

MIRA INFORM REPORT

Report No. :	545405
Report Date :	21.12.2018

IDENTIFICATION DETAILS

Name :	SAVANNAH SUGAR COMPANY LIMITED
Registered Office :	KM 81, Yola Gombe Road (Near Numan) Yola, P.O. Box 93, Yola, Adamawa State
Country :	Nigeria
Financials (as on) :	31.12.2017
Date of Incorporation :	05.01.1971
Com. Reg. No.:	8003
Legal Form :	Limited Corporation
Line of Business :	Exporters of pulses, oilseeds, spices and other related products. Produces cane sugar. It offers white granulated sugar; and unfortified industrial sugar for pharmaceuticals, and food and beverage manufacturing companies
No. of Employees :	750

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 :	No Complaints
Litigation :	Clear

NOTES :

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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)
Nigeria	B2	B2

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

NIGERIA - ECONOMIC OVERVIEW

Nigeria is Sub Saharan Africa's largest economy and relies heavily on oil as its main source of foreign exchange earnings and government revenues. Following the 2008-09 global financial crises, the banking sector was effectively recapitalized and regulation enhanced. Since then, Nigeria's economic growth has been driven by growth in agriculture, telecommunications, and services. Economic diversification and strong growth have not translated into a significant decline in poverty levels; over 62% of Nigeria's over 180 million people still live in extreme poverty.

Despite its strong fundamentals, oil-rich Nigeria has been hobbled by inadequate power supply, lack of infrastructure, delays in the passage of legislative reforms, an inefficient property registration system, restrictive trade policies, an inconsistent regulatory environment, a slow and ineffective judicial system, unreliable dispute resolution mechanisms, insecurity, and pervasive corruption. Regulatory constraints and security risks have limited new investment in oil and natural gas, and Nigeria's oil production had been contracting every year since 2012 until a slight rebound in 2017.

President BUHARI, elected in March 2015, has established a cabinet of economic ministers that includes several technocrats, and he has announced plans to increase transparency, diversify the economy away from oil, and improve fiscal management, but has taken a primarily protectionist approach that favors domestic producers at the expense of consumers. President BUHARI ran on an anti-corruption platform, and has made some headway in alleviating corruption, such as implementation of a Treasury Single Account that allows the government to better manage its resources and a more transparent government payroll and personnel system that eliminated duplicate and "ghost workers." The government also is working to develop stronger public-private partnerships for roads, agriculture, and power.

Nigeria entered recession in 2016 as a result of lower oil prices and production, exacerbated by militant attacks on oil and gas infrastructure in the Niger Delta region, coupled with detrimental economic policies, including foreign exchange restrictions. GDP growth turned positive in 2017 as oil prices recovered and output stabilized.

Source : CIA

SUBJECT'S NAME

Registered Name: **SAVANNAH SUGAR COMPANY LIMITED**
Other Names: None

ADDRESS AND TELECOMMUNICATION

Physical Address: KM 81, Yola Gombe Road (Near Numan) Yola,
Postal Address: P.o. Box 93, Yola,
Adamawa State
Country: Nigeria
Phone: +234 815 0983259
Fax: +234 815 0983259
Email: sscl@dangotesugar.com.ng
Website: www.dangotesugar.com.ng

CREDIT OPINION

Financial Index as of December 2017 shows subject firm with a medium risk of credit.

LEGAL

Legal Form: Limited Corporation
Date Incorporated: 05-Jan-1971
Reg. Number: 8003
Nominal Capital: NGN. 3,214,923,000
Subscribed Capital: NGN. 3,214,923,000
Subscribed Capital is Subscribed in the following form:

	Position	Shares
Alhaji Aliko Dangote	Chairman	
Abdullahi Sule	CEO	
Alhaji Sani Dangote	Director	
Olakunle Alake	Director	
Alhaji Abdu Dantata	Director	
Dangote Sugar Plc	Holding co	100%

RELATED COMPANIES

None	Parent company.
None	Subsidiary company.
None	Affiliated company.
None	Shareholder of subject firm.
None	Branches of the firm

OPERATIONS

Registered to operate as exporters of pulses, oilseeds, spices and other related products. Produces cane sugar. It offers white granulated sugar; and unfortified industrial sugar for pharmaceuticals, and food and beverage manufacturing companies

Imports:	Middle East
Exports:	Asia
Trademarks:	None
Terms of sale:	Cash (40%) and 30 days (60%), invoices.
Main Customers:	firms and organizations
Employees:	750 employees.
Vehicles:	Several motor vehicles.
Territory of sales:	Nigeria
Location:	Rented premises, 1,500 square feet,

AUDITORS AND INSURANCE

Auditors:	PricewaterhouseCoopers
Insurance Brokers:	Information not available.

FINANCE

Currency Reported:	Nigerian Naira (NGN.)
Fiscal Year End:	December 31, 2017
Inflation:	According to information given by independent sources, the inflation at December 31st, 2017 was of 13%.

Financial Information not Submitted

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Profit and Loss (expressed in NGN.)

Sales

2017
Attached

BANK

Bank Name: Access Bank
Diamond Bank
Ecobank Nigeria
Comments: None

TRADE REFERENCES

Experiences: Good

NOTARIAL BONDS None

COMMENTS / ADDITIONAL INFORMATION

This information was obtained from outside sources other than the subject company itself and confirmed the above subject.

**CONSOLIDATED AND SEPARATE STATEMENT OF
PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED DECEMBER 31, 2017

	GROUP 31/12/2017 ₹'000	GROUP 31/12/2016 ₹'000	COMPANY 31/12/2017 ₹'000	COMPANY 31/12/2016 ₹'000
Continuing operations				
Revenue	204,422,379	169,724,936	198,120,639	167,409,161
Cost of sales	(153,434,285)	(146,736,355)	(145,469,283)	(141,924,887)
Gross profit	50,988,094	22,988,581	52,651,356	25,484,274
Other income	401,686	707,641	196,233	622,070
Selling and distribution expenses	(1,132,154)	(1,272,524)	(1,067,315)	(1,259,946)
Administrative expenses	(6,350,184)	(5,572,334)	(4,766,086)	(4,531,602)
Operating profit	43,907,442	16,851,364	47,014,188	20,314,796
Finance income	4,137,194	-	4,532,870	-
Finance costs	(278,436)	(343,190)	(28,332)	(156,745)
Finance income/(costs) - net	3,858,758	(343,190)	4,504,538	(156,745)
Investment income	3,364,257	601,473	3,364,257	601,473
Fair value adjustment	2,468,411	2,504,787	-	-
Profit before tax	53,598,868	19,614,434	54,882,983	20,759,524
Taxation	(13,815,263)	(5,218,496)	(17,060,375)	(6,560,831)
Profit for the year	39,783,605	14,395,938	37,822,608	14,198,693
Profit attributable to:				
Owners of the parent	39,685,555	14,386,076	37,822,608	14,198,693
Non-controlling interest	98,050	9,862	-	-
	39,783,605	14,395,938	37,822,608	14,198,693
Total comprehensive income for the year	39,783,605	14,395,938	37,822,608	14,198,693
Total comprehensive income attributable to:				
Owners of the parent	39,685,555	14,386,076	37,822,608	14,198,693
Non-controlling interest	98,050	9,862	-	-
	39,783,605	14,395,938	37,822,608	14,198,693
Earnings per share				

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**CONSOLIDATED AND SEPARATE STATEMENT
OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2017

	GROUP 31/12/2017 N°000	GROUP 31/12/2016 N°000	COMPANY 31/12/2017 N°000	COMPANY 31/12/2016 N°000
Assets				
Non-current assets				
Property, plant and equipment	59,413,689	54,802,604	35,594,866	29,591,825
Intangible assets	2,564	12,753	2,564	12,753
Other assets	3,200	53	3,200	53
Investment in subsidiary	-	-	3,214,923	3,214,923
Deferred tax assets	7,173,178	3,928,066	-	-
Total non-current assets	66,592,631	58,743,476	38,815,553	32,819,554
Current assets				
Inventories	47,655,561	47,409,042	44,779,483	45,648,975
Biological assets	2,806,705	3,008,277	-	-
Trade and other receivables	20,907,048	17,733,887	57,882,675	54,628,911
Other assets	14,882,332	9,426,223	13,365,653	8,759,770
Asset held for sale	868,642	864,647	868,642	864,647
Cash and cash equivalents	41,367,530	34,983,906	40,352,658	32,872,122
Total current assets	128,487,818	113,425,982	157,249,111	142,774,425
Total assets	195,080,449	172,169,458	196,064,664	175,593,979
EQUITY				
Equity Attributable to Equity Holders of Parent				
Share capital	6,000,000	6,000,000	6,000,000	6,000,000
Share premium	6,320,524	6,320,524	6,320,524	6,320,524
Retained earnings	80,577,948	54,092,393	86,886,834	62,264,226
	92,898,472	66,412,917	99,207,358	74,584,750
Non-controlling interest	(162,837)	(260,887)	-	-
	92,735,635	66,152,030	99,207,358	74,584,750
LIABILITIES				
Non-Current Liabilities				
Deferred tax liabilities	5,212,819	5,299,480	5,212,819	5,299,480
Borrowings	1,467,068	1,467,068	-	-
	6,679,887	6,766,548	5,212,819	5,299,480
Current Liabilities				
Current tax liabilities	17,717,419	6,600,053	17,685,319	6,567,952
Borrowings	71,091	-	-	-
Employee benefits	984,475	1,031,024	806,782	815,532
Trade and other payables	75,652,896	88,811,329	71,913,340	85,521,443
Other liabilities	1,239,046	2,808,474	1,239,046	2,804,822
Total current liabilities	95,664,927	99,250,880	91,644,487	95,709,749
Total liabilities	102,344,814	106,017,428	96,857,306	101,009,229
Total equity and liabilities	195,080,449	172,169,458	196,064,664	175,593,979

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**CONSOLIDATED AND SEPARATE STATEMENT
OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	GROUP 31/12/2017 N'000	GROUP 31/12/2016 N'000	COMPANY 31/12/2017 N'000	COMPANY 31/12/2016 N'000
Cash flows for operating activities				
Profit before taxation	53,598,868	19,614,434	54,882,983	20,759,524
Adjustments for non-cash income and expenses:				
Depreciation of property, plant and equipment	5,022,650	4,659,996	3,136,692	3,149,141
Amortisation of intangible assets	10,189	123,818	10,189	93,751
Capital work in progress written off	74,181	-	-	-
(Profit)/loss on sale of assets	(60)	40,374	(60)	40,374
Interest income	(3,364,257)	(601,473)	(3,364,257)	(601,473)
Finance cost	278,436	299,020	-	112,575
Fair value gain on biological assets	(2,468,411)	(2,504,787)	-	-
Changes in working capital				
(Increase)/decrease in inventories	(246,519)	(31,861,024)	869,492	(31,613,587)
Decrease in biological assets	2,669,981	1,382,289	-	-
Increase in trade and other receivables	(3,173,161)	(3,030,382)	(3,253,764)	(5,564,762)
Increase in other assets	(5,459,256)	(8,252,115)	(4,609,030)	(8,377,104)
(Decrease)/increase in other liabilities	(1,569,428)	695,592	(1,565,776)	692,921
(Decrease)/increase in trade payables	(13,158,433)	60,719,820	(13,608,102)	60,990,335
Decrease in asset held for sale	(3,995)	-	(3,995)	-
Decrease in employee benefits	(46,549)	(48,043)	(8,750)	(48,043)
Cash generated from operations	32,164,236	41,237,519	32,485,622	39,633,652
Finance cost paid	(207,345)	(299,020)	-	(112,575)
Tax paid	(6,029,669)	(4,972,091)	(6,029,669)	(4,972,091)
Net cash generated from operating activities	25,927,222	35,966,408	26,455,953	34,548,986
Cash flows from investing activities				
Purchase of property, plant and equipment	(9,749,835)	(3,950,075)	(9,171,196)	(3,101,264)
Proceeds on disposal of property, plant and equipment	41,980	406,145	31,522	390,634
Interest income received	3,364,257	601,473	3,364,257	601,473
Net cash used in investing activities	(6,343,598)	(2,942,457)	(5,775,417)	(2,109,157)
Cash flows from financing activities				
Dividends paid	(13,200,000)	(6,000,000)	(13,200,000)	(6,000,000)
Proceeds from borrowings	-	1,467,068	-	-
Repayment of borrowings	-	(2,500,000)	-	(2,500,000)
Net cash used in financing activities	(13,200,000)	(7,032,932)	(13,200,000)	(8,500,000)
Net increase in cash and cash equivalents	6,383,624	25,991,019	7,480,536	23,939,829
Cash and cash equivalents at beginning of year	34,983,906	8,992,887	32,872,122	8,932,293
Cash and cash equivalents at end of the year	41,367,530	34,983,906	40,352,658	32,872,122

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.28
UK Pound	1	INR 88.85
Euro	1	INR 80.05
NGN	1	INR 0.19

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

INFORMATION DETAILS

Analysis Done by :	NIY
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)