

MIRA INFORM REPORT

Report No. :	542593
Report Date :	30.11.2018

IDENTIFICATION DETAILS

Name :	KOHINOOR MILLS LIMITED
Registered Office :	8 K.M., Manga Raiwind Road, District Kasur, Punjab
Country :	Pakistan
Financials (as on) :	2017 (Summarized)
Date of Incorporation :	21.12.1987
Com. Reg. No.:	0017194
Legal Form :	Public limited company
Line of Business :	The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate, and supply electricity.
No. of Employees :	1,669

RATING & COMMENTS

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

MIRA's Rating :

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
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.

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

KOHINOOR MILLS LIMITED

FULL ADDRESS

Registered Address & Factory

8 K.M., Manga Raiwind Road, District Kasur, Punjab, Pakistan

Tel # 92 (42) 111-941-941, 35391941 - 45 (5 Lines)

Fax # 92 (42) 35391946, 35393459

SHORT DESCRIPTION OF BUSINESS

- | | | |
|----|---------------------------|--|
| a. | Nature of Business | The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate, and supply electricity |
| b. | Year Established | 1987 |
| c. | Registration # | 0017194 |

BRANCHES

87/2 Arif Jan Road, Lahore
Cantt, Pakistan

AUDITORS

Riaz Ahmad & Company
(Chartered Accountants)

LEGAL STATUS

Kohinoor Mills Limited ("the Company") is a public limited company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange Limited

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DETAILS OF DIRECTORS

Names	Designation
Mr. Rashid Ahmed	Chairman
Mr. Aamir Fayyaz Sheikh	Chief Executive
Mr. Asad Fayyaz Sheikh	Director
Mr. Ali Fayyaz Sheikh	Director
Mr. Riaz Ahmed	Director
Mr. Aamir Amin	Director
Mr. Shahbaz Munir	Director

SHAREHOLDERS

Categories	Percentage (%)
Directors, Chief Executive Officer, their Spouse and Minor Children	68.2300
Associated Companies, Undertakings and Related Parties	---
NIT & ICP	7.2280
Banks, Development Financial Institutions, & Non-Banking Financial Institutions	1.0222
Insurance Companies	0.0002
Modarabas & Mutual Funds	0.1598
General Public	21.0971
Others	2.2611

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ASSOCIATES

A. SUBSIDIARY

None

B. ASSOCIATED COMPANIES

(1) Q Mart Corporation (Private) Limited, Pakistan.

BUSINESS ACTIVITIES

The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate, and supply electricity.

It's import Textile Raw Materials, Textile Machineries through **L/C, D/P** basis.

Its main products are Textile Products.

It exports its product through **L/C, D/A** basis.

Its mainly export to U.S.A. & European Countries.

It importing countries are China, India, Taiwan, Indonesia, Bangladesh, Thailand, Japan & Korea.

Its major customers are reputable companies, domestic & worldwide.

Subject operates from caption leased mill premises situated at industrial area of Kasur, Punjab.

Subject employs about **1,669** persons in its set up.

ANNUAL SALES VOLUME

Year	In Pak Rupees
2017	10,656,444,857/-

PLANT CAPACITY & PRODUCTION

Please find enclosed in separate files in PDF Format

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TRADE SUPPLIERS (FOREIGN)

Subject import globally from Companies belongs to China, India, Taiwan, Indonesia, Bangladesh, Thailand, Japan & Korea. Its global trade suppliers are Companies related to Textile Raw Materials, Machineries

BANKERS

- (1) Allied Bank Limited, Pakistan.
- (2) Al Baraka Bank (Pakistan) Limited, Pakistan.
- (3) Askari Bank Limited, Pakistan.
- (4) Bank Alfalah Limited, Pakistan.
- (5) Faysal Bank Limited, Pakistan.
- (6) Habib Bank Limited, Pakistan.
- (7) Habib Metropolitan Bank Limited, Pakistan.

MODE OF PAYMENT

Payments would be accepted / made through L/C, D/P basis to its trade suppliers / customers globally

TEXTILE INDUSTRY OUTLOOK

The textile exporters in Pakistan face the toughest playing field in the region when compared to exporters in other countries. The "cost of doing business" in the country is the highest on region-wide basis and includes high gas and power tariff, levy of GIDC, and artificially maintained over valued Pak rupee exchange rate. This coupled with downturn in the global Apparel and Retail Sales has resulted in gradual decline in Textile Exports over past three years, standing at US\$ 12.5 Billion for FY2016-17. Taking cognizance of these facts, the Federal Government announced Textile Package 2017 to boost textile exports and introduced several relief measures, including widening of the scope of Duty Drawbacks, zero rating of sales tax on machinery imports, raw-materials and fuels and prompt payment of sales tax refunds for textile industry. While, on paper, these steps were quite promising, their patchy implementation and escalating political uncertainty raises concerns regarding their effectiveness in boosting textile exports.

OPERATING & FINANCIAL RESULTS

During the financial year ended June 30, 2017, your company earned a gross profit of Rs. 1,445 million on sales of Rs. 10,656 million compared to gross profit of Rs. 1,393 million on sales of Rs. 8,551 million for the previous financial year 2015-16. During FY 2016-17, your company recorded a net profit of Rs. 134 million (EPS: Rs. 2.63 per share), compared to net profit of Rs. 119 million (EPS: Rs. 2.33 per share) in the previous financial year. The Company was able to achieve 25% growth in the top-line. However, the margins remained under pressure due to

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escalating raw material costs, resultantly, the Company was only able to maintain its performance viz a viz last financial year.

FUTURE PROSPECTS

Keeping in view the consistently declining textile exports over past few years, the Government of Pakistan recently announced textile package for the industry. However, delays in implementing the promised relief package have become another cause of significant concern. Further, challenging macro-economic scenario emanating from uncertain security and political environment, increasing competition from regional players and sluggish overseas demand is exacerbating this situation. However, the management has kept its resolve for performance improvement through better marketing by winning customer confidence, improved capacity utilization and better supply chain management to keep costs low. Additionally, the management has undertaken a BMR programme to enhance production capacity and improve efficiency and cost effectiveness of the company, hence maintaining its competitiveness. The current order book position of the company is healthy and the management is optimistic that it can improve on the company's performance, going forward.

MEMBERSHIPS

FPCCI
APTMA
LCCI

COMMENTS

Subject Company was established in 1987. The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate, and supply electricity. Overall reputation is satisfactory. 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 69.92
UK Pound	1	INR 89.74
Euro	1	INR 79.58
PKR	1	INR 0.52

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

INFORMATION DETAILS

Analysis Done by :	PRI
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)