

## MIRA INFORM REPORT

Report No. :	533486
Report Date :	11.10.2018

### IDENTIFICATION DETAILS

Name :	SPIN KNIT LIMITED
Registered Office :	Eldoret Nakuru Road, EAK Nakuru, P. O. Box 1478-20100, Nakuru
Country :	Kenya
Financials (as on) :	2017 (Summarized)
Date of Incorporation :	09.09.1978
Com. Reg. No.:	C18130 Kenya
Legal Form :	Limited Corporation
Line of Business :	Manufacturer and Distribution of Acrylic Yarn, Knitwear.
No. of Employees :	530

### RATING & COMMENTS

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

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Kenya	B2	B2

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 decade. 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 development has been 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. 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.

Agriculture remains the backbone of the Kenyan economy, contributing one-third of GDP. About 75% of Kenya's population of roughly 48.5 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. Tourism also holds a significant place in Kenya's economy. In spite of political turmoil throughout the second half of 2017, tourism was up 20%, showcasing the strength of this sector. Kenya has long been a target of terrorist activity and has struggled with instability along its northeastern borders. Some high visibility terrorist attacks during 2013-2015 (e.g., at Nairobi's Westgate Mall and Garissa University) affected the tourism industry severely, but the sector rebounded strongly in 2016-2017 and appears poised to continue growing.

Inadequate infrastructure continues to hamper Kenya's efforts to improve its annual growth 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 growth and development, but Kenya has also successfully raised capital in the global bond market issuing its first sovereign bond offering in mid-2014, with a second occurring in February 2018. The first phase of a Chinese-financed and constructed standard gauge railway connecting Mombasa and Nairobi opened in May 2017.

In 2016 the government was forced to take over three small and undercapitalized banks when underlying weaknesses were exposed. The government also 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. A prolonged election cycle in 2017 hurt the economy, drained government resources, and slowed GDP growth. Drought-like conditions in parts of the country pushed 2017 inflation above 8%, but the rate had fallen to 4.5% in February 2018.

The economy, however, is well placed to resume its decade-long 5%-6% growth rate. While fiscal deficits continue to pose risks in the medium term, other economic indicators, including foreign exchange reserves, interest rates, current account deficits, remittances and FDI are positive. The credit and drought-related impediments were temporary. Now In his second term, President KENYATTA has pledged to make economic growth and development a centerpiece of his second administration, focusing on his "Big Four" initiatives of universal healthcare, food security, affordable housing, and expansion of manufacturing.

Source : CIA

## **SUBJECT'S NAME**

Registered Name: **SPIN KNIT LIMITED**  
Requested Name: **SPIN KNIT LIMITED**  
Other Names: **None**

## **ADDRESS AND TELECOMMUNICATION**

Physical Address: Eldoret Nakuru Road, EAK Nakuru,  
Postal Address: P. o. Box 1478-20100  
Nakuru,  
Country: Kenya  
254-51-2210316/ 2216587/8/9/2213492/2213719/  
2211517  
Phone: 254-721734573/733632879  
Cell: 254-51-2213447/2217155/2217254  
Fax: spinknit@spinknit.biz / nkudairy@spinknit.com  
Email: www.spinknit.biz  
Website:

## **CREDIT OPINION**

Financial Index as of December 2017 shows subject firm with a medium risk of credit. However, bank and credit information obtained reveal a history of prompt payments.

## **LEGAL**

Legal Form: Limited Corporation  
Date Incorporated: 09-Sept-1978  
Reg. Number: C18130 Kenya  
Nominal Capital: KES. 60,000,000  
Subscribed Capital: KES. 51,530,000  
Subscribed Capital is Subscribed in the following form:

	<b>Position</b>	<b>Shares</b>	
Mr. Jayesh Jayantilal Shah	Chairman	10%	
Mr. Shashkant Shamji Shah	CEO	10%	
Mr. Yogesh Kantilal Shah	Director	10%	
Mr. Palkesh Jayantilal Shah	Director	10%	
Mr. Bhupendra Shamji Shah	Director	10%	

Mr. Dalichand Shamji Shah	Director	10%
Mr. Mahendra Shamji Shah	Director	10%
Mr. Mahul Jayantilal Shah	Director	10%
Mr. Mayan Kantilal Shah	Director	10%
Mr. Jayantilal Shamji Shah	Director	5%
Mr. Kantilal Shamji Shah	Director	5%

## **RELATED COMPANIES**

None	Parent company.
None	Subsidiary company.
SPIN KNIT DAIRY LTD	Affiliated company.
Mr. Jayesh Jayantilal Shah	
Mr. Shashkant Shamji Shah	
Mr. Yogesh Kantilal Shah	
Mr. Palkesh Jayantilal Shah	
Mr. Bhupendra Shamji Shah	
Mr. Dalichand Shamji Shah	
Mr. Mahendra Shamji Shah	
Mr. Mahul Jayantilal Shah	
Mr. Mayan Kantilal Shah	
Mr. Jayantilal Shamji Shah	
Mr. Kantilal Shamji Shah	Shareholders of subject firm.
P.o. Box 3962-00623 Parklands Markson Plaza, Parklands, Nairobi, Kenya	Branches of the firm

## **OPERATIONS**

Registered to operate manufacturer and distribution	of acrylic yarn, knitwear.
Imports:	Asia
Exports:	Neighboring Countries
Trademarks:	None
Terms of sale:	Cash (40%) and 25-90 days (60%), invoices.
Main Customers:	Distributors, stores, outlets, firms and organizations
Employees:	530 employees.
Vehicles:	Several motor vehicles.
Territory of sales:	Kenya
Location:	Owned premises, 100,000 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

Profit and Loss (expressed in KES.)

	<b>2016</b>	<b>2017</b>
Sales	2,450,000,000	2,820,000,000

## **BANK**

Bank Name: Kenya Commercial Bank Ltd, Kenya  
Branch: Kenya  
Comments: Other banks  
Standard Chartered Bank Kenya Ltd, Kenya  
Barclays Bank of Kenya Ltd, Kenya

## **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 74.13
UK Pound	1	INR 97.63
Euro	1	INR 85.26
KES	1	INR 0.73

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	VIV
<b>Report Prepared by :</b>	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)