LIMITED
Registered Office :	D-70, Block 4, Kehkashan 5, Clifton, Karachi, Pakistan
Country :	Pakistan
Financials (as on) :	30.06.2017
Date of Incorporation :	14.10.1981
Com. Reg. No.:	0008979
Legal Form :	Public Limited Company (Listed at stock exchange of Pakistan)
Line of Business :	Subject is Principally engaged in manufacturing, selling and marketing of cement
No. of Employees :	830

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd 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 :	Good
Payment Behaviour :	Slow and delayed
Litigation :	Clear

NOTES :

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

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
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

COMPANY NAME

Business Name ATTOCK CEMENT PAKISTAN LIMITED

ADDRESS

Registered Address
D-70, Block 4, Kehkashan 5, Clifton, Karachi, Pakistan

Tel No. 92 (21) 111-171-717, 35309773, 35309774
Fax No. 92 (21) 35309775
Email acpl@attockcement.com

SHORT DESCRIPTION OF BUSINESS

- | | | |
|----|--------------------|---|
| a. | Nature of Business | Principally engaged in manufacturing, selling and marketing of cement |
| b. | Year Established | 14 th October, 1981 |
| c. | Registration No. | 0008979 |

PLANT LOCATION

Hub Chowki, Lasbella,
Baluchistan, Pakistan

MARKETING OFFICES

In Karachi, Lahore & Rawalpindi

AUDITORS

A.F. Ferguson & Co.
(Chartered Accountants)

LEGAL STATUS

Public Limited Company (Listed at stock exchange of Pakistan)

DETAILS OF DIRECTORS

Names	Designation
Mr. Laith G. Pharaon	Chairman
Mr. Babar Bashir Nawaz	Chief Executive
Mr. Wael G. Pharaon	Director
Mr. Shuaib A. Malik	Director
Mr. Abdus Sattar	Director
Mr. Agha Sher Shah	Director
Mr. Sajid Nawaz	Director
Mr. Babar Bashir Nawaz	Director

SHAREHOLDERS

Categories	Shareholding (%)
Directors and their spouses and minor children	0.11
Associated Companies, Undertakings and related parties	---
Executives	0.01
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies & Takaful	3.67
Modarba and Mutual Funds	1.90
Shareholders holding 5% or more	84.06

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Others

Institutions	5.87
Foreign	0.17
Individuals	4.21

HOLDING COMPANY

The Company is a subsidiary of Pharaon Investment Group Limited Holding S.A.L.,
Lebanon

ASSOCIATES

A. SUBSIDIARY

None

B. ASSOCIATED COMPANIES

- (1) Attock Petroleum Limited, Pakistan.
- (2) National Refinery Limited, Pakistan.
- (3) Pakistan Oilfields Limited, Pakistan.
- (4) Attock Refinery Limited, Pakistan.
- (5) Attock Oil, U.K.
- (6) Attock Information Technologies Services (Pvt.) Limited, Pakistan.
- (7) Attock Gen Limited, Pakistan.

BUSINESS ACTIVITIES

Principally engaged in manufacturing, selling and marketing of cement

NUMBER OF EMPLOYEES

830

PLANT CAPACITY & PRODUCTION OF CLINKERS

	2017 (In Metric Tons)	2016
Production Capacity		
- Clinker	1,740,000	1,740,000
- Cement	1,827,000	1,827,000
Actual Production		
- Clinker	1,866,325	1,866,997
- Cement	2,081,858	1,967,391

ANNUAL SALES VOLUME

Years	In Pak Rupees
2014	12,547,251,000/-
2015	13,086,120,000/-
2016	13,918,340,000/-
2017	14,735,172,000/-

CUSTOMERS

Various local and international

EXPORTING COUNTRIES

Mainly to South Africa, Srilanka, Iraq and in other East African Countries and Indian Ocean Markets

BANKERS

- (1) Habib Bank Limited, Pakistan.
- (2) MCB Bank Limited, Pakistan.
- (3) Allied Bank Limited, Pakistan.

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- (4) Standard Chartered Bank, Pakistan.
- (5) The Bank of Punjab, Pakistan.
- (6) Faysal Bank Limited, Pakistan.
- (7) Askari Bank Limited, Pakistan.
- (8) Bank Al-Habib Limited, Pakistan.
- (9) Soneri Bank Limited, Pakistan.
- (10) National Bank of Pakistan, Pakistan.
- (11) United Bank Limited, Pakistan.
- (12) NIB Bank Limited, Pakistan.
- (13) Meezan Bank Limited, Pakistan.
- (14) Dubai Islamic Bank Pakistan Limited.

TRADE SUPPLIERS (FOREIGN)

Subject import globally from Companies belongs to European Countries, Japan, Korea, Taiwan, Singapore, China & Malaysia. Its global trade suppliers are Companies related to Machineries

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed Rs. 4,300 million during the year to the national exchequer on account of payments towards Sales tax, Income tax, Excise duty and other statutory levies.

FUTURE OUTLOOK

In the Finance Act 2016, the government increased the Federal excise Duty (FED) by around 110% and it has now been fixed at Rs. 1,000/ton. This enhancement in FED will increase the cost of construction and may discourage the construction of low cost housing in the short to medium term. Further, the coal prices in the international market have also started to increase lately because of increase in the demand of larger economies and if this increase will continue then this may have a negative impact on the margins. However, the Management is making every effort to maximize its margins by increasing productivity through higher kiln running days, improving plant efficiencies through technological advancements & changing sales mix which would yield high net retention to ensure a sustainable profitability for the company.

MEMBERSHIPS

Federation Pakistan Chamber of Commerce & Industry.
Rawalpindi Chamber of Commerce & Industry.
All Pakistan Cement Manufacturers Association.

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COMMENTS

Subject Company was established in 14th October, 1981 and is engaged in manufacturing, selling and marketing of cement. Overall reputation is sound. 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 68.79
UK Pound	1	INR 89.52
Euro	1	INR 79.67
PKR	1	INR 0.55

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	KET

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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)