

MIRA INFORM REPORT

Report No. :	522525
Report Date :	30.07.2018

IDENTIFICATION DETAILS

Name :	DHOFAR CATTLE FEED CO SAOG
Registered Office :	Raysut Industrial Area, P O Box: 1220 & 1298, Salalah 211, Sultanate of Oman
Country :	Oman
Financials (as on) :	2017
Date of Incorporation :	13.01.1983
Com. Reg. No.:	2/01752/0
Legal Form :	Omani Public Joint Stock Company
Line of Business :	<p>Subject's operations are performed through the following divisions:</p> <ul style="list-style-type: none"> • Feed Mill Division Established in 1984, this division is engaged in the production of animal feed using maize and sardines as raw materials. The product range includes general feed, cattle feed, sheep feed, dairy-18, calf rearing, heifer nuts, chick starter, pullet grower, layer mash, broiler starter, broiler finisher, poultry concentrates and barley grain. • Farm Division This division is responsible for operating the dairy and crops farms in Garziz and Sahnout. It is also involved in animal breeding and the production of dairy products.
No. of Employees :	800

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

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Status :	Satisfactory
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)
Oman	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

OMAN - ECONOMIC OVERVIEW

Oman is heavily dependent on oil and gas resources, which can generate between and 68% and 85% of government revenue, depending on fluctuations in commodity prices. In 2016, low global oil prices drove Oman's budget deficit to \$13.8 billion, or approximately 20% of GDP, but the budget deficit is estimated to have reduced to 12% of GDP in 2017 as Oman reduced government subsidies. As of January 2018, Oman has sufficient foreign assets to support its currency's fixed exchange rates. It is issuing debt to cover its deficit.

Oman is using enhanced oil recovery techniques to boost production, but it has simultaneously pursued a development plan that focuses on diversification, industrialization, and privatization, with the objective of reducing the oil sector's contribution to GDP. The key components of the government's diversification strategy are tourism, shipping and logistics, mining, manufacturing, and aquaculture.

Muscat also has notably focused on creating more Omani jobs to employ the rising number of nationals entering the workforce. However, high social welfare benefits - that had increased in the wake of the 2011 Arab Spring - have made it impossible for the government to balance its budget in light of current oil prices. In response, Omani

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MIRA INFORM PRIVATE LIMITED
605, Palmspring, Near D'Mart, Link Road,
Malad (West), Mumbai - 400 064. INDIA
Tel : 91-22-40448000 (44 lines)
Fax : 91-22-40448045 / 40448046
E-mail : mira@mirainform.com
info@mirainform.com
Website : <http://www.mirainform.com>
<http://www.miraglobalcheck.com>
<http://www.miraglobalcollections.com>

officials imposed austerity measures on its gasoline and diesel subsidies in 2016. These spending cuts have had only a moderate effect on the government's budget, which is projected to again face a deficit of \$7.8 billion in 2018.

Source : CIA

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SUMMARY

Company Name	: DHOFAR CATTLE FEED CO SAOG
Country of Origin	: Oman
Legal Form	: Omani Public Joint Stock Company
Registration Date	: 13 th January 1983
Commercial Registration Number	: 2/01752/0
Issued Capital	: RO 8,085,000
Paid up Capital	: RO 8,085,000
Total Workforce	: 800
Activities	: Subject operates several divisions (see below for details)
Financial Condition	: Poor
Payments	: No Complaints

COMPANY NAME

DHOFAR CATTLE FEED CO SAOG

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Location : Raysut Industrial Area

PO Box : 1220 & 1298

Town : Salalah 211

Country : Sultanate of Oman

Telephone : (968) 23210551 / 23210360

Facsimile : (968) 23210886

Email : dcfco@omantel.net.om / saeedalshanfari@dcfoman.com / ceo@dcfoman.com / gm@dcfoman.com

Premises

Subject operates from rented premises located in the Raysut Industrial Area and consists of a medium sized suite of offices, and 400 hectares of agricultural land rented from the Ministry of Agriculture and Fisheries. The area is used for cattle breeding, dairy products manufacturing and grass cultivation.

Branch Office (s)

<u>Location</u>	<u>Description</u>
<ul style="list-style-type: none">PO Box: 1273, Ruwi 111 Muscat Tel: (968) 24799268	Dairy Processing Plant
<ul style="list-style-type: none">Garzaiz Farm PO Box: 298 Salalah 211 Tel: (968) 23225381 / 23219228 / 23225382 / 23225866 Fax: (968) 23219070 / 23225482	Owned Farm
<ul style="list-style-type: none">Sahnout Farm PO Box: 298 Salalah 211 Tel: (968) 23296561	Owned Farm

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Sheikh Hamoud Bin Musthail Ahmed Al Mashani	Chairman
• Sheikh Ahmed Bin Abdullah Saeed Al Rawas	Vice Chairman
• Saeed Bin Salim Ahmed Al Shanfari	Managing Director
• Sheikh Khalid Bin Musthail Ahmed Mashani	Director
• Sheikh Abdullah Bin Hamed Hamoud Al Gafri	Director
• Sheikh Mohamed Bin Abdullah Fatah Zabanoot	Director
• Sheikh Mohamed Bin Abdullah Saeed Al Rawas	Director
• Sheikh Ahmed Bin Alawi Abdullah Al Ibrahim	Director
• Sheikh Amer Bin Ahmed Ali Al Rawas	Director
• Sheikh Ahmed Bin Suliman Ahmed Al Gafri	Director
• Sheikh Khalid Bin Abdullah Saeed Al Rawas	Director
• Dr Hassan Saeed Kashoob	Director
• Aftab Ahmed Patel	Director
• K M S Sreenivas	Chief Executive Officer
• Dr Ahmed Bin Suhail Ahmed Al Hadhri	General Manager
• Ghazi Thaher Jaber	Dairy Manager
• Jeevan Sadavisan	Feed Mill Manager
• Willem Van Leuteren	Dairy Farm Manager
• William Downey	Sales & Marketing Manager

LEGAL FORM & OWNERS

Date of Establishment : 13th January 1983

Legal Form : Societe Anonyme Omani General - SAOG (Omani Public Joint Stock Company)

Commercial Reg. No. : 2/01752/0

Issued Capital : RO 8,085,000

Paid up Capital : RO 8,085,000

Name of Shareholder (s)	Percentage
• Muscat overseas LLC	17.83%
• Sheikh Musthail Ahmed Al Mashani	13.92%
• Al Rawas Develop. & Investment LLC	10.47%
• Al Barka Investment LLC	5.27%
• Omani businessmen & private investors	52.51%

AFFILIATED COMPANIES

<u>Name</u>	<u>Percentage Held</u>
• Dhofar Poultry Company SAOG (DPC)	85.00%
• International Plastic Industries Company LLC (IPI)	100.00%
• Oman Vegetable Oils & Derivatives Co. LLC (OVOD)	33.33%
• Dhofar Beverages and Foodstuffs Company SAOG (DBFC)	30.45%
• Salalah Mills Co SAOG	13.01%
• Dhofar International Development & Investment Holding (SAOG) (DIDIC)	7.11%

OPERATIONS

Activities: Subject's operations are performed through the following divisions:

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• **Feed Mill Division**

Established in 1984, this division is engaged in the production of animal feed using maize and sardines as raw materials. The product range includes general feed, cattle feed, sheep feed, dairy-18, calf rearing, heifer nuts, chick starter, pullet grower, layer mash, broiler starter, broiler finisher, poultry concentrates and barley grain.

Production Capacity: 160 tonnes of cattle feed per day

• **Farm Division**

This division is responsible for operating the dairy and crops farms in Garziz and Sahnout. It is also involved in animal breeding and the production of dairy products.

Import Countries: Switzerland, Germany, India and Australia.

International Suppliers:

- Buhler AG Switzerland

Brand Names: A'SAFWAH

Subject has a workforce of approximately 800 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Riyal Omani (RO'000)

<u>BALANCE SHEET</u>	<u>Group 2017</u>	<u>Subject 2017</u>	<u>Group 2016</u>	<u>Subject 2016</u>
ASSETS				
Non-current assets				
Property, plant and equipment	17,345	10,361	18,391	11,508
Intangible assets	195	149	275	241
Investments in subsidiaries	-	3,070	-	3,070
Investments in associates	3,120	2,812	3,086	2,812
Available for sale investments	19,930	19,930	21,583	21,583
Investment properties	432	432	477	477
Biological assets	3,523	3,523	3,705	3,705
Deferred tax asset	231	231	335	323
	44,776	40,508	47,852	43,719
Current assets				
Inventories and biological assets	14,999	11,939	11,206	8,209

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Accounts and other receivables	7,697	5,927	10,176	8,682
Bank balances and cash	606	573	620	514
	23,302	18,439	22,002	17,405
TOTAL ASSETS	68,078	58,947	69,854	61,124
EQUITY AND LIABILITIES				
Equity				
Share capital	8,085	8,085	8,085	8,085
Legal reserve	2,557	2,557	2,557	2,557
Voluntary reserve	3,712	3,712	3,712	3,712
Revaluation reserve	525	-	525	-
Fair value reserve	12,453	12,453	13,848	13,848
Retained earnings	9,089	8,651	10,731	10,166
Equity attributable to				
Shareholders of the Parent company	36,421	35,458	39,458	38,368
Non-controlling interest	478	-	463	-
Total equity and non-controlling interest	36,899	35,458	39,921	38,368
LIABILITIES				
Non-current liabilities				
Non-current portion of term loans	3,481	2,525	4,561	3,725
Deferred tax liability	12	-	-	-
Employees' end of service benefits	745	579	676	542
	4,238	3,104	5,237	4,267
Current liabilities				
Current portion of term loans	2,804	1,200	3,106	1,200
Income tax payable	55	48	68	44
Short term bank borrowings	15,809	11,535	14,958	11,598
Accounts and other payables	8,273	7,602	6,564	5,647
	26,941	20,385	24,696	18,489
Total liabilities	31,179	23,489	29,933	22,756
TOTAL EQUITY AND LIABILITIES	68,078	58,947	69,854	61,124

STATEMENT OF INCOME

INCOME				
Revenue	44,430	37,669	43,938	37,072
Cost of sales	(35,960)	(30,737)	(34,849)	(30,230)
Gross profit	8,470	6,932	9,089	6,842
EXPENSES				
Selling and distribution	6,127	5,697	5,666	4,980
General and administration	2,539	1,633	3,140	2,425
Directors' remuneration	144	86	155	89
	8,810	7,416	8,961	7,494
(Loss) / profit from operations	(340)	(484)	128	(652)
Dividend income (net)	483	564	659	747
Other income	120	60	611	535
Impairment of investment	(610)	(610)	(181)	(181)
Share of result of associates	64	-	98	-
Finance costs (net)	(1,314)	(1,041)	(1,178)	(935)

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(Loss)/ profit before taxation	(1,597)	(1,511)	137	(486)
Income tax expense	(30)	(4)	(64)	24
Net (loss) / profit for the year	(1,627)	(1,515)	73	(462)

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

BANKERS

- National Bank of Oman Limited (SAOG)
Hafa Branch
PO Box: 824
Salalah 211
Tel: (968) 23291952
Fax: (968) 23290066
- Bank Dhofar Al Omani Al Fransi
Muttrah Business District
PO Box: 1507, Ruwi 112
Muscat
Tel: (968) 24790466
Fax: (968) 24797246
A/c No. 01/411/01344/00
- Oman International Bank
Al Jaame Street
PO Box: 4216
Muscat
Tel: (968) 24703614 / 24707328 / 24793450
- Oman Bank of Agriculture & Fisheries SAOC
Ruwi 112
PO Box: 3077
Muscat
Tel: (968) 24701761 / 24701763
Fax: (968) 24706473

PAYMENT HISTORY

No complaints regarding subject's payments have been reported.

GENERAL COMMENTS

Dhofar Cattle Feed Co SAOG is Oman's largest cattle feed producer and also produces milk and yoghurt.

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 68.70
UK Pound	1	INR 89.99
Euro	1	INR 79.98
OMR	1	INR 178.60

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

INFORMATION DETAILS

Analysis Done by :	NIS
Report Prepared by :	NIT

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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)