

MIRA INFORM REPORT

Report No. :	545702
Report Date :	22.12.2018

IDENTIFICATION DETAILS

Name :	PAK KUWAIT TEXTILES LIMITED
Registered Office :	29-Shadman-II, Lahore
Country :	Pakistan
Financials (as on) :	30.06.2018
Date of Incorporation :	16.09.1981
Com. Reg. No.:	0008922
Legal Form :	Public Limited Company.
Line of Business :	Subject is manufacturing and sale of cotton yam and polyester blended yam, 100% carded and combed yam.
No. of Employees :	1,239

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 (30.06.2018)	Current Rating (30.09.2018)
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

PAK KUWAIT TEXTILES LIMITED

FULL ADDRESS

Registered Address

29-Shadman-II, Lahore, Pakistan

Tel # 92 (42) 111-888-600

Fax # 92 (42) 35407032

SHORT DESCRIPTION OF BUSINESS

- | | |
|------------------------------|---|
| a. Nature of Business | The principal activity of the Company is manufacturing and sale of cotton yam and polyester blended yam, 100% carded and combed yam |
| b. Incorporated | 16 th September, 1981 |
| c. Registration No. | 0008922 |

MILLS LOCATION

Hadali Town, Jauharabad, District
Khushab, Pakistan

AUDITORS

KPMG Taseer Hadi & Co.
(Chartered Accountants)

LEGAL STATUS

Pak Kuwait Textiles Limited ("the Company") was incorporated in Pakistan in 1981 as an unquoted Public Limited Company.

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DETAILS OF MANAGEMENT

Names	Designation
Mr. Tariq Mehmood	Chief Executive
Mr. Javed Nasrullah	Director
Mr. Raza Nasrullah	Director

SHAREHOLDERS

Names	No. of Shares
Mr. Tariq Mehmood	4,119,750
Mrs. Farzana Mehmood	1,625,000
Mr. Saifullah Chaudhary	2,500,000
Mrs. Rubina Khalid	4,356,886
Mrs. Neelam Raza	1,881,250
Mr. Adeel Mehmood	2,000,002
Mr. Saadullah Chaudhary	2,000,000
Mr. Usman Khalid	3,387,686
Mrs. Huma Usman	1,630,428
Mrs. Zainab Mehmood	1,630,428
Mrs. Gohar Ahmed	1,630,428
Miss. Khursheed Asif	1,630,428
Mr. Javed Nasrullah	3,244,572
Mr. Raza Nasrullah	5,863,322

ASSOCIATES

A. SUBSIDIARY

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None

B. ASSOCIATED COMPANIES

- Do -

BUSINESS ACTIVITIES

The principal activity of the Company is manufacturing and sale of cotton yam and polyester blended yam, 100% carded and combed yam.

Its import Textile Raw Materials, Textile Machineries through **L/C, D/P** basis to its trade suppliers globally.

It sales its products through cash / credit term basis in local markets. Whereas in case of export, payment would be accepted through **L/C, D/P** basis.

Its major customers are Buying Agencies, Private Companies, International Buyers, Distribution Companies etc.

Subject operates from caption leased office & factories premises located at commercial & industrial centers of Lahore & Khushab, Punjab.

Subject employs about **1,239** persons in its set up.

ANNUAL SALES VOLUME

Years	In Pak Rupees
2017	3,344,697,509/-
2018	3,872,363,585/-

PLANT CAPACITY & PRODUCTION

		2018	2017
Number of spindles installed	Nos.	42,240	42,240
Plant capacity	Kgs	17,046,180	17,046,180
Actual production	Kgs	18,244,314	17,877,671

It is difficult to precisely describe production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yam spun, raw material used, spindle speed and twist, picks etc. It would also vary according to the pattern of production adopted in a particular year.

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TRADE SUPPLIERS (FOREIGN)

Subject import globally from Companies belongs to China, Korea, Singapore, Taiwan & European Countries

BANKERS

- (1) Bank Alfalah Limited, Pakistan.
- (2) Habib Bank Limited, Pakistan.
- (3) Samba Bank Limited, Pakistan.
- (4) Soneri Bank Limited, Pakistan.
- (5) Meezan Bank Limited, Pakistan.
- (6) Faysal Bank Ltd, Pakistan.
- (7) Askari Bank Limited, Pakistan.
- (8) United Bank Limited, Pakistan.

FUTURE PROSPECTS

Currently Cotton prices are extremely volatile, cotton crop failure has added to the problems. Due to continuous increase in minimum wage announced by the Government the production cost of the company will increase in the next year. Availability of cheap electricity will be important to balance the increase in cost of production. Currently the yarn rates have depressed, which would adversely impact the financial results of the year 2018.

MEMBERSHIPS

LCCI
APTMA
FPCCI

COMMENTS

Subject Company was established in 16th September, 1981. The principal activity of the Company is manufacturing and sale of cotton yarn and polyester blended yarn, 100% carded and combed yarn. Directors are reported as qualified, experienced and resourceful businessmen. 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 70.04
UK Pound	1	INR 88.70
Euro	1	INR 80.21
PKR	1	INR 0.50

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	TRU

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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)