

MIRA INFORM REPORT

Report No. :	482785
Report Date :	06.01.2018

IDENTIFICATION DETAILS

Name :	TATA CHEMICALS MAGADI LTD
Registered Office :	Magadi Collection Centre Avon Centre Enterprise Rd Industrial Area, P. O. Box 100205, Magadi
Country :	Kenya
Date of Incorporation :	14.01.1911
Com. Reg. No.:	202712
Legal Form :	Foreign Branch
Line of Business :	Subject operate as a chemicals production industry such as soda ash and other related facilities
No. of Employees :	520

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 :	Good
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Payment Behaviour :	Regular
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 (30.06.2017)	Current Rating (30.09.2017)
Kenya	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

KENYA - ECONOMIC OVERVIEW

Kenya is the economic, financial, and transport hub of East Africa. Kenya's real GDP growth has averaged over 5% for the last eight years. Since 2014, Kenya has been ranked as a lower middle income country because its per capita GDP crossed a World Bank threshold. While Kenya has a growing entrepreneurial middle class and steady growth, its economic and development trajectory could be impaired by weak governance and corruption. Although reliable numbers are hard to find, unemployment and under-employment are extremely high, and could be near 40% of the population.

Agriculture remains the backbone of the Kenyan economy, contributing one-third of GDP. About 75% of Kenya's population of roughly 44.2 million work at least part-time in the agricultural sector, including livestock and pastoral activities. Over 75% of agricultural output is from small-scale, rain-fed farming or livestock production.

Inadequate infrastructure continues to hamper Kenya's efforts to improve its annual growth to the 8%-10% range so that it can meaningfully address poverty and unemployment. The KENYATTA administration has been successful in courting external investment for infrastructure development. International financial institutions and donors remain important to Kenya's economic growth and development, but Kenya has also successfully raised capital in the global bond market. Kenya issued its first sovereign bond offering in mid-2014. Nairobi has contracted with a Chinese company to construct a new standard gauge railway connecting Mombasa and Nairobi, with completion expected in June 2017. In 2013, the country adopted a devolved system of government with the creation of 47 counties, and is in the process of devolving state revenues and responsibilities to the counties. Inflationary pressures and sharp currency depreciation peaked in early 2012 but have since abated following low global food and fuel prices and monetary interventions by the Central Bank. Drought-like conditions in parts of the country have pushed March 2017 inflation above 9%. Chronic budget deficits, including a shortage of funds in mid-2015, hampered the government's ability to implement proposed development programs, but the economy is back in balance with many indicators, including foreign exchange reserves, interest rates, and FDI moving in the right direction. Underlying weaknesses were exposed in the banking sector in 2016 when the government was forced to take over three small and undercapitalized banks. In 2016, the government enacted legislation that limits interest rates banks can charge on loans and set a rate that banks must pay their depositors. This measure led to a sharp shrinkage of credit in the economy.

Tourism holds a significant place in Kenya's economy. A spate of terrorist attacks by the Somalia-based group al-Shabaab reduced international tourism earning after their deadly 2013 attack on Nairobi's Westgate mall, which killed 67 people, but the sector is now recovering. In 2016, tourist arrivals grew by 17% while revenues from tourism increased by 37%.

Source : CIA

SUBJECT'S NAME

Registered Name: **TATA CHEMICALS MAGADI LTD**
Requested Name: **TATA CHEMICALS MAGADI LTD**
Other Names: **None**

ADDRESS AND TELECOMMUNICATION

Physical Address: Magadi Collection Centre Avon Centre Enterprise Rd Industrial Area,
Postal Address: P. o. Box 100205
Magadi,
Country: Kenya
Phone: 254-20-6999000
Fax: 254-20-6999360
info-magadi@tatachemicals.com /
sales-magadi@tatachemicals.com
Email: www.tatachemicals.com
Website: www.tatachemicals.com

CREDIT OPINION

Financial Index as of December 2017 shows subject firm with a medium risk of credit. However, bank and credit information obtained reveal a history of prompt payments.

LEGAL

Legal Form: Foreign Branch
Date Incorporated: 14-Jan-1911
Reg. Number: 202712
Nominal Capital: KES. 1,000,000
Subscribed Capital: KES. 1,000,000
Subscribed Capital is Subscribed in the following form:

	Position	Shares
R. Mukundan	Group MD/CEO	
Jack Muchira Mbui	MD	
John Mulhall	Group CFO	
Zarir N. Langrana	Group COO	
Brunner Mond Group Limited	Holding Co.	100%

RELATED COMPANIES

Brunner Mond Group Limited	Parent company.
None	Subsidiary company.
MAGADI RAIL LTD	Affiliated company.
None	Shareholder of subject firm.
Shimanzi Rd, Mombasa, Kenya	Branches of the firm

OPERATIONS

Registered to operate as a chemicals production industry such as soda ash and other related facilities

Imports:	Asia
Exports:	None
Trademarks:	None
Terms of sale:	Cash (40%) and 25-90 days (60%), invoices.

Main Customers:	firms and organizations
Employees:	520 employees.
Vehicles:	Several motor vehicles.
Territory of sales:	Kenya
Location:	Owned premises, 100,000 square feet,

AUDITORS AND INSURANCE

Auditors:	Information not available.
Insurance Brokers:	Information not available.

FINANCE

Currency Reported:	Kenyan Shillings (KES.)
Approx. Ex. Rate:	1 US Dollar = 103 Kenyan Shillings
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

Profit and Loss (expressed in KES.)

2017

Sales

7,500,000,000

BANK

Bank Name: BARCLAYS BANK OF KENYA LTD
Branch: Kenya
Comments: Other Banks
CITIBANK N.A.
THE STANDARD BANK LTD

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.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 63.38
UK Pound	1	INR 86.02
Euro	1	INR 76.50
KES	1	INR 0.61

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

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	NIT

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)

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