

MIRA INFORM REPORT

Report No. :	519962
Report Date :	19.07.2018

IDENTIFICATION DETAILS

Name :	AL KHAYARIN GROUP TRADING & CONTRACTING CO WLL
Registered Office :	Building No. 621, Zone 36, Street No 362, E Ring Road, Al Maseela Area, 92050 & 6513 & 37461
Country :	Qatar
Financials (as on) :	31.12.2017
Date of Incorporation :	16.01.2001
Com. Reg. No.:	23683/3
Legal Form :	With Limited Liability - WLL
Line of Business :	Subject engaged in the provision of general construction contracting services
No. of Employees :	120

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 :	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 (31.12.2017)	Current Rating (01.04.2018)
Qatar	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

QATAR - ECONOMIC OVERVIEW

Qatar's oil and natural gas resources are the country's main economic engine and government revenue source, driving Qatar's high economic growth and per capita income levels, robust state spending on public entitlements, and booming construction spending, particularly as Qatar prepares to host the World Cup in 2022. Although the government has maintained high capital spending levels for ongoing infrastructure projects, low oil and natural gas prices in recent years have led the Qatari Government to tighten some spending to help stem its budget deficit.

Qatar's reliance on oil and natural gas is likely to persist for the foreseeable future. Proved natural gas reserves exceed 25 trillion cubic meters - 13% of the world total and, among countries, third largest in the world. Proved oil reserves exceed 25 billion barrels, allowing production to continue at current levels for about 56 years. Despite the dominance of oil and natural gas, Qatar has made significant gains in strengthening non-oil sectors, such as manufacturing, construction, and financial services, leading non-oil GDP to steadily rise in recent years to just over half the total.

Following trade restriction imposed by Saudi Arabia, the UAE, Bahrain, and Egypt in 2017, Qatar established new trade routes with other countries to maintain access to imports.

Source : CIA

SUMMARY

Company Name	: AL KHAYARIN GROUP TRADING & CONTRACTING CO WLL
Country of Origin	: Qatar
Legal Form	: With Limited Liability - WLL
Registration Date	: 16 th January 2001
Commercial Registration Number	: 23683/3
Chamber Membership Number	: 5754
Issued Capital	: QR 8,100,000
Paid up Capital	: QR 8,100,000
Total Workforce	: 120
Activities	: Providers of general construction contracting services
Financial Condition	: Fair
Payments	: No Complaints
Person Interviewed	: Afsar Ahmed, Senior Accountant

COMPANY NAME

AL KHAYARIN GROUP TRADING & CONTRACTING CO WLL

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Building : Building No. 621, Zone 36
Street : Street No 362, E Ring Road
Area : Al Maseela Area

PO Box : 92050 & 6513 & 37461

Town : Doha
Country : Qatar

Telephone : (974) 44651179 / 44951112 / 44318461 / 44653050 / 44881579
Facsimile : (974) 44654881 / 44318479
Mobile : (974) 55553552
Email : alkhayarin@qatar.net.qa / info@alkhayaringroup.com

Premises

Subject operates from a medium sized suite of offices and a warehouse that are rented and located in the Suburban Business Area of Doha.

Branch Office (s)

<u>Location</u>	<u>Description</u>
• New Wakara Area Doha Tel: (974) 44363366 Fax: (971) 44373328	Showroom premises

KEY PRINCIPALS

<u>Name</u>	<u>Nationality</u>	<u>Position</u>
• Mohamed Idriss Anwar	Pakistani	Managing Director
• Faisal Salman	-	Group Financial Manager

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- Afsar Ahmed - Senior Accountant
- Khurram Shazad - Administration & Human Resources Manager
- Manoj Kumar Joshi - Operations Manager
- Mudassar Raza - Contracts Manager

LEGAL FORM & OWNERS

Date of Establishment : 16th January 2001

Legal Form : With Limited Liability - WLL

Commercial Reg. No. : 23683/3

Chamber Member No. : 5754

Issued Capital : QR 8,100,000

Paid up Capital : QR 8,100,000

<i>Name of Shareholder (s)</i>	<i>Nationality</i>	<i>Percentage Holding</i>
• Zaid Mansour Al Khayarin	Qatari	70%
• Mohamed Idriss Anwar	Pakistani	30%

Notes to the legal Form

Under the Qatari Commercial Companies Law a WLL may be formed by a minimum of 2 and a maximum of 50 natural or legal persons, whose liability is limited to their shares in the company's capital. It can be established in almost all sectors of the economy (excluding banking, insurance and financial investment on behalf of others), has no minimum capital requirement, and is one of the easiest ways for a foreign shareholder to establish a legal presence in Qatar. However, there are foreign investment restrictions. Law No. (13) of 2000, Regulating Non-Qatari Capital Investment in Economic Activity (Foreign Investment Law) requires a Qatari citizen to hold at least 51% of the share capital of an WLL. Shareholders' profit shares do not have to be proportionate to the equity shareholding. It cannot issue shares to the public.

AFFILIATED COMPANIES

- Al Khayarin Electromec
- Al Khayarin Foundation
- Al Khayarin International

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- Al Khayarin Electrical Trading
- Al Khayarin Switchgear Factory
- Al Khayarin Plastic Factory
- Al Khayarin Travels & Tours

OPERATIONS

Activities: Engaged in the provision of general construction contracting services.

Import Countries: France

Projects:

- Al-Maha English School
- Jassim Towers
- Helytan Towers
- Al-Mansoor Towers
- Owaina Towers
- Burj Al Saad
- Bentley Car Showroom
- Qatar Investment Bank (QIB) (C Ring Road Branch)
- QIB HQ Renovation Project
- Al-Khayarin Palace Villa, Bin Hajir and Majlis at Shahniah
- Shaikha Nailya Al-Misnad Villa
- New Car Showroom
- Parking & Store facility for Dewan-e-Emiri
- Shopping Mall for Al-Meera

International Suppliers:

- Hager France

Subject has a workforce of 120 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Qatari Riyals (QR)

Year	Sales
Year Ending 31/12/16:	QR 210,709,660
Year Ending 31/12/17:	QR 187,810,237

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

Note: According to Qatari Commercial Law, only Public Shareholding Companies (Listed on the Qatar Stock Market) are required to publish their financial information. Financial information on other legal forms can only be obtained from the companies / businesses directly

BANKERS

- Qatar Islamic Bank
Al Khleej Insurance Building
Grand Hamad Avenue
PO Box: 559
Doha
Tel: (974) 44409409
Fax: (974) 44412700
- Qatar International Islamic Bank
PO Box: 664
Doha
Tel: (974) 44435535 / 44435548
Fax: (974) 44444101

PAYMENT HISTORY

No complaints regarding subject's payments have been reported.

GENERAL COMMENTS

During the course of this investigation the following sources were consulted:

- Internal database
- Journals, directories, media & web searches

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- Local Registry office
- Interview with Afsar Ahmed, Senior Accountant

Please note that the correct name of the subject is "Al Khayarin Group Trading & Contracting Co WLL" and not "Al Khayarin Group Trading Co".

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.

COUNTRY OUTLOOK

Recent Developments

Like its GCC neighbours, Qatar appears to be entering a period of slower growth. GDP growth eased to 3.6 percent in 2015 (from 4.2 percent in 2014), with output in the hydrocarbon sector broadly flat.

Growth in the latter has fallen sharply since 2012 in line with stagnating production, in large measure due to a self-imposed moratorium on additional output from the North Field. More recently, the oil price slump has also taken a toll. Nominal GDP fell 20 percent in 2015, due to deteriorating terms of trade, while non-hydrocarbon sector growth slowed to 7.6 percent (vs. 11 percent in 2014) on weaker consumer confidence, fiscal adjustment and tighter banking sector liquidity.

Large fiscal and current account surpluses have vanished. Hydrocarbon revenues account for some 90 percent of fiscal receipts and the bulk of export earnings. With low oil prices persisting, the current account surplus has narrowed sharply, from over 30 percent of GDP in 2011-12 to 8 percent in 2015.

With fiscal revenues falling sharply amid continued fiscal outlays related to the staging of the 2022 World Cup, the general government fiscal balance has shifted into deficit and is projected to reach 12.1 percent in 2016. Policy shifts to prioritize capital spending on projects deemed critical to economic diversification and the World Cup were reflected in the shelving of major "non-essential" projects (notably the US\$6.4 billion Al Karaana petrochemicals complex in 2015). It is estimated that government spending on new construction and transport contracts fell by 92 percent (y/y) in Q1 2016.

The government has begun to rationalize subsidies, allowing fuel prices to more closely track global prices. It is also developing new revenue sources, including through planning for a value added tax.

Large buffers are anchoring confidence amid rising debt issuance. Qatar's SWF is estimated to hold US\$256 billion in assets. Instead of drawing upon the SWF to fund the fiscal deficit, the government has issued QR 4.6 billion and US\$9 billion in debt markets thus far in 2016. Indications are that no new money has been allocated to the SWF this year, with new investments to be funded through asset sales or dividend income.

By and large, though, fiscal policy tends to be pro-cyclical in Qatar with the country needing fiscal frameworks to insulate the budget from commodity price volatility. The country could benefit from cross governmental planning, coordination, and public investment management of non-hydrocarbon projects.

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Monetary policy remains accommodative but banking liquidity is tight. The central bank chose not to mirror the US Fed's policy rate hike in December 2015. But with further tightening by the Fed likely, it will eventually need to follow suit given the currency peg. Banking sector solvency indicators and capital buffers remain healthy; however both deposit and credit growth have slowed.

Living standard monitoring and analysis should contribute to better design of social policies, including their targeting, especially in light of the recent rise in utility tariffs and the elimination of subsidies.

Outlook

Qatar is projected to continue growing at a moderate pace. Qatar is in the second year of a US\$200 billion infrastructure upgrade ahead of hosting the World Cup, which should support activity, particularly in construction, transport and services. GDP growth is projected at 2.1 percent in 2016, and should gradually rise 3.7 percent in 2018. Natural gas production has plateaued, and is expected to decline. However, the 1.4 billion cubic feet per day Barzan gas project – the last project approved before the North Field moratorium – is set for start in 2016 with full output expected in 2017. This should offset some of the anticipated production decline.

Fiscal and CA balances should gradually improve. As gas production increases and oil prices recover, export earnings should recover. The CA deficit will stay elevated during the forecast period, reflecting FIFA related capital imports before gradually narrowing to 3.2 percent of GDP in 2018. The fiscal deficit will narrow, also helped by savings in current expenditures and subsidy reforms, but is expected to remain large at close to 9 percent in 2018 (general government basis).

Risks and Challenges

Key downside risks include depressed global oil and gas prices, which lead to a slower than expected improvement in fiscal balances at a time when the GCC region as a whole is tapping international investors for funds to finance fiscal short falls. Room to cut capital spending is limited given contractual obligations regarding FIFA.

Other risks include volatility in global financial markets, or regional instability that disrupts oil and gas production and/or capital inflows. Over the medium term, growing competition and the emergence of a global spot market in gas prices could pose a challenge to Qatar's dominance in global LNG markets.

In light of the uncertain medium term outlook for the gas sector later this decade and beyond, the development of the non-hydrocarbon sector is of even greater importance. Qatar's investment driven growth strategy over the past decade has yet to deliver benefits in terms of greater productivity growth, even as bottlenecks have been visible in the form of overheating pressures, congestion and pollution, and demographic imbalances. To diversify Qatar will have to raise the productivity of its investment, in both human and physical capital, and undertake structural reforms to improve the business environment.

Key Economic Indicators	2014	2015	2016*	2017*	2018*
Real GDP Growth (%)	4.0	3.6	2.1	3.6	3.7
Inflation Rate (%)	3.1	1.9	0.0	0.0	0.0
Current Account Balance (% of GDP)	24.0	8.4	-1.1	-5.6	-3.2
Financial & Capital Account (% of GDP)	-19.7	17.1	30.0	26.8	17.1
Fiscal Balance (% of GDP)	35.9	10.3	-12.1	-11.7	-8.9
Primary Balance (% of GDP)	38.0	11.9	-10.1	-9.2	-6.3

* forecast

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.57
UK Pound	1	INR 89.73
Euro	1	INR 79.74
QAR	1	INR 18.89

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	KET

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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)