

## MIRA INFORM REPORT

<b>Report No. :</b>	520820
<b>Report Date :</b>	19.07.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	ROYAL GROUP INDUSTRIES (K) LTD.
<b>Registered Office :</b>	Factory Ground, Stanley Mathenge Road, Industrial Area, P. O. Box 1036, Nakuru
<b>Country :</b>	Kenya
<b>Financials (as on) :</b>	2017 [Summarized]
<b>Date of Incorporation :</b>	11.03.2015
<b>Legal Form :</b>	Limited Corporation
<b>Line of Business :</b>	Suppliers of pressure pipes, waste pipes, PPR fittings, electrical conduit pipes and related products
<b>No. of Employees :</b>	50

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	Slow but Correct
<b>Litigation :</b>	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
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 2017 inflation above 8%. 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.

Source : CIA

## **SUBJECT'S NAME**

Registered Name: **ROYAL GROUP INDUSTRIES (K) LTD.**  
Requested Name: **ROYAL GROUP INDUSTRIES (K) LTD.**  
Other Names: **None**

## **ADDRESS AND TELECOMMUNICATION**

Physical Address: **Factory Ground, Stanley Mathenge Road,  
Industrial Area,**  
Postal Address: **P. O. Box 1036  
Nakuru**  
Country: **Kenya**  
Phone: **254-715987717/772135194/73235003**  
Fax: **254-715987717**  
Email: **info@royalgroupkenya.com**  
Website: **www.royalgroupkenya.com**

## **CREDIT OPINION**

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

## **LEGAL**

Legal Form: **Limited Corporation**  
Date Incorporated: **11-March-2015**  
Reg. Number: **Kenya**  
Nominal Capital: **KES. 1,000,000**  
Subscribed Capital: **KES. 1,000,000**  
Subscribed Capital is Subscribed in the following form:

	<b>Position</b>	<b>Shares</b>
Shabu Hassanali	MD	
Sunita Patel	Director	
Ali Dawoodbhai	Director	
Arti Issar	Manager	

## **RELATED COMPANIES**

None	Parent company.
None	Subsidiary company.
Kings Manufacturers Ltd, Super Bargains Glass & Hardware Ltd, Super Bargains Hardware Ltd, Kings Developers.	Affiliated companies.
None	Shareholder of subject firm.
P.O. Box 16234-20100 Nakuru, Kenya	Branches of the firm

## **OPERATIONS**

Registered to operate as suppliers of pressure pipes, waste pipes, PPR fittings, Electrical Conduit pipes and related products

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

Main Customers:	Industries, firms and organizations
Employees:	50 employees.
Vehicles:	Several motor vehicles.
Territory of sales:	Kenya
Location:	Owned premises, 10,000 square feet,

## **AUDITORS AND INSURANCE**

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

## **FINANCE**

Currency Reported:	Kenyan Shillings (KES.)
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 KES.)

Sales

**2017**  
3,500,000,000

## **BANK**

Bank Name: Diamond Trust Bank  
Branch: Kenya  
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.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.57
UK Pound	1	INR 89.73
Euro	1	INR 79.74
KES	1	INR 0.68

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

**INFORMATION DETAILS**

Analysis Done by :	NIS
Report Prepared by :	TPT

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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)