





**Kohat Cement Limited**

BALANCE SHEET	30-Sep-17	30-Jun-17	30-Jun-16
	IQ	Annual	Annual
<b>Non-Current Assets</b>	<b>8,093</b>	<b>8,201</b>	<b>7,971</b>
<b>Investments (Incl. associates)</b>	<b>9,059</b>	<b>8,282</b>	<b>7,720</b>
Equity	5,472	5,219	5,564
Mutual Funds	-	-	-
Investment Property	3,587	3,063	2,156
<b>Current Assets</b>	<b>3,910</b>	<b>3,710</b>	<b>3,655</b>
Stores and Spares	1,441	1,333	1,453
Inventory	879	949	629
Others	1,590	1,427	1,573
<b>Total Assets</b>	<b>21,062</b>	<b>20,192</b>	<b>19,345</b>
<b>Debt</b>	<b>639</b>	<b>911</b>	<b>1,593</b>
Short-term	-	200	598
Long-term (Incl. Current Maturity of long-term debt)	639	711	995
Other short-term liabilities	2,567	2,299	2,380
Other Long-term Liabilities	1,646	1,676	1,603
<b>Shareholder's Equity</b>	<b>16,209</b>	<b>15,306</b>	<b>13,770</b>
<b>Total Liabilities &amp; Equity</b>	<b>21,062</b>	<b>20,192</b>	<b>19,345</b>

**INCOME STATEMENT**

<b>Turnover</b>	<b>3,417</b>	<b>13,540</b>	<b>14,020</b>
Gross Profit	1,352	5,827	6,497
Operating Profit / (Loss)	1,279	5,535	6,209
Financial Charges	(17)	(85)	(78)
<b>Net Income</b>	<b>903</b>	<b>3,545</b>	<b>4,408</b>

**Cashflow Statement**

Free Cashflow from Operations (FCFO)	1,021	4,273	4,261
Net Cash changes in Working Capital	62	(616)	(779)
Net Cash from Operating Activities	1,064	3,565	2,979
Net Cash from Investing Activities	(511)	(1,305)	(1,350)
Net Cash from Financing Activities	(271)	(2,685)	(1,817)
Net Cash generated during the period	282	(425)	(188)

**Ratio Analysis**

<b>Performance</b>			
Turnover Growth	7.0%	-3.4%	12.4%
Gross Margin	39.6%	43.0%	46.3%
Net Margin	26.4%	26.2%	31.4%
ROE	5.7%	22.6%	34.0%
<b>Coverages</b>			
Debt Service Coverage (x) (FCFO/Gross Interest+CMLTD+Uncovered STB)	11.6	11.6	11.8
Interest Coverage (x) (FCFO/Gross Interest)	60.5	50.3	54.5
Debt Payback (Years) (Total Lt.Debt (excluding Covered Short Term Borrowings) / FC	0.2	0.2	0.2
<b>Liquidity</b>			
Net Cash Cycle (Inventory Days + Receivable Days - Payable Days)	25	25	7
<b>Capital Structure</b> (Total Debt/Total Debt+Equity)	3.8%	5.6%	10.4%

## CREDIT RATING SCALE & DEFINITIONS

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

<b>LONG TERM RATINGS</b>		<b>SHORT TERM RATINGS</b>
<b>AAA</b>	<b>Highest credit quality.</b> Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments.	<p><b>A1+:</b> The highest capacity for timely repayment.</p> <p><b>A1:</b> A strong capacity for timely repayment.</p> <p><b>A2:</b> A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.</p> <p><b>A3:</b> An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.</p> <p><b>B:</b> The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions.</p> <p><b>C:</b> An inadequate capacity to ensure timely repayment.</p>
<b>AA+</b>	<b>Very high credit quality.</b> Very low expectation of credit risk.	
<b>AA</b>	Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	
<b>AA-</b>		
<b>A+</b>	<b>High credit quality.</b> Low expectation of credit risk.	
<b>A</b>	The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.	
<b>A-</b>		
<b>BBB+</b>	<b>Good credit quality.</b> Currently a low expectation of credit risk.	
<b>BBB</b>	The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.	
<b>BBB-</b>		
<b>BB+</b>	<b>Moderate risk.</b> Possibility of credit risk developing.	
<b>BB</b>	There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.	
<b>BB-</b>		
<b>B+</b>	<b>High credit risk.</b>	
<b>B</b>	A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.	
<b>B-</b>		
<b>CCC</b>	<b>Very high credit risk.</b> Substantial credit risk	
<b>CC</b>	“CCC” Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. “CC” Rating indicates that default of some kind appears probable. “C” Ratings signal imminent default.	
<b>C</b>		
<b>D</b>	Obligations are currently in default.	

**Outlook (Stable, Positive, Negative, Developing)**  
Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. ‘Stable’ outlook means a rating is not likely to change. ‘Positive’ means it may be raised. ‘Negative’ means it may be lowered. Where the trends have conflicting elements, the outlook may be described as ‘Developing’.

**Rating Watch**  
Alerts to the possibility of a rating change subsequent to, or in anticipation of, a) some material identifiable event and/or b) deviation from expected trend. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating Watch may accompany Outlook of the respective opinion.

**Suspension**  
It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

**Withdrawn**  
A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the debt instrument is redeemed, d) the rating remains suspended for six months, e) the entity/issuer defaults, or/and f) PACRA finds it impractical to surveil the opinion due to lack of requisite information

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**Name of Issuer**  
**Sector**  
**Type of Relationship**  
**Purpose of the Rating**

Kohat Cement Company Limited  
 Cement  
 Solicited  
 Independent Risk Assessment

**Rating History**

Notification Date	Long Term	Short Term	Outlook	Action
28-Dec-17	A	A1	Stable	Initial

**Related Criteria and Research**

Rating Methodology  
 Sector Research

Corporate Rating Methodology  
 Cement Sector Overview - Nov17

**Rating Analysts**

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[Rating Team Statement](#)

**Rating Procedure**

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[Probability of Default \(PD\)](#)

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