

## MIRA INFORM REPORT

Report No. :	526985
Report Date :	31.08.2018

### IDENTIFICATION DETAILS

Name :	BESTWAY CEMENT LIMITED
Registered Office :	Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad
Country :	Pakistan
Financials (as on) :	30.06.2017
Date of Incorporation :	1994
Com. Reg. No.:	0031894
Legal Form :	Public Limited Company
Line of Business :	Principally engaged in Manufacturing, Selling and Marketing of Cement
No. of Employees :	3,206

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	<b>A</b>
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Maximum Credit Limit :	58,222,512.47 USD
Status :	Good
Payment Behaviour :	Slow & Delayed
Litigation :	Clear

### NOTES :

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

**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

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**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***

BESTWAY CEMENT LIMITED

## ***FULL ADDRESS***

### **Registered Address**

Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad, Pakistan

Tel # 92 (51) 2654856 - 63 (7 Lines)

Fax # 92 (51) 2654865

Website [www.bestway.com.pk](http://www.bestway.com.pk)

## ***SHORT DESCRIPTION OF BUSINESS***

- |    |                    |   |
|----|--------------------|---|
| a. | Nature of Business | Principally engaged in manufacturing, selling and marketing of cement |
| b. | Year Established   | 1994  |
| c. | Registration No.   | 0031894   |

## ***PLANT LOCATION***

Address Suraj Gali Road, Village Shadi, Hattar, Distt, Haripur, N.W.F.P. Pakistan

Tel # 92 (995) 639261 - 63 (3 Lines)

Fax # 92 (995) 639265

Address 12 K.M., Taxila-Haripur Road, Farooqia, Tehsil & District Haripur, Khyber Pakhtoonkwa, Pakistan

Tel # 92 (995) 639261 - 63 (3 Lines)

Fax # 92 (995) 639265

Address Village Tatral, near PSO Petrol Pump, 22 K.M., Kallar Kahar, Choa Saiden Shah Road, Chakwal, Pakistan

Tel # 92 (543) 584560, 62 (3 Lines)

Fax # 92 (543) 584274

## **MARKETING OFFICE**

Address House No. 293-A, Peshawar Road, Rawalpindi, Pakistan  
Tel # 92 (51) 5513110, 5125128, 5125129  
Fax # 92 (51) 5513109

## **AUDITORS**

KPMG Taseer Hadi & Co.  
(Chartered Accountants)

## **LEGAL STATUS**

Public Limited Company (Listed at Pakistan stock exchange)

## **DETAILS OF DIRECTORS**

<b>Names</b>	<b>Designation</b>
Sir. Mohammed Anwar Pervez	Chairman
Mr. Zameer Mohammed Choudrey	Chief Executive
Mr. Mohammed Younus Sheikh	Director
Mr. Dawood Pervez	Director
Mr. Muhammad Irfan A. Sheikh	Director
Ms. Najma Naheed Pirzada	Director
Mr. Haider Zameer Choudrey	Director

## **SHAREHOLDERS**

<b>Categories</b>	<b>Shareholding (%)</b>
Directors, CEO and their spouses and minor children	6.62

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Associated Companies, Undertakings & Related Parties	57.94
	0.00
Modarbas & Mutual Funds	
Banks, Development Financial Institutions, Non Banking Financial Institutions	0.04
	0.00
Insurance Companies	
	4.31
Others	
	31.09
Individuals	

## ***HOLDING COMPANY***

Bestway (Holdings) Limited of United Kingdom is the ultimate parent company of the Company.

## ***ASSOCIATES***

A. SUBSIDIARY

None

B. ASSOCIATED COMPANIES

- (1) MAP Rice Mills (Pvt) Limited, Pakistan.
- (2) Bestway (Holdings) Limited, Pakistan.
- (3) Bestway Northern Limited, Pakistan.
- (4) Bestway Cash & Carry Limited, Pakistan.

## ***BUSINESS ACTIVITIES***

Principally engaged in manufacturing, selling and marketing of cement

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## **NUMBER OF EMPLOYEES**

3,206

## **PLANT CAPACITY & PRODUCTION OF CLINKERS**

		2017	2016
		(In Metric Tons)	
Available Capacity	- Hattar	1,230,177	1,170,000
	- Farooqia	1,204,994	1,109,700
	- Chakwal	3,428,700	3,428,700
	- Kallar Kahar	2,375,911	2,367,090
Actual Production	- Hattar	1,217,777	944,860
	- Farooqia	1,204,993	914,719
	- Chakwal	3,284,640	2,446,909
	- Kallar Kahar	2,375,911	1,516,892

During the year the actual production from Hattar remained limited due to planned shutdown for the maintenance work at cement mill to maintain its efficiency level.

## **ANNUAL SALES VOLUME**

Years	In Pak Rupees
2016	58,543,507,000/-
2017	71,440,848,000/-

## **CUSTOMERS**

Various local and international

## **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) Bank Alfalah Limited, Pakistan.
- (13) NIB Bank Limited, Pakistan.
- (14) Meezan Bank Limited, Pakistan.
- (15) Dubai Islamic Bank Pakistan Limited.

## **EXPORTING COUNTRIES**

Mainly to Afghanistan, India & South African Countries

## **IMPORTING COUNTRIES**

Subject mainly import from Companies belongs to European Countries, Japan, Korea, Taiwan, Singapore, China & Malaysia

## **CONTRIBUTION TO NATIONAL EXCHEQUER**

Company is amongst the largest tax payers in the Country. During the year under review. Bestway Cement contributed to the exchequer more than Rs. 8 billion on account of sales tax and excise duty and Rs. 900 million on account of income tax. In addition, Company pays large amounts on account of various indirect taxes to the federal, provincial and local governments.

## **FUTURE OUTLOOK**

Bestway's recent acquisition of Lafarge Pakistan Cement Limited should enable the Company to have deeper and wider market penetration, broader product offering and even better margins through economies of scale. Coal prices have remained fairly stable and no major increase in prices is anticipated in the foreseeable future.

## **MEMBERSHIPS**

- Federation Pakistan Chamber of Commerce & Industry.

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

## ***COMMENTS***

Subject Company was established in 1994 and is engaged in manufacturing, selling and marketing of cement. Overall reputation is normal. 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 70.73
UK Pound	1	INR 92.15
Euro	1	INR 82.72
PKR	1	INR 0.58

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	NIS
<b>Report Prepared by :</b>	TPT

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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)