

MIRA INFORM REPORT

Report No. :	541665
Report Date :	28.11.2018

IDENTIFICATION DETAILS

Name :	YAQUBY STORES CO WLL
Registered Office :	Building No. 3986, Shop No. 13, Road No. 479, Block 304 PO Box 158 Manama
Country :	Bahrain
Financials (as on) :	31.12.2017 (Summarized)
Date of Incorporation :	09.03.1981
Com. Reg. No.:	5018-1
Legal Form :	With Limited Liability - WLL
Line of Business :	Subject engaged in the wholesale and retail of electrical household appliances, electronics, air conditioning equipment, cameras, clocks, binoculars, knives, gifts, shavers and watches.
No. of Employees :	75

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 :	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.

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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	: YAQUBY STORES CO WLL
Country of Origin	: Bahrain
Legal Form	: With Limited Liability - WLL
Start Date	: 1948
Registration Date	: 9th March 1981
Commercial Registration Number	: 5018-1, Manama
Issued Capital	: BD 210,000
Paid up Capital	: BD 210,000
Activities	: Wholesale and retail of electrical household appliances, electronics, and air conditioning equipment.
Total Workforce	: 75
Financial Condition	: Fair
Payments	: No Complaints
Person Interviewed	: I V Krishnan, Financial Manager

COMPANY NAME

YAQUBY STORES CO WLL

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Location : Building No. 3986, Shop No. 13, Road No. 479, Block 304
PO Box : 158
Town : Manama
Country : Bahrain
Telephone : (973-17) 223000
Facsimile : (973-17) 223026
Mobile : (973-39) 723332 / 661010
Email : mailbox@yaquby.com / admin@yaquby.com / krishnan@yaquby.com

Please note that the subject's previous address was, Al Zamil Tower, Building No. 31, Area 304, 17th Floor, Office No. 172, Road No. 350, Manama.

Premises

Subject operates from a medium sized suite of offices and a showroom that are rented and located in the Central Business Area of Manama.

Branch Office (s)

<u>Location</u>	<u>Description</u>
• Bab Al Bahrain Road Manama Tel: (973-17) 210959	Rented showroom premises
• Seef Mall Manama Tel: (973-17) 582271	Rented showroom premises
• Bab Al Bahrain Road Br Tel: (973-17) 210983	Rented showroom premises
• Bab Al Bahrain Road Tel: (973-17) 210956 / 210959	Rented showroom premises

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- | | |
|--|--------------------------|
| • Bab Al Bahrain Building
(Near Regency Intercontinental)
Tel: (973-17) 228887 | Rented showroom premises |
| • Seef Mall Br (Gate No. 5)
Tel: (973-17) 582250 | Rented showroom premises |
| • Golden Sand Complex
Tel: (973-17) 537888 | Rented showroom premises |
| • Seef Mall (Gate 6)
Tel: (973-17) 585360 | Rented showroom premises |

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Fatima Rashed Abdurahman Al Khan	Chairman
• Basim Ahmed Rashed Al Khan	Managing Director
• Nazar Ahmed Rashid Al Khan	Director
• Narjes Rashed Abdurahman Al Khan	Director
• Muha Rashed Abdurahman Al Khan	Director
• Asif Jeffery	General Manager
• I V Krishnan	Financial Manager
• Vegnish Chellemuth	Sales Manager
• May Siryano	Administration Executive
• Nadim Kuraishi	Commercial Manager
• Mujeeb Rahman	IT Manager
• B S Judi	Technical Manager

LEGAL FORM & OWNERS

Date of Establishment : Subject's operations date back to 1948, however it was registered on 9th March 1981

Legal Form : With Limited Liability - WLL

Commercial Reg. No. : 5018-1, Manama

Issued Capital : BD 210,000

Paid up Capital : BD 210,000

<i>Name of Shareholder (s)</i>	<i>Percentage Holding</i>
• Fatima Rashed Abdurahman Al Khan	50.00%
• Basim Ahmed Rashed Al Khan	14.67%
• Nazim Ahmed Rashid Al Khan	14.67%
• Nawal Ahmed Rashed Al Khan	7.17%
• Muha Rashed Abdurahman Al Khan	7.17%
• Narjes Rashed Abdurahman Al Khan	6.32%

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

- Yaquby Premium WLL
Manama
CR No. 968383-1
- Yaquby Stores Co WLL
PO Box: 22824
Salwa Road
Doha
Tel: (974) 44688859
Fax: (974) 44685554

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OPERATIONS

Activities: Engaged in the wholesale and retail of electrical household appliances, electronics, air conditioning equipment, cameras, clocks, binoculars, knives, gifts, shavers and watches. Subject operates a chain of 8 showrooms.

Import Countries: Europe, Japan and the United States of America

International Suppliers:

- | | |
|-------------------------------|--------------------------|
| • Citizen Trading Company Ltd | Japan |
| • Asahi Optical Company Ltd | Japan |
| • Mountain Breeze Ltd | United Kingdom |
| • Braun AG | Germany |
| • Dupont | France |
| • Astro Vac | United States of America |
| • MD Manufacturing | United States of America |
| • Casio | Japan |
| • Breitling | Switzerland |

Subject has a workforce of 75 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Bahraini Dinar (BD)

Year	Sales
Year Ending 31/12/17:	BD 1,945,000

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

Note: According to Bahraini Commercial Law, only Bahraini Shareholding Companies BSC (Listed on the Bahraini 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

- HSBC Bank Middle East
93 Al Khalifa Avenue
PO Box: 57

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Manama
Tel: (973-17) 224555
Fax: (973-17) 226822

- Bank of Bahrain & Kuwait
43 Government Avenue
PO Box: 597
Manama
Tel: (973-17) 253388
Fax: (973-17) 275785

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
- Local Registry office
- Interview with I V Krishnan, Financial Manager

According to local sources, subject meets its payment obligations in a timely manner and 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.

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 up front

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.91
UK Pound	1	INR 90.84
Euro	1	INR 80.42
BHD	1	INR 187.71

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	TRU

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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)