

BAHRAIN SWITCHGEAR & LIGHTING INDUSTRIES CO WLL (BSLI) - 538551 PAGE NO. : 1

MIRA INFORM REPORT

Report No. :	538551
Report Date :	06.11.2018

IDENTIFICATION DETAILS

Name :	BAHRAIN SWITCHGEAR & LIGHTING INDUSTRIES CO WLL (BSLI)
Registered Office :	Sitra Industrial Area, Road No. 115, Building No. 911, Complex 601, PO Box-5386, Manama
Country :	Bahrain
Date of Incorporation :	26.09.1987
Com. Reg. No.:	1377-5
Legal Form :	With Limited Liability - WLL
Line of Business :	Subject is engaged in the manufacture, distribution and retail of lighting fixtures, cable trays, switchgears, pipes and PVC products. The company stocks over 200 standard models and more than 2000 special designs are available
No. of Employees :	380

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
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.

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ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Bahrain	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

BAHRAIN - ECONOMIC OVERVIEW

Oil and natural gas play a dominant role in Bahrain's economy. Despite the Government's past efforts to diversify the economy, oil still comprises 85% of Bahraini budget revenues. In the last few years lower world energy prices have generated sizable budget deficits - about 10% of GDP in 2017 alone. Bahrain has few options for covering these deficits, with low foreign assets and fewer oil resources compared to its GCC neighbors. The three major US credit agencies downgraded Bahrain's sovereign debt rating to "junk" status in 2016, citing persistently low oil prices and the government's high debt levels. Nevertheless, Bahrain was able to raise about \$4 billion by issuing foreign currency denominated debt in 2017.

Other major economic activities are production of aluminum - Bahrain's second biggest export after oil and gas - finance, and construction. Bahrain continues to seek new natural gas supplies as feedstock to support its expanding petrochemical and aluminum industries. In April 2018 Bahrain announced it had found a significant oil field off the country's west coast, but is still assessing how much of the oil can be extracted profitably.

In addition to addressing its current fiscal woes, Bahraini authorities face the long-term challenge of boosting Bahrain's regional competitiveness — especially regarding industry, finance, and tourism — and reconciling revenue constraints with popular pressure to maintain generous state subsidies and a large public sector. Since 2015, the government lifted subsidies on meat, diesel, kerosene, and gasoline and has begun to phase in higher prices for electricity and water. As part of its diversification plans, Bahrain implemented a Free Trade Agreement (FTA) with the US in August 2006, the first FTA between the US and a Gulf state. It plans to introduce a Value Added Tax (VAT) by the end of 2018.

Source : CIA

SUMMARY

Company Name	: BAHRAIN SWITCHGEAR & LIGHTING INDUSTRIES CO WLL (BSLI)
Country of Origin	: Bahrain
Legal Form	: With Limited Liability - WLL
Registration Date	: 26th September 1987
Commercial Registration Number	: 1377-5
Chamber Membership Number	: 2840
Issued Capital	: BD 1,000,000
Paid up Capital	: BD 1,000,000
Total Workforce	: 380
Activities	: Manufacture, distribution and retail of lighting fixtures, cable trays, switchgears, pipes and PVC products
Financial Condition	: Undetermined

COMPANY NAME

BAHRAIN SWITCHGEAR & LIGHTING INDUSTRIES CO WLL (BSLI)

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Location : Sitra Industrial Area, Road No. 115, Building No. 911, Complex 601
PO Box : 5386
Town : Manama
Country : Bahrain
Telephone : (973-17) 732136 / 730024 / 730029 / 732148
Facsimile : (973-17) 724148 / 732868
Mobile : (973-39) 900664
Email : info@bsli.net / info@bahrainswitchgear.com

Premises

Subject operates from a large suite of offices, a warehouse and a factory covering an area of 50,000 square feet that are owned and located in the Industrial Area of Manama.

Branch Office (s)

<u>Location</u>	<u>Description</u>
• Sheikh Hamad Road Manama	Rented showroom premises
• Palace Avenue Manama	Rented showroom premises

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Abdul Khaliq Abdul Majeed Al Ansari	Managing Director
• Hajir Abdul Majeed Al Ansari	Director

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• Abdul Rahim Abdul Majeed	Director
• Abdul Hamid Abdul Khaliq	Director
• Mohamed Abdul Khaliq Abdul Majeed	Director
• Abdul Rahman Abdul Khaliq Abdul Majeed	Director
• Ismail Abdul Khaliq Abdul Majeed	Director
• Mohamed Abdul Khaliq Ansari	General Manager
• C K Ahmed	Sales Manager
• Joy Michael	Finance Manager
• Jameson Jose	Financial Controller

LEGAL FORM & OWNERS

Date of Establishment : 26th September 1987

History : Subject was established in 1987 as a sole proprietorship, however in 2006 subject re-registered as a With Limited Liability company.

Legal Form : With Limited Liability - WLL

Commercial Reg. No. : 1377-5

Chamber Member No. : 2840

Issued Capital : BD 1,000,000

Paid up Capital : BD 1,000,000

<i>Name of Shareholder (s)</i>	<i>Nationality</i>	<i>Percentage</i>
• Abdul Khaliq Abdul Majeed Al Ansari	Bahraini	59%
• Abdul Hamid Abdul Khaliq	Bahraini	10%
• Mohamed Abdul Khaliq Abdul Majeed	Bahraini	10%
• Abdul Rahman Abdul Khaliq Abdul Majeed	Bahraini	10%
• Ismail Abdul Khaliq Abdul Majeed	Bahraini	10%

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- Abdul Rahim Abdul Majeed Bahraini 1%

Notes to the legal Form Under the Bahraini 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. The WLL is the most common form of company where 100 percent foreign ownership is permitted. The minimum amount of paid-up capital required is BD 20,000. With Limited Liability (WLL) companies cannot issue public shares, negotiable warrants, or debentures. Banking and insurance activities are also not allowed.

AFFILIATED COMPANIES

- Hamed & Abdul Khaliq Switchgear & Lighting Factory LLC
Darwish Buidling
Yousef Baker Street
Deira
PO Box: 3438
Dubai
United Arab Emirates
Tel: (971-4) 2228786
Fax: (971-4) 2213574
- Al Ajyaal Trading & Import
Doha
Qatar

OPERATIONS

Activities: Subject is engaged in the manufacture, distribution and retail of lighting fixtures, cable trays, switchgears,

pipes and PVC products. The company stocks over 200 standard models and more than 2000 special designs are available.

Product portfolio includes:

- Medium-Voltage Air-Insulated Switchgear: SecoGear
- Low-Voltage Power and Control Center: SEN Plus
- Low-Voltage Automatic Transfer Switch – GE Zenith
- Medium-Voltage Dry Type Cast Resin Transformers: Wave Cast
- Low Voltage Bus Duct System : Wave Pro
- Distribution and Panel Boards: QuiXtra Series
- Power Circuit Breaker: EntelliGuardG / EntelliGuardL / EntelliGuardT
- MCB & Modular Devices: Redline
- Molded Case Circuit Breaker: Record Plus

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- Variable Speed Drives (VFD) & Soft Starters: AF Series (VFD), Astat (Soft Starter)

To complement the electrical supply scope, subject offers a wide variety of services in several areas, including:

- Startup, testing, and commissioning services
- Retrofitting solutions
- Repair services
- Service contracts
- Training

Subject is certified with ISO 9001:2015 quality standard.

Import Countries: United States of America and Italy

Sole Agents for :

- General Electric United States of America
- Lavato Italy

Brand Names: BSLI

Subject has a workforce of approximately 380 employees.

FINANCIAL DATA

Companies registered in Bahrain are not legally required to make their accounts public and no financial information was released by the company or submitted by outside sources.

BANKERS

- National Bank of Bahrain BSC
NBB Tower
Government Road
PO Box: 106
Manama
Tel: (973-17) 258800
Fax: (973-17) 263876
- HSBC Bank Middle East
93 Al Khalifa Avenue
PO Box: 57
Manama 304
Tel: (973-17) 224555 / 222158

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Fax: (973-17) 226822
Email: bbmemnm@batelco.com.bh

- Banque Paribas
Commercial Area
PO Box: 5993
Manama
Tel: (973-17) 259272 / 253119

PAYMENT HISTORY

No complaints regarding subject's payments have been reported.

SANCTION LIST CHECKS

The subject and its shareholders have been checked in the following sanctions list databases:

<u>Sanctions list</u>	<u>Results</u>
United Nations Sanctions	No matches
Australian Sanctions	No matches
Bureau of Industry and Security (US)	No matches
EU Financial Sanctions	No matches
Office of the Superintendent of Financial Institutions (Canada)	No matches
OFAC - Specially Designated Nationals (SDN)	No matches
UK Financial Sanctions (HMT)	No matches
US Consolidated Sanctions	No matches

GENERAL COMMENTS

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

- Internal database
- Journals, directories, media & web searches
- Local Registry office

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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

Cheap oil continues to test Bahrain's economic resilience. Bahrain maintained an expansionary fiscal stance since 2009 resulting in general government deficits. The situation worsened in 2015 with a decline in oil revenues by about 10 percent of GDP and a general fiscal deficit estimated at 12.8 percent of GDP (from 3.4 percent in 2014). The deficit spending helped maintain economic growth at 2.9 percent, but brought reserves down to a low level at 2.6 months of imports and increased public debt to 62 percent of GDP. Bahrain has introduced some initiatives for fiscal consolidation. Revenue enhancing measures such as higher tobacco and alcohol taxes and government services

fees were introduced over the past year. A cost-cutting program entailed the raising of petrol prices by up to 60 percent in January 2016 (likely to create savings worth US\$148.4 million), the gradual phasing-in of price increases for electricity, water, diesel, and kerosene by 2019, an increase and unification of natural gas prices for industrial users, and the removal of meat subsidies. Inflation has gradually picked up in 2016 mainly as a result of the subsidy reform: the headline CPI rose by 3 percent, but it will remain subdued in 2017 as one-off measures affect the current year

only. 2016 outcomes demonstrate, however, that the authorities' emphasis on growth comes at the expense of fiscal deterioration.

The Bahraini economy grew by an estimated 3.4 percent in 2016. While the hydrocarbon sector grew by an estimated 2 percent, the non-hydrocarbon sectors grew by an average estimated rate of 3.7 percent, a figure that reflects the continued emphasis on public investments, some of which were funded by the GCC. The downside of this approach, however, has been manifested in persistently high fiscal deficits, estimated at 12.6 percent of GDP in 2016. A large portion of the 2016 deficit was covered by debt issuances, despite the sovereign downgrade reflecting increasing pressures on government finances. Bahrain issued a US\$600 million bond just before the downgrade and the authorities raised the public debt ceiling to BD 10 billion (around 80 percent of GDP) to enable additional borrowing. Bahrain's external position faces growing vulnerabilities. The current account surplus of the past 12 years turned into a deficit in 2015, following the drop in oil prices and further deteriorated in 2016 to 4.6 percent of GDP. Reserve adjustments reflect the growing external imbalances. The exchange rate peg has come under significant pressure: external imbalances were reflected in a decline in reserves to 2.6 months of imports in the same time

frame. The real effective exchange rate has also appreciated by 17 percent since mid-2014, complicating adjustments to the adverse terms of trade shock that Bahrain is facing.

Little comprehensive welfare analysis is available due to restricted access to household survey data, limited capacity, and the sensitivities involved. Among Bahraini nationals', labour force participation is low, and people work predominantly in the public sector, where wages are high and productivity low. Immigrant workers constitute about a half of the resident population and command much lower incomes. Key elements of the social contract - public employment and subsidies - are becoming less affordable in the context of subdued oil prices. Bahrain aims to gain from upgrading its capacity for welfare measurement that would support the design of policies aimed at mitigating the impact of the necessary adjustment. Results from a new household survey in 2015 have not yet been published.

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Outlook

Economic growth is expected to decline in the forecast period. Real GDP growth projections have been revised downwards to 1.9 percent in 2017 and 2018, as continuing low oil prices depress private and government consumption. Some infrastructure investments are also likely to be put on hold. In the absence of significant upfront

fiscal adjustments, Bahrain will remain vulnerable to fiscal risks. Average inflation is expected to decrease to 2.1 percent in 2017 reflecting the cooling off in economic activity and phasing out of temporary price-boosting effects of subsidy reforms. The current account deficit will partially narrow to 3.8 percent of GDP in 2017 and remain about there for the years to come, with the exception of small adjustments. International reserves are expected to follow a declining trend, and reach 1.5 months of imports in 2018. Public debt is projected to exceed 90 percent of GDP in 2017, and reach about 100 percent in 2018.

Risks and Challenges

Ensuring fiscal sustainability while preserving a healthy growth rate has become an important challenge in Bahrain. Real GDP growth is expected to slow and fiscal and external balances are expected to remain under pressure in 2017 due to oil prices remaining well below fiscal break-even levels. Despite efforts to diversify and boost non-oil fiscal revenues, hydrocarbons account for about 80 percent of government revenues in Bahrain. In addition, subsidies still absorb more than 20 percent of the fiscal budget. The fiscal break-even price for Bahrain was estimated at US\$110 per barrel in 2016, the highest amongst the GCC. Thus, Bahrain is expected to continue to run significant general fiscal deficits in the forecast period - 9.8 percent of GDP in 2017. Delays in implementing fiscal consolidation or a

further decline in oil prices could trigger additional sovereign rating downgrades making access to external financing harder, and intensifying pressure on reserves and the peg. Fiscal solvency and liquidity risks are high, and outcomes remain vulnerable to shocks to growth, commodity prices, and interest rates.

Key Economic Indicators	2014	2015	2016*	2017*	2018*	2019*
Real GDP Growth (%)	4.4	2.9	3.4	1.9	1.9	2.3
Inflation Rate (%)	2.7	1.8	3.0	2.1	2.0	2.0
Current Account Balance (% of GDP)	4.6	-2.4	-4.6	-3.8	-3.5	3.5
Fiscal Balance (% of GDP)	-3.4	-12.8	-12.6	-9.8	-8.9	-7.6

* forecast

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.07
UK Pound	1	INR 94.98
Euro	1	INR 82.26
BHD	1	INR 193.62

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

INFORMATION DETAILS

Analysis Done by :	PRI
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)