

MIRA INFORM REPORT

Report No. :	543483
Report Date :	06.12.2018

IDENTIFICATION DETAILS

Name :	SHUAIBA INDUSTRIAL COMPANY KPSC
Registered Office :	Block No. 3, Plot No. 150, Street No. 30, South Sabhan Industrial Area, PO Box: 10088, Shuaiba 65451
Country :	Kuwait
Financials (as on) :	31.12.2017 [Consolidated]
Date of Incorporation :	15..03.1978
Com. Reg. No.:	26799
Legal Form :	Kuwaiti Public Shareholding Company – KPSC
Line of Business :	Subject is engaged in the manufacture of paper and paper bags for the cement industry.
No. of Employees :	300

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+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	No Complaints
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)
Kuwait	A2	A2

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

KUWAIT - ECONOMIC OVERVIEW

Kuwait has a geographically small, but wealthy, relatively open economy with crude oil reserves of about 102 billion barrels - more than 6% of world reserves. Kuwaiti officials plan to increase production to 4 million barrels of oil equivalent per day by 2020. Petroleum accounts for over half of GDP, 92% of export revenues, and 90% of government income.

With world oil prices declining, Kuwait realized a budget deficit in 2015 for the first time more than a decade; in 2016, the deficit grew to 16.5% of GDP. Kuwaiti authorities announced cuts to fuel subsidies in August 2016, provoking outrage among the public and National Assembly, and the Amir dissolved the government for the seventh time in ten years. In 2017 the deficit was reduced to 7.2% of GDP, and the government raised \$8 billion by issuing international bonds. Despite Kuwait's dependence on oil, the government has cushioned itself against the impact of lower oil prices, by saving annually at least 10% of government revenue in the Fund for Future Generations.

Kuwait has failed to diversify its economy or bolster the private sector, because of a poor business climate, a large public sector that employs about 74% of citizens, and an acrimonious relationship between the National Assembly and the executive branch that has stymied most economic reforms. The Kuwaiti Government has made little progress on its long-term economic development plan first passed in 2010. While the government planned to spend up to \$104 billion over four years to diversify the economy, attract more investment, and boost private sector participation in the economy, many of the projects did not materialize because of an uncertain political situation or delays in awarding contracts. To increase non-oil revenues, the Kuwaiti Government in August 2017 approved draft bills supporting a Gulf Cooperation Council-wide value added tax scheduled to take effect in 2018.

Source : CIA

SUMMARY

Company Name	: SHUAIBA INDUSTRIAL COMPANY KPSC
Country of Origin	: Kuwait
Legal Form	: Kuwaiti Public Shareholding Company – KPSC
Registration Date	: 15th March 1978
Commercial Registration Number	: 26799
Chamber Membership Number	: 7202
Issued Capital	: KD 10,069,180
Paid up Capital	: KD 10,069,180
Total Workforce	: 300
Activities	: Manufacturers of paper and paper bags
Financial Condition	: Good
Payments	: No complaints
Operating Trend	: Steady

COMPANY NAME

SHUAIBA INDUSTRIAL COMPANY KPSC

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Building : Block No. 3, Plot No. 150
Street : Street No. 30
Area : South Sabhan Industrial Area
PO Box : 10088
Town : Shuaiba 65451
Country : Kuwait
Telephone : (965) 24711350 / 24711258 / 24711020 / 24737994
Facsimile : (965) 24738667 / 24737996
Email : info@sic-kwt.com

Premises

Subject operates from a large suite of offices and a factory that are rented and located in the Industrial Area of Shuaiba.

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Saleh Omran Abdullah Kanaan	Chairman
• Bader Mohammed Ghuloom Al Qattan	Vice Chairman
• Adel Yousef Saleh Alsaqabi	Director
• Abdullah Hamad Abdulrahman Al Tarkeet	Director
• Wael Yousef Saleh Alsaqabi	Director
• Fared Ahmed Sadiqi	General Manager

LEGAL FORM & OWNERS

Date of Establishment : 15th March 1978

Legal Form : Kuwaiti Public Shareholding Company – KPSC

Commercial Reg. No. : 26799

Chamber Member No. : 7202

Issued Capital : KD 10,069,180

Paid up Capital : KD 10,069,180

<i>Name of Shareholder (s)</i>	<i>Percentage</i>
• Al Khair Global Co	22.82%
• Al Safat Investment Company and Group	8.23%
• Aisha Abdulaziz Alfahad	5.58%
• Local businessmen and private investors	63.37%

AFFILIATED COMPANIES

<u>Name</u>	<u>Percentage Held</u>
• Advance Technologies (International Agencies) Co WLL	99%

OPERATIONS

Activities: Engaged in the manufacture of paper and paper bags for the cement industry.

Import Countries: Europe and the Far East.

Operating Trend: Steady

Subject has a workforce of approximately 300 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Kuwaiti Dinars (KD)

Consolidated Balance Sheet

	<u>31/12/17</u>	<u>31/12/16</u>
Assets		
Non-current assets		
Property, plant and equipment	9,928,073	10,319,933
Investment in associate	2,556,991	2,561,086
Available for sale financial assets	12,485,064	12,881,019
Current assets		
Inventories	4,636,060	2,782,405
Trade receivables	3,634,708	2,601,270
Financial assets at fair value	66,118	102,457
Term deposit	600,000	1,650,000
Cash	2,776,342	3,736,731
	11,713,228	10,872,863
Total assets	24,198,292	23,753,882
Liabilities		
Equity		
Share capital	10,069,180	8,055,343
Share premium	2,294,444	2,294,444
Statutory reserve	2,387,708	2,185,527
Voluntary reserve	1,827,831	2,094,519
Treasury shares	(164,740)	(164,740)
Treasury shares reserve	471,283	471,283
Foreign currency translation reserve	443,310	566,221
Retained earnings	1,699,081	3,334,954
Total equity	19,028,097	18,837,551
Non-current liabilities		
Employee's end of service benefits	749,909	678,162
Non-current portion of bank borrowings	1,299,292	1,685,644
	2,049,201	2,363,806
Current liabilities		
Current portion of bank borrowings	386,352	184,000
Trade and other payables	2,734,642	2,368,525
	3,120,994	2,552,525
Total liabilities	5,170,195	4,916,331
Total equity and liabilities	24,198,292	23,753,882

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Consolidated Statement of Income

Sales	15,829,010	14,658,206
Cost of sales	(12,315,835)	(10,829,261)
Gross profit	3,513,175	3,828,945
Other income	165,316	109,789
Foreign exchange gain/(loss)	(11,462)	16,634
Impairment of property, plant and equipment	-	(62,945)
Provisions for old and obsolete inventories	84,753	(92,591)
Write back of provision for doubtful debts	9,031	(9,971)
Realised gain on financial assets at fair value	-	24,242
Unrealised loss on financial assets at fair value	(36,339)	36,821
General and administrative expenses	(820,142)	(898,267)
Selling and distribution expenses	(923,335)	(972,154)
Operating profit	1,980,997	1,980,503
Finance costs	(88,739)	(54,457)
Share of results of an associate	129,554	72,846
Profit before KFAS, NLST, Zakat and directors remuneration	2,021,812	1,998,892
KFAS	(18,196)	(17,990)
NLST	(52,349)	(52,170)
Zakat	(20,003)	(22,523)
Directors remuneration	(30,000)	(35,000)
Profit for the year	1,901,264	1,871,209

Local sources consider subject's financial condition to be Good.

BANKERS

- Commercial Bank of Kuwait SAK
Mubarak Al Kabir Street
PO Box: 2861
Safat 13029
Tel: (965) 22411001
Fax: (965) 22450150
- Al Ahli Bank of Kuwait
Mubarak Al Kabir Street
PO Box: 1387
Safat 13033
Tel: (965) 2411101 / 2411102

PAYMENT HISTORY

No complaints regarding subject's payments have been reported.

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GENERAL COMMENTS

The subject and its shareholders/owners have been searched in the following databases; Office of Foreign Assets Control (OFAC), United Nations Security Council Sanctions, Australian Sanctions List, US Consolidated Sanctions List, EU Financial Sanctions List and UK Financial Sanctions List and nothing adverse could be found on the exact names listed within the report.

During the course of this investigation nothing detrimental was uncovered regarding subject's operating history or the manner in which payments are fulfilled. As such the company is considered to be a fair trade risk.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.52
UK Pound	1	INR 89.45
Euro	1	INR 79.84
KWD	1	INR 232.71

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)