

MIRA INFORM REPORT

Report No. :	527376
Report Date :	04.09.2018

IDENTIFICATION DETAILS

Name :	DENBER PAINTS & COATINGS ISRAEL (2002) LTD.
Registered Office :	P.O. Box 690 (8701602) 7 Brussel Street Industrial Zone Sderot 8714540
Country :	Israel
Date of Incorporation :	16.07.2002
Legal Form :	Private limited company
Line of Business :	Manufacturers, marketers and exporters of paints (50% of activities), sealants and coatings, for all sorts of application and industries.
No. of Employees :	30

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.

ECGC Country Risk Classification List

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Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Israel	B1	B1

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

ISRAEL - ECONOMIC OVERVIEW

Israel has a technologically advanced free market economy. Cut diamonds, high-technology equipment, and pharmaceuticals are among its leading exports. Its major imports include crude oil, grains, raw materials, and military equipment. Israel usually posts sizable trade deficits, which are offset by tourism and other service exports, as well as significant foreign investment inflows.

Between 2004 and 2013, growth averaged nearly 5% per year, led by exports. The global financial crisis of 2008-09 spurred a brief recession in Israel, but the country entered the crisis with solid fundamentals, following years of prudent fiscal policy and a resilient banking sector. Israel's economy also weathered the 2011 Arab Spring because strong trade ties outside the Middle East insulated the economy from spillover effects.

Slowing domestic and international demand and decreased investment resulting from Israel's uncertain security situation reduced GDP growth to an average of roughly 2.8% per year during the period 2014-17. Natural gas fields discovered off Israel's coast since 2009 have brightened Israel's energy security outlook. The Tamar and Leviathan fields were some of the world's largest offshore natural gas finds in the last decade. Political and regulatory issues have delayed the development of the massive Leviathan field, but production from Tamar provided a 0.8% boost to Israel's GDP in 2013 and a 0.3% boost in 2014. One of the most carbon intense OECD countries, Israel generates about 57% of its power from coal and only 2.6% from renewable sources.

Income inequality and high housing and commodity prices continue to be a concern for many Israelis. Israel's income inequality and poverty rates are among the highest of OECD countries, and there is a broad perception among the public that a small number of "tycoons" have a cartel-like grip over the major parts of the economy. Government officials have called for reforms to boost the housing supply and to increase competition in the banking sector to address these public grievances. Despite calls for reforms, the restricted housing supply continues to impact younger Israelis seeking to purchase homes. Tariffs and non-tariff barriers, coupled with guaranteed prices and customs tariffs for farmers kept food prices high in 2016. Private consumption is expected to drive growth through 2018, with consumers benefitting from low inflation and a strong currency.

In the long term, Israel faces structural issues including low labor participation rates for its fastest growing social segments - the ultraorthodox and Arab-Israeli communities. Also, Israel's progressive, globally competitive, knowledge-based technology sector employs only about 8% of the workforce, with the rest mostly employed in manufacturing and services - sectors which face downward wage pressures from global competition. Expenditures on educational institutions remain low compared to most other OECD countries with similar GDP per capita.

Source : CIA

COMPANY NAME AND ADDRESS

DENBER PAINTS & COATINGS ISRAEL (2002) LTD.

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972 8 996 35 78

Email: itai.denber@gmail.com

P.O. Box 690 (8701602)

7 Brussel Street

Industrial Zone

SDEROT 8714540 ISRAEL

HISTORY & LEGAL FORMATION

A private limited company, incorporated as per file No. 51-326497-8 on the 16.07.2002.

Subject is continuing the activities of paints manufacturing plant, which operated since the beginning of the 1990s, via DENBER ISRAELI PAINTS LTD. (a private limited company established in 1996) and DENBER PAINTS TECHNOLOGIES LTD. (a private limited company established in 1990).

SHARE CAPITAL

Authorized share capital NIS 50,000.00, divided into
50,000 ordinary shares of NIS 1.00 each,
of which 100 shares amounting to NIS 100.00 were issued.

SHAREHOLDERS

1. Baruch Kogan, 78%,
2. Ms. Evgenia Blen, 22%.

DIRECTORS

1. Baruch Kogan, General Manager,
2. Ms. Evgenia Blen (Dr.), Chemist.

BUSINESS

Manufacturers, marketers and exporters of paints (50% of activities), sealants and coatings, for all sorts of application and industries.

25% of sales are export.

Among local corporate clients: IMI SYSTEMS, Ministry of Defense, ASHKALIT CHEMIPROD, DELEK INDUSTRIES, TNUVA, STRAUSS GROUP, TEVA PHAMACEUTICAL INDUSTRIES, HADERA PAPER, ISRAEL ELECTRIC CORP., INTEL ISRAEL, HP ISRAEL, etc.

Among distributors and retailers: ITZIK & ROI.

Among local suppliers: GADOT CHEMICAL, OROM COLONETIM, SHALAM PACKAGING PRODUCTS, ALCO CHEMICALS, etc.

Operating from rented premises (offices, plant, storage facilities), on an area of 4,000 sq. meters (1,500 sq. meters built), in 7 Brussel Street, Industrial Zone, Sderot. Also operating from branches offices in Latvia, Moldova and Russia (Moscow and Odessa).

Website: www.denber-paints.co.il

Having 30 employees.

Foreign branches are operated via subcontractors.

MEANS

Current stock is valued at NIS 3,000,000 (similar to the 2nd half of 2017).

Consolidated stock of subject and sister company was valued at NIS 6,000,000 in 2016 (similar to 2015).

Subject owns its former property, on an area of 8,000 sq. meters (of which 4,000 sq. meters are built), in 1 Hanit Kikos Street, Industrial Zone, Ofakim, valued at US\$ 4,000,000 several years ago.

There are 5 charges for unlimited amounts registered on the company's assets (financial assets and a vehicles), in favor of the Bank Leumi Le'Israel Ltd. and Bank Hapoalim Ltd.

REVENUES

2013 sales claimed to be NIS 12,000,000.

2014 sales claimed to be NIS 12,000,000, 40% were for export.

2015 sales claimed to be NIS 13,000,000, 40% were for export.

2016 sales claimed to be NIS 13,000,000, 25% were for export.

2017 sales claimed to be NIS 13,500,000, 25% were for export.

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Sales for first 6 months of 2018 claimed to be NIS 7,000,000, 25% for export.

OTHER COMPANIES

DENBER PROJECTS B.A LTD., 100%, performing sealants, coatings, etc. projects. Having 3 employees + many sub-contractors' employees.

DENBER (COLORS) HOLDINGS LTD.

BANKERS

Bank Leumi Le'Israel Ltd., Rishon Le-Zion Branch (No. 934), Rishon Le-Zion, account No. 100000/34.
A check with the Central Banks' database did not reveal anything detrimental on subject's a/m account.

Bank Hapoalim Ltd., Sderot Branch (No. 694), Sderot.

CHARACTER AND REPUTATION

Nothing unfavorable learned.

The Company's activities are veteran.

Subject is ISO 2001:2008 certified.

Subject sued the State (Ministry of Interior - Israel's National Fire & Rescue Authority) and an insurance company at the Jerusalem District Court, for NIS 18 million regarding a fire that broke out in 2009. In October 2017 the Judge ruled that the plaintiff should compensate subject some NIS 15 million. The defendants appealed to the Supreme Court, case is pending.

There is a pending lawsuit subject filed to the Kiryat Gat Magistrate Court on NIS 2.5 million against a number of defendants on real estate issue.

In July 2012 it was reported that subject was approved by BABS Labs of South Africa as manufacturers of products for steel protection against fire.

In June 2014, during the military confrontation in Gaza, a rocket fell in the premises of subject and burnt the plant completely. According to reports the damage was estimated at NIS 10 million. In mid-2015 subject's General Manager informed us that subject received full compensation from the State (he refused to disclose figures), and returned to full activity in September 2014.

From the Central Bureau of Statistics (CBS) data, investments (Gross Domestic Capital Formation) in construction for dwelling (residential buildings) in 2017 rose by 1.2% from the previous year (quantity change), which follows increase of 8.1%, 1.5% & 6% in 2016, 2015 & 2014, respectively.

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Investments in construction not for dwelling (public institutions, commercial and industrial building) rose in 2017 by 6.3% (after 2.6% rise in 2016, 1.1% in 2015 and 2% in 2014), while investments in other construction works (e.g. roads, infrastructure) saw 16.6% climb in 2017, continuing the upward trend (by 3.8%) in 2016 (after declining by 4.2% in 2015 and -15.5% in 2014).

According to the CBS, the investment in construction for dwelling in the 1st half of 2018 plunged 14% compared to the parallel period in 2017.

The paint and allied sealants market in Israel is estimated at NIS 1.2 billion per annum, from which some two thirds are for the home sector (49% acrylic, 11% lime and 28% for wood and metal) and the balance for the industrial sector.

Local market is dominated by TAMBOUR and NIRLAT.

SUMMARY

Good for trade engagements.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.77
UK Pound	1	INR 91.36
Euro	1	INR 82.14
ILS	1	INR 19.72

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

INFORMATION DETAILS

Analysis Done by :	NIY
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)