

MIRA INFORM REPORT

Report No. :	531548
Report Date :	28.09.2018

IDENTIFICATION DETAILS

Name :	KIL INTERNATIONAL LIMITED
Registered Office :	Room 1502, 15/F., Rise Commercial Building, 5-11 Granville Circuit, Tsimshatsui, Kowloon
Country :	Hong Kong
Date of Incorporation :	04.07.2011
Com. Reg. No.:	58601909
Legal Form :	Private Limited Company
Line of Business :	Trader of all kinds of gemstones, diamonds, jewellery products
No. of Employees :	6

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 :	Satisfactory
Payment Behaviour :	Slow but Correct
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)
Hong Kong	A1	A1

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

HONG KONG - ECONOMIC OVERVIEW

Hong Kong has a free market economy, highly dependent on international trade and finance - the value of goods and services trade, including the sizable share of reexports, is about four times GDP. Hong Kong has no tariffs on imported goods, and it levies excise duties on only four commodities, whether imported or produced locally: hard alcohol, tobacco, oil, and methyl alcohol. There are no quotas or dumping laws. Hong Kong continues to link its currency closely to the US dollar, maintaining an arrangement established in 1983.

Excess liquidity, low interest rates and a tight housing supply have caused Hong Kong property prices to rise rapidly. The lower and middle-income segments of the population increasingly find housing unaffordable.

Hong Kong's open economy has left it exposed to the global economic situation. Its continued reliance on foreign trade and investment makes it vulnerable to renewed global financial market volatility or a slowdown in the global economy.

Mainland China has long been Hong Kong's largest trading partner, accounting for about half of Hong Kong's total trade by value. Hong Kong's natural resources are limited, and food and raw materials must be imported. As a result of China's easing of travel restrictions, the number of mainland tourists to the territory surged from 4.5 million in 2001 to 47.3 million in 2014, outnumbering visitors from all other countries combined. After peaking in 2014, overall tourist arrivals dropped 2.5% in 2015 and 4.5% in 2016. The tourism sector rebounded in 2017, with visitor arrivals rising 3.2% to 58.47 million. Travelers from Mainland China totaled 44.45 million, accounting for 76% of the total.

The Hong Kong Government is promoting the Special Administrative Region (SAR) as the preferred business hub for renminbi (RMB) internationalization. Hong Kong residents are allowed to establish RMB-denominated savings accounts, RMB-denominated corporate and Chinese government bonds have been issued in Hong Kong, RMB trade settlement is allowed, and investment schemes such as the Renminbi Qualified Foreign Institutional Investor (RQFII) Program was first launched in Hong Kong. Offshore RMB activities experienced a setback, however, after the People's Bank of China changed the way it set the central parity rate in August 2015. RMB deposits in Hong Kong fell from 1.0 trillion RMB at the end of 2014 to 559 billion RMB at the end of 2017, while RMB trade settlement handled by banks in Hong Kong also shrank from 6.8 trillion RMB in 2015 to 3.9 trillion RMB in 2017.

Hong Kong has also established itself as the premier stock market for Chinese firms seeking to list abroad. In 2015, mainland Chinese companies constituted about 50% of the firms listed on the Hong Kong Stock Exchange and accounted for about 66% of the exchange's market capitalization.

During the past decade, as Hong Kong's manufacturing industry moved to the mainland, its service industry has grown rapidly. In 2014, Hong Kong and China signed a new agreement on achieving basic liberalization of trade in services in Guangdong Province under the Closer Economic Partnership Agreement (CEPA), adopted in 2003 to forge closer ties between Hong Kong and the mainland. The new measures, which took effect in March 2015, cover a negative list and a most-favored treatment provision. On the basis of the Guangdong Agreement, the Agreement on Trade in Services signed in November 2015 further enhanced liberalization, including extending the implementation of the majority of Guangdong pilot liberalization measures to the whole Mainland, reducing the restrictive measures in the negative list, and adding measures in the positive lists for cross-border services as well as cultural and telecommunications services. In June 2017, the Investment Agreement and the Agreement on Economic and Technical Cooperation (Ecotech Agreement) were signed under the framework of CEPA.

Hong Kong's economic integration with the mainland continues to be most evident in the banking and finance sector. Initiatives like the Hong Kong-Shanghai Stock Connect, the Hong Kong- Shenzhen Stock Connect the Mutual Recognition of Funds, and the Bond Connect scheme are all important steps towards opening up the Mainland's capital markets and have reinforced Hong Kong's role as China's leading offshore RMB market. Additional connect schemes such as ETF Connect (for exchange-traded fund products) are also under exploration by Hong Kong authorities. In 2017, Chief Executive Carrie LAM announced plans to increase



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government spending on research and development, education, and technological innovation with the aim of spurring continued economic growth through greater sector diversification.

Source : CIA

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COMPANY NAME AND ADDRESS

KIL INTERNATIONAL LIMITED

ADDRESS: Room 1502, 15/F., Rise Commercial Building, 5-11 Granville Circuit, Tsimshatsui, Kowloon, Hong Kong.

PHONE: 852-2722 4144

FAX: 852-2722 4155

MANAGEMENT

Managing Director: Mr. Harshil Premji Kanani

SUMMARY

Incorporated on: 4th July, 2011.

Organization: Private Limited Company.

Issued Share Capital: HK\$32,000,000.00

Business Category: Diamond & Gemstone Trader.

Revenue of holding Co.: INR 3,856.0 million (Year ended 31-03-2018)

Employees: 6.

Main Dealing Banker: DBS Bank (Hong Kong) Ltd., Hong Kong.

Banking Relation: Satisfactory.

ADDRESS

Registered Office:-

Room 1502, 15/F., Rise Commercial Building, 5-11 Granville Circuit, Tsimshatsui, Kowloon, Hong Kong.

Holding Company:-

Kanani Industries Ltd., India.

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BUSINESS REGISTRATION NUMBER

58601909

COMPANY FILE NUMBER

1625216

MANAGEMENT

Managing Director: Mr. Harshil Premji Kanani

ISSUED SHARE CAPITAL

HK\$32,000,000.00

SHAREHOLDER

(As per registry dated 04-07-2017)

Name

Kanani Industries Ltd.
G-6, Prasad Chambers, Tat Road No. 2, Opera House, Mumbai-
400004, Maharashtra, India.

No. of shares

32,000,000
=====

DIRECTOR

(As per registry dated 04-07-2017)

Name

(Nationality)

Harshil Premji KANANI

Address

Flat 104, 9/F., Navyug Nagar No. 1, Forjet Hill Opp. Bhatia
Hosp Tardeo Mumbai-400036, M.S., India.

SECRETARY

(As per registry dated 04-07-2017)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
Champion Corporate Ltd.	Unit 907, 9/F., Silvercord Tower 2, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong.	0657221

HISTORY

The subject was incorporated on 4th July, 2011 as a private limited liability company under the Hong Kong Companies Ordinance.

Formerly the registered address of the subject was located at "Room 515, 5/F., Tower A, New Mandarin Plaza, Science Museum Road, Tsimshatsui, Kowloon, Hong Kong" where was the operating office of Michael Chan & Co. This firm is an accountant firm. Its phone and fax number are 3114 7994 and 3114 7995 respectively. The registered office moved to 'c/o CBS Pacific Ltd., Room A, 8/F., Kam Chung Commercial Building, 19-21 Hennessy Road, Wanchai, Hong Kong' in May 2012. The subject moved to the present address in early 2014. Apart from these, neither material change nor amendment has been ever traced and noted.

OPERATIONS

Activities: Diamond & Gemstone Trader.

Lines: All kinds of gemstones, diamonds, jewellery products.

Brand Name: *Lucee Diamonds.*

Employees: 6.

Commodities Imported: India, Europe, etc.

Markets: Hong Kong, China, Middle East, Europe, North America, etc.

Revenue from operations
of holding company:

INR 3,378.1 million (Year ended 31-03-2014)
INR 4,441.3 million (Year ended 31-03-2015)
INR 4,960.0 million (Year ended 31-03-2016)
INR 4,425.7 million (Year ended 31-03-2017)
INR 3,856.0 million (Year ended 31-03-2018)

Terms/Sales: As per contracted.

Terms/Buying: Various terms.

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FINANCIAL INFORMATION

Issued Share Capital: HK\$32,000,000.00

Mortgage or Charge:-

Date of Charge on Cash Deposit to Secure Liabilities of the Depositor:

29-01-2014

Amount: All sums of money and liabilities

Property: 1) By way of first fixed charge and agreement to charge:

the Deposit and all right, title and interest of the Company whatsoever, present and future, thereto and therein, together with any certificates of deposit or other instruments or securities evidencing title, or otherwise relating, thereto and any account to which the same is credited

2) By way of set-off

any sum standing to the credit of any one or more of the accounts of the Company with the Bank

Mortgagee: DBS Bank (Hong Kong) Ltd., Hong Kong.

Profit after Tax (Consolidated) of holding company:

INR 29.9 million (Year ended 31-03-2014)

INR 16.6 million (Year ended 31-03-2015)

INR 19.1 million (Year ended 31-03-2016)

INR 5.0 million (Year ended 31-03-2017)

INR 8.1 million (Year ended 31-03-2018)

Profit or Loss: Business of parent is profitable.

Condition: Business is normal.

Facilities: Adequate for current running.

Payment: Slow but correct.

Commercial Morality: Satisfactory.

Banker: DBS Bank (Hong Kong) Ltd., Hong Kong.

Standing: Normal.

GENERAL

Having issued 32 million ordinary shares of HK\$1.00 each, KIL International Limited is wholly owned by Kanani Industries Ltd. [Kanani] which is an India-based and listed firm.

The director of the subject is Harshil Premji Kanani who is an India passport holder. He can be reached at his Hong Kong mobile phone number 852-9278 7842.

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Formerly, the subject's registered office was in a commercial service firm located at Room A, 8/F., Kam Chung Commercial Building, 19-21 Hennessy Road, Wanchai, Hong Kong known as CBS Pacific Ltd. Now, the subject has moved to the present address since early 2014.

The subject is a diamond studded jewellery manufacturer. Most of its products bear the brand name *Lucee Diamonds*. Its significant products are the following:

1. CVD Diamond / Synthetic Diamond
2. White Gold and Diamond Ring
3. White Gold and Diamond Earring

Kanani is a diamond and jewellery trader, so does the subject. Kanani was initially incorporated on 22nd March 1983 with the Registrar of Companies Maharashtra, Mumbai, as a public limited company under the name of Shivlaxmi Mercantile Company Limited.

Kanani was acquired by Mr. Premjibhai D. Kanani and Mr. Vinubhai L. Kanani on 9th April 2007. Since then it has changed in management and control in shareholding under the name IMP Finance Limited, which was subsequently changed to "Kanani Industries Limited". Kanani is the present name. On 19th October, 2007, Certificate of Name Changed was issued by the Registrar of Companies Maharashtra Mumbai.

Further the company had acquired its own land at SEZ, Sachin, Surat (Gujarat) of India, and built up its own four story factory. Now Kanani is engaged in diamonds studded jewellery business. The subject is responsible for marketing its products.

For the year ended 31st March, 2018, the revenue from operation of Kanani amounted to INR 4,425.7 million (2017: INR 3,856.0 million), decreased by 12.9% as compared with previous year; profit after tax of Kanani amounted to INR 8.1 million (2017: INR 5.0 million), increased substantially by 62.0%.

Harshil Premji Kanani, aged 35, is also the managing director and executive director of Kanani. His father is Mr. Premjibhai D. Kanani who is also Chairman of Kanani.

In order to penetrate the international market further, the subject has taken part in fairs and exhibitions held in Hong Kong and other foreign large cities.

For instance, it took part in "HKTDC Hong Kong International Diamond, Gem & Pearl Show 2018" which had been held in Hong Kong AsiaWorld-Expo, Lantau, Hong Kong during the period of 27th February to 3rd March, 2018. Its booth No. was AWE 10-G37.

The subject is fully supported by Kanani. Business is normal and steady. History in Hong Kong is over seven years and two months.

On the whole, consider the subject good for normal business engagements.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.65
UK Pound	1	INR 95.43
Euro	1	INR 85.04
HKD	1	INR 9.27

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	SYL

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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)