

## MIRA INFORM REPORT

|               |            |
|---------------|------------|
| Report No. :  | 528184     |
| Report Date : | 07.09.2018 |

### IDENTIFICATION DETAILS

|                         |                                                                                   |
|-------------------------|-----------------------------------------------------------------------------------|
| Name :                  | ASSOCIATED STEEL LIMITED                                                          |
| Registered Office :     | Lusaka Road, Industrial Area, Nairobi P. o. Box 18833-00500, Nairobi,             |
| Country :               | Kenya                                                                             |
| Financials (as on) :    | 2017 (Summarized)                                                                 |
| Date of Incorporation : | 04.10.1976                                                                        |
| Com. Reg. No.:          | 14939                                                                             |
| Legal Form :            | Limited Corporation                                                               |
| Line of Business :      | Registered to operate as distributors of building materials and related supplies. |
| No. of Employees :      | 1200 Employees                                                                    |

**RATING & COMMENTS**

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

**MIRA's Rating :**

A

| Credit Rating | Explanation     | Rating Comments                                             |
|---------------|-----------------|-------------------------------------------------------------|
| A             | Acceptable Risk | Business dealings permissible with moderate risk of default |

|                            |               |
|----------------------------|---------------|
| <b>Status :</b>            | Good          |
| <b>Payment Behaviour :</b> | No Complaints |
| <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.

**ECGC Country Risk Classification List**

| Country Name | Previous Rating<br>(31.12.2017) | Current Rating<br>(01.04.2018) |
|--------------|---------------------------------|--------------------------------|
| Kenya        | B1                              | 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 has 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.

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. 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: **ASSOCIATED STEEL LIMITED**  
Requested Name: **ASL LIMITED**  
Trade Names: **ASL LTD. (TRADING DIVISION)**

## **ADDRESS AND TELECOMMUNICATION**

Physical Address: Lusaka Road, Industrial Area, Nairobi  
Postal Address: P. o. Box 18833-00500,  
Nairobi,  
Country: Kenya  
254-20-6559869/6534776/559869/559871/555032/  
Phone: 652089  
Fax: 254-20-6534610/6534726/ 555043  
Email: info@asltd.ramco-group.com  
Website: www.asl.co.ke/www.ramco-group.com

## **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: 4-Oct-1976  
Reg. Number: 14939  
Nominal Capital: KES. 50,000,000  
Subscribed Capital: KES. 50,000,000  
Subscribed Capital is Subscribed in the following form:

|                               | <b>Position</b> | <b>Shares</b> |
|-------------------------------|-----------------|---------------|
| Mr. Kirit Rambhai Patel       | Chairman        |               |
| Mr. Chandrakant Rambhai Patel | Director        |               |
| Mr. Hashit Mahendra Patel     | Director        |               |
| Mr. Amit Patel                | Director        |               |
| Ms. Prital Patel              | Director        |               |
| Mr. Anand Dave                | Director        |               |

|                  |             |      |
|------------------|-------------|------|
| Mr. Kartik Patel | Director    |      |
| Mr. Anand Karani | Director    |      |
| Mr. Ronak Parikh | Director    |      |
| Ramco Group      | Holding Co. | 100% |

## **RELATED COMPANIES**

|                                                                                                                   |                              |
|-------------------------------------------------------------------------------------------------------------------|------------------------------|
| Ramco Group                                                                                                       | Parent company.              |
| None                                                                                                              | Subsidiary company.          |
| Given Below                                                                                                       | Affiliated company.          |
| None                                                                                                              | Shareholder of subject firm. |
| Securex Place, Along Parklands Road,<br>Opposite Nairobi University School of Law (<br>Parklands Campus), Nairobi | Branches of the firm         |

## **OPERATIONS**

|                                                                                  |                                             |
|----------------------------------------------------------------------------------|---------------------------------------------|
| Registered to operate as distributors of building materials and related supplies |                                             |
| Imports:                                                                         | Asia, Europe, UK                            |
| Exports:                                                                         | East Africa                                 |
| Brands:                                                                          | Pegler, Eurobath, Havells, Grohe, Pakai etc |
| Terms of sale:                                                                   | Cash (60%) and 25-90 days (40%), invoices.  |
| Main Customers:                                                                  | General Public                              |
| Employees:                                                                       | 1200 employees.                             |
| Vehicles:                                                                        | Several motor vehicles.                     |
| Territory of sales:                                                              | Kenya                                       |
| Location:                                                                        | Owned premises, 80,000 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       |

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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.)

|       | 2017          |
|-------|---------------|
| Sales | 5,500,000,000 |

## **BANK**

|            |               |
|------------|---------------|
| Bank Name: | BARCLAYS 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.

## **AFFILIATED COMPANIES**

CREATIVE EDGE LIMITED  
MARKETPOWER INTERNATIONAL LIMITED  
RAMCO PRINTING WORKS LIMITED  
PLATINUM PACKAGING LIMITED

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ASL LIMITED - PACKAGING DIVISION  
POLYTHENE INDUSTRIES LIMITED ASL LIMITED - PAPER DIVISION  
FLEXOWORLD LIMITED  
OVIDIAN ADVERTISING AND DESIGN LIMITED  
REDHOT BRANDING LIMITED  
RAMCO HARDWARE LIMITED  
JUMA HARDWARE STORES LIMITED  
KENTAINERS LIMITED ASL TZ LIMITED – TANZANIA  
ASL HARDWARE LIMITED – UGANDA  
ASTRAL PIPES LIMITED  
RAMCO CHEMICALS LIMITED  
CROWN CLASSICS LIMITED  
ASL LIMITED - WIRE & CABLE DIVISION  
OFFICE MART LIMITED – KENYA  
OFFICE MART TZ LIMITED – TANZANIA  
SEAL HONEY LIMITED  
LINO STATIONERS (AFRICA) LIMITED  
TRAVELSHOPPE LIMITED  
ASL LIMITED - STEEL DIVISION  
ASL LIMITED - HEAVY FABRICATION DIVISION  
SAI OFFICE SUPPLIES LIMITED - KENYA  
SAI OFFICE SUPPLIES UG LIMITED – UGANDA  
SAI OFFICE SUPPLIES TZ LIMITED – TANZANIA  
SAI OFFICE SUPPLIES RW LIMITED – RWANDA  
OFFICE TECHNOLOGIES LIMITED  
ASL CREDIT LIMITED  
PROSERVE ICT  
AFRICA CONSULTING SERVICES LIMITED

**FOREIGN EXCHANGE RATES**

| Currency  | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1    | INR 71.92     |
| UK Pound  | 1    | INR 92.80     |
| Euro      | 1    | INR 83.60     |
| KES       | 1    | INR 0.71      |

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

**INFORMATION DETAILS**

|                      |     |
|----------------------|-----|
| Analysis Done by :   | VIV |
| Report Prepared by : | POJ |

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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)