Client Name: Creditsafe   Strategic Insight Reference: BI Report_CS0002   Type: Standard

BUSINESS IDENTIFICATION

Registered name	Techno-Plast Ltd
Brand name/Trading name	Techno-Plast Ltd
Address	**As per request:** 2nd Fl, Kellico Complex, Mombasa Rd 00100 Nairobi P.O. Box 45424, Kenya **Legal address:** Nadume close off Lunga Lunga Road, Industrial Area P.O. Box 45424 Nairobi Kenya **Operative address (Headquarters):** Valleyview Office Park Building off Limuru Road Parklands P.O. Box 45424 Nairobi Kenya 
City/Town/Locality	Nairobi
Country	Kenya
Location	  https://www.google.com/maps/dir//techno+plast+kenya/@-1.3093699,36.8781089,11.44z/data=!4m8!4m7!1m0!1m5!1m1!1s0x182f13d2c7c65473:0x86cfb966e3cc5282!2m2!1d36.8774022!2d -1.3090384
Contact details	**Tel**: +254 202 044 508-10/ +254 206 530 128/ +254 720 622 222/ +254 720 511 111/ +254 721 305 644 **Fax**: N/A **Email**: info@techno-plast.com / john@techno-plast.com **Website**: www.techno-plast.com

BUSINESS SUMMARY

Identification No.	**Registration number:** C61398 **Personal Identification Number (PIN):** P051104905L
Start date	04/10/1994
Registration date	04/10/1994
Issuing Administration	Kenya Revenue Authority
Status	Live
Legal form	Limited Company
Category	Domestic
Type of enterprise	Private
In process of removal/winding up/dissolution	No
Line of business as per the Registrar of Companies	▪ Water tank manufacturer ▪ Import and distribution of interior design materials
Industry	▪ Manufacturing ▪ Wholesale and retail
SIC Code	3089
Share capital	KES28,804,200 [around EUR264k]
Turnover	FY19: KES1,594,878,692 [around EUR14.6Million] FY18: KES1,613,655,244 [around EUR14.8Million]
Employees	300
Main bankers	▪ Prime Bank Ltd Comments: The company has an overdraft facility of KES180,000,000 with this bank. It also has a loan of KES262,000,000 payable by 2024. ▪ Diamond Trust Bank Ltd Comments: The company a loan of KES38,000,000 pay ▪ Co-operative Bank of Kenya Ltd ▪ Equity Bank Ltd

登記番号や、法的営業実態、法人形態など、登記事項に関連した情報が報告される。

上場非上場の別

資本金、従業員数、売上高など、当該会社の規模を測る指標がまとまっている。

金融機関の名称にとどまらず、コミットメント枠まで網羅。
資金繰りを類推できる。

	▪ Middle East Bank Kenya Ltd	
Office Bearers as per the Registrar of Companies	**Auditor** ▪ RSCO LLP **Managing Directors** ▪ Mr Mayur Harakhchand Shah **Director** ▪ Mr Himesh Pranlal Shah **Showroom Manager** ▪ Mr Riken Wanzah **Sales Executive** ▪ Mr Kenneth Munene **Accountant** ▪ Mr John Kwoba **Finance & Operations Manager** ▪ Mr Dhaval Patel **Secretary** ▪ Guy Spence Elms	
Shareholding structure	***Main Shareholders***	***Shares (%)***
	▪ Mr Mayur Harakhchand Shah ▪ Mr Himesh Pranlal Shah Comments: The information on shareholders is not publicly accessible through official sources in this country. The information listed above has been g party sources.	▪ 50 ▪ 50
Size/Assets	The assets of the company consist of inventories, warehouses and buildings.	
Products & Services	**Water tanks** ▪ Regular Tanks ▪ Underground Tanks ▪ Transportation Tanks ▪ Loft Tanks ▪ Square tanks, etc. **Household items** ▪ Multipurpose Trolleys ▪ Dustbins ▪ Silver Cans ▪ Flower Pot ▪ Pit Latrine Base, etc.	

個人出資か法人出資か。
株主情報の情報源にも言及。

	Agricultural products ▪ Silage Tanks ▪ Feeding Trough ▪ Tobacco Skip ▪ Agricultural Trolleys ▪ Square Tanks, etc. **Interior design materials, etc** ▪ Premium tiles ▪ Sanitary ware ▪ Custom kitchens and appliances
Related Companies	▪ Metro Plastics Kenya Ltd (Kenya) ▪ Eslon Plastics of Kenya Ltd (Kenya)
Brands	▪ Techno Tanks ▪ Villeroy & Boch ▪ PoggenPohl ▪ Baldocer ▪ Keuco ▪ Grespania ▪ Emco ▪ Rauch, etc
Customers	▪ Business-to-business(B2B) ▪ Business-to-consumer(B2C) The clients of the target are companies, retailers, distributors, individuals, hotels, governmental agencies, etc ▪ Operations area: ○ National ○ International
Imports	▪ Europe ▪ Asia ▪ Saudi Arabia, etc
Exports	▪ Uganda ▪ South Sudan ▪ Tanzania
Suppliers	▪ Aprirose Trading Ltd (India) ▪ Saudi Arabia Basic International Corporation (SABIC) (Saudi Arabia) ▪ Poggenpohl Möbelwerke GmbH (Germany) ▪ Küppersbusch Hausgeräte GmbH (Germany)

関係会社情報

仕入れ先・販売先などの商流情報を網羅。
輸出先、輸入先についてもチェック可能。
決済条件まで報告される為、自社が想定しているサイトの妥当性を検証することができる。

	▪ Grespania S.A. (Spain) ▪ Longulf Trading UK Ltd (United Kingdom) Comments: ▪ The target has opened credit lines with some of its suppliers. ▪ Payment terms: 75 to 90 days for international suppliers and 65 to 70 days for local suppliers. ▪ Method of payment: letter of credit for international suppliers and cheques for local suppliers.

MAJOR MACRO ECONOMIC INDICATORS

外部ソースからのカントリーリスク情報。不安定なアフリカ諸国とのビジネスに際しては、重要性が極めて高い。

POPULATION
48.1 MILLION

GDP PER CAPITA
1,831 US$

A4
COUNTRY RISK ASSESSMENT

A4
BUSINESS CLIMATE

	2017	2018	2019 (e)	2020 (f)
GDP growth (%)	4.9	6.3	5.6	5.3
Inflation (yearly average, %)	8.0	4.7	5.2	6.3
Budget balance * (% GDP)	-8.8	-7.0	-7.5	-6.5
Current account balance (% GDP)	-6.2	-4.9	-4.3	-4.2
Public debt (% GDP)	56.1	59.2	59.8	60.4

(e): Estimate. (f): Forecast. *Fiscal year from 1st July - 30th June 2019 data: FY19/20.

STRENGTHS

- East Africa's leading economy, playing a pivotal role in the East African Community, the number-one African common market
- Diversified agriculture and expanding services sector (telecommunications and financial services)
- Improving business and governance climate
- Fast-growing population and emerging middle class

WEAKNESSES

- Dependent on hydropower and rain-fed agriculture
- Persistent bottlenecks and skills shortages
- Instability related to terrorist risk and political, social and ethnic divisions
- Persistent corruption

▪ **Robust but constrained growth**

▪ Growth, although still strong, is expected to weaken again in 2020, after being affected by drought conditions in 2019. Public investment in infrastructure, particularly in transport and energy, is expected to continue to drive activity. The deployment and improvement of the road network, the extension of the railway line between Mombasa and Nairobi to Naivasha and the development of the second container terminal at the port of Mombasa will all be major opportunities for the construction sector. However, growing budgetary constraints, as evidenced by the suspension of general government and parastatal investment spending in July 2019, are expected to result in a slowdown in these activities. These constraints will likewise negatively impact public consumption, despite support for the implementation of the "Big Four" plan focused on industrialisation, universal health coverage, food security and affordable housing. Private investment is expected to contribute to growth through PPP agreements and reforms that have improved the business climate. It should also benefit from the lifting of the the interest rate caps, which constrained credit growth. Household incomes could be constrained by higher inflation and lower remittances from expatriate workers in the United States and Europe as a result of the less favourable global economic situation, and might therefore be a drag on the contribution from private consumption. Exports are also expected to suffer from softer external demand, which will affect the expansion of the tourism and agriculture sector.

- **Debt service, the central concern**
- In 2019/2020, the budget deficit is expected to remain high, even though it may narrow. On the expenditure side, the increase in interest payments, which absorbed about 22% of the revenue collected at the end of the last financial year, will cause current expenditure to go up, despite plans to limit hiring in the public sector in order to contain the wage bill (17% of expenditure). While it should continue to be a priority, capital investment spending is expected to grow at a slower pace. Revenue should be supported by tax measures, including an increased levy on capital gains. Even so, growth will be constrained by deficient domestic revenue collection. External and domestic debt will therefore still be necessary to finance the deficit. Although still mainly concessional, the increase in commercial debt, including Eurobonds issuance, is causing an increase in debt servicing costs.
- In 2020, the current account balance is expected to remain roughly stable, posting a deficit again. The trade deficit may stabilise, as compression of the capital goods import bill offsets the increase in exports constrained by the external environment. This is also expected to hamper the growth of tourism revenues and the surplus in the services account. The increase in interest payments should contribute to a wider income account deficit. The slowdown in the EU and the United States, where the majority of expatriates live, is expected to affect the transfer balance surplus. The country's attractiveness to FDI should make it possible to finance the deficit along with debt. Foreign exchange reserves, sufficient to cover more than 5 months of imports, may support the Kenyan shilling, which is vulnerable to capital outflows given the portfolio investment stock held by foreigners.

- **A fragile domestic environment**
- In 2017, President Uhuru Kenyatta was re-elected for a second term in an election of which the result was contested by the main opponent, Raila Odinga. However, post-election tensions eased with a reconciliation agreement between the two candidates, which was sealed in March 2018. Despite this truce, the country's political, social and ethnic divisions remain unresolved and could again prove to be a source of instability in the future. The issue of the succession of Uhuru Kenyatta, who cannot constitutionally run for a third term, as the Jubilee Party candidate, may act as the catalyst to start the 2022 presidential race.
- In addition, given the country's military involvement in Somalia, Kenya remains a target for Islamist terrorism, particularly by the al-Shabab group. The terrorist attack in Nairobi that killed more than 20 people in January 2019 illustrated this threat. A maritime dispute could also damage the relationship with Somalia. In addition, recurrent trade disputes with Tanzania could hinder the integration of the East African Community, in which the country plays a pivotal role.

- The perception of the business climate remains constrained by chronic political instability and infrastructure bottlenecks, but the country continues to reform its business environment. The progress made is reflected in Kenya's 56th place worldwide (out of 190 countries) and number-three ranking in sub-Saharan Africa. The measures being taken aim in particular to reduce payment delays, by ensuring, for instance, that the Treasury pays its suppliers within 60 days.
- ***Source:*** *Coface*

Last update: *February 2020*

African Economic Outlook – Kenya

Macroeconomic performance

Real GDP grew by an estimated 5.9% in 2019, driven by household consumption and investment on the demand side and services on the supply side (such as public administration, information technology, finance and insurance, and transport and storage). GDP was down from 6.5% in 2018, caused mainly by unfavourable weather and reduced government investment. At 5.2%, inflation remains within the central bank's 5 ± 2.5% target band.

The exchange rate remained stable due to the narrowing current account deficit, from 5.0% of GDP in 2018 to 4.9% in 2019 thanks to increased transfers. Foreign exchange reserves rose from $9 billion in 2018 to $9.4 billion at the end of August 2019, equivalent to 6 months of imports, or more than the East African Community convergence criterion of 4.5 months. The fiscal deficit is estimated at 7.5% of GDP in 2019, down from 8.8% in 2017, thanks to ongoing fiscal consolidation and greater domestic resources mobilization. Public debt rose to 58% of GDP in 2019, up from 41% in 2013, and became more non-concessional (67%) than concessional (33%).

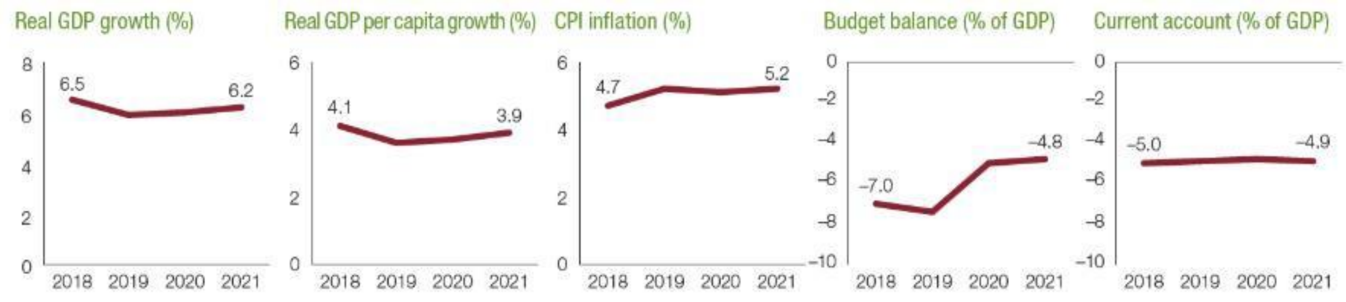
More of it is held externally (16% of GDP) than domestically (9% of GDP), but the domestic share is increasing. The debt creates risks for refinancing, cost escalation, and foreign exchange. Because of expected liquidity challenges, the IMF elevated Kenya's debt stress rating from low to moderate in 2018. Kenya's economic growth has not been inclusive enough: poverty fell to 36% in 2015/16 from 46% in 2005/6. Unemployment fell marginally from 9.5% in 2014 to 9.3% in 2018. The bottom income quintile receives only 4% of income.

Tailwinds and headwinds

Real GDP is projected to grow 6% in 2020 and 6.2% in 2021. Macroeconomic stability is expected to continue. Inflation, around 5% in 2020 and 2021, is expected to remain within the target range, and the fiscal deficit will narrow in 2020 and 2021. The positive outlook mainly reflects favourable weather, increased crude oil production and exports, continuing foreign direct investment, the benefits of the African Continental Free Trade Agreement, and the government's commitment to the Big Four Agenda aimed at industrialization in health, housing, agriculture, and manufacturing.

The Agenda plans to enhance food security and transform agriculture from subsistence oriented and rain dependent to market oriented, using special economic zones as a manufacturing base to expand exports and boost import substitution. The envisioned structural change depends on quickly transitioning to growth led by the private sector, not the public sector. Reforms to make the investment climate conducive to domestic and foreign investment should extend to the credit market, particularly to enhance access for small and medium enterprises.

Kenya's economic transformation faces challenges in manufacturing, agriculture, the labour market, and macroeconomic stability. Manufacturing's share in GDP has remained at 9% for more than a decade, and manufacturing value added is only 5% of GDP. Agriculture accounted for 52% of GDP, 56% of employment, and 65% of foreign exchange earnings in 2018. The 2018/19 drought slowed economic growth and reduced food security. Informality and unemployment remain high. Four fifths of workers are in the informal economy, and 9.3% of the workforce are unemployed. Investment has been low in sectors with greater capacity to absorb labour. Given the youth bulge, the supply of labour is large, but skills and entrepreneurial activity are limited.



Source: Data from domestic authorities; figures for 2019 are estimates; figures for 2020 and 2021 are projections by the African Economic Outlook team. Data on the budget balance correspond to Kenya's fiscal year, which runs from July 1 to June 30.

Source: https://www.afdb.org/en/countries-east-africa-kenya/kenya-economic-outlook

OBSERVATIONS/ANTECENDENTS

当社概要についての文章説明

TECHNO PLAST LTD.
Home of quality tanks

- Established in 1994, Techno-Plast Ltd is among the leading plastic water tank manufacturers in Kenya. Over the years, the company has consolidated its place on the local market and nowadays is also active in roto molding activities, thus producing plastic products & items for household and agricultural purposes.
- They manufacture regular tanks, loft tanks, underground tanks, transport tanks, household and agricultural multipurpose plastic products. They manufacture tanks from 100% virgin material giving the longest possible life span. All their tanks have an inner layer of special UV stabilized material giving the tank anti-microbial properties. Recently, they acquired state of the art machinery that enables them to manufacture plastic water tanks up to 30,000Lts.
- Over the years, the company has further diversified and today trades in the import, distribution and marketing of various housing equipment and appliances for kitchen, bedroom, living rooms, premium tiles, sanitary wares, etc.

- **HISTORY**
- 1994: Founded and initially operating as a hardware trading company.

当社沿革

- 1995: Started roto molding tanks activities.
- 2005: The company acquired a high-end sanitary ware trading company. Since then, it has grown exponentially and currently, it is one of the leaders in the industry. This division of the company deals with a number of items varying for both interior and exterior purposes.
- 2016: Expanded workshop & purchased new delivery vehicles. Production up by 50%, fleet up by 20% (brand new vehicles acquired). The 4 newly acquired trucks will increase delivery capacity.
- 2017: Techno-Plast has acquired new machinery imported for the largest plastic water tank in Kenya so far. It is the only company that manufactures 16,000lts, 20,000lts, 25,000lts and 30,000lts storage water tanks.
- 2019: Celebrating 25 years of incorporation. Acquired two new hino trucks to enhance water tanks delivery.

INFORMATION FROM INTERNET & PRESS REVIEW

- **Information from internet:**
- Products sold:

WATER TANKS

- Regular Tanks
- Underground Tanks
- Transportation Tanks
- Loft Tanks
- Square tanks

HOUSEHOLD ITEMS

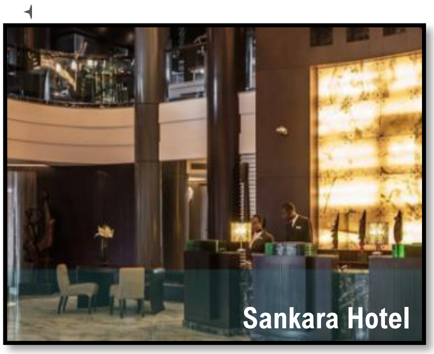
- Multipurpose Trolleys
- Dustbins
- Silver Cans
- Flower Pot
- Pit Latrine Base

AGRICULTURAL

- Silage Tanks
- Feeding Trough
- Tobacco Skip
- Agricultural Trolleys
- Square Tanks

- Their Work:

One General Mathenge



Sankara Hotel

Lazizi Hotel

- **Press Review:**
- No adverse information noted during our investigation.

MAIN SHAREHOLDER/PROMOTER DETAILS

株主詳細

- The shares of the company are equally distributed evenly among Mr Mayur Harakhchand Shah and Mr Himesh Pranlal Shah.
- No further information was available on them.
- Linkedin: https://ke.linkedin.com/in/mayur-shah-ba119571

SUMMARY OF THE FINANCIAL PERFORMANCE

業歴

Parameter (KES)	FY2019	FY2018	FY2017	FY2016	FY2015
Turnover	1,594,878,692	1,613,655,244	1,459,369,616	1,024,703,999	953,699,217
Net profit	9,051,016	83,261,010	49,309,824	11,052,031	-3,849,371

LEGAL RECORDS

コンプライアンスチェック
既往の倒産歴
裁判記録と経営に対する影響

OFAC List[1]	No
Bankruptcy	No
Lawsuit(s)	Yes Comments: There are various claims, lawsuits, and pending actions against the company incident to the operations of its businesses. It is the opinion of management, after consultation with counsel, that the ultimate resolution of such claims, lawsuits and pending actions will not have a material adverse effect on the company's consolidated financial position, results of operations or liquidity.
Local credit bureau	Correct Credit Rate

[1] The Specially Designated Nationals (SDN) List, also known as OFAC LIST, is a publication of OFAC which lists individuals and organizations with whom United States citizens and permanent residents are prohibited from doing business.

RISK PROFILE

1. Business risk

Size of business:	Large Corporate
Age of business:	25.4
Business outlook:	Fair/Stable
Market share:	Market leader
Competition level in industry:	Moderate
Barriers to entry and exit:	Average
Marketing & strategy:	Good
Trend in business over past 3 years:	Normal

事業リスクの分析

2. Management risk

Experience and background - Shareho er :	Moderate
Experience and background - Director	Moderate
Experience and background - Operatio team	Moderate
Support from stakeholders:	Moderate
Succession plan:	Succession in 1-2 years
Other qualitative info on stakeholders	Moderate

経営組織の分析

3. Security risk

Level of fixed assets:	High
Debt level:	High
Solvency position:	Moderate
Debt to fixed assets (times):	0.54
Debt to total assets (times):	0.34
Z-score:	1.07
Stress test:	Pass
Level of fixed/floating charges on the c om an	High
Off-Balance sheet events:	Moderate probability

出資リスクの分析
負債や当座性の分析

4. Relationship risk

Very high High Moderate Low Very low

支払状況に関連するリスク

Supplier reference:	Neutral - no adverse information
Bank reference:	Neutral - no adverse information
Account conduct:	Accounts having satisfactory dealings with some late payments
Number of days available from supplier for credit:	Up to 60 days
Monitoring level:	Moderate
Average repayment period to suppliers:	60 to 90 days
Judgements:	Neutral - no negative judgement

5. Qualitative risk

Very high High Moderate Low Very low

定性的リスク
倒産、デフォルトリスクを含む

Cash position:	Moderate
Payment habits:	Regular
Commercial approach:	Satisfactory
Business growth trend over past 3 years:	Normal
Default risk perception:	High
Insolvency risk perception:	Fairly High
Overall Credit Risk perception:	High

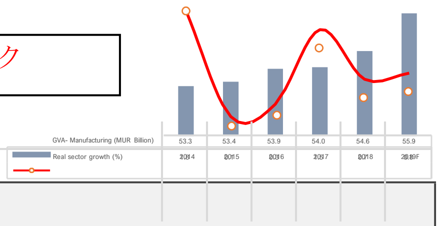
6. Country risk

Very high High Moderate Low Very low

カントリーリスク

Business default risk:	Reasonable
PESTEL scoremetre:	Good
Economic outlook:	Fair (0% ≤ Growth < 4%)

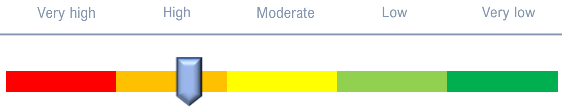
業界リスク



7. Sector risk

Sector outlook:	Fair (0% ≤ Growth < 4%)
Average sector DSO:	60 to 75 days
	High

Volatility level/Credit risk level in the sector:



8. Financial risk

Financial statements

Type of FS:	Unaudited
Level of for FS:	Moderate viability
Latest financials availability:	Not available

財務リスク

Leverage

Interest-bearing debt to equity (times):	1.35
Gearing ratio (times):	2.99

Liquidity

Current ratio (times):	0.56
Acid test ratio (times):	0.51
Cash ratio (times):	0.03

Profitability

Turnover growth (yoy %):	-1.2%
Gross margin (%):	29.4%
Operating margin (%):	6.9%
Net margin (%):	0.6%

Coverage

DSCR (times):	0.25
Interest cover (times):	1.13

Efficiency

Days sales outstanding (days):	122
Creditors' turnover (days):	165
Stock turnover (days):	19

FINANCIAL ANALYSIS

財務諸表

Accounts as at	30 April 2019	Company name	Techno-Plast Ltd
KES	**Audited**	**Audited**	**Movement in parameter**
Income Statement - Main elements	**2018**	**2019**	**Growth yoy %**
Turnover	**1,613,655,244**	**1,594,878,692**	-1.2%
Cost of Sales	1,182,846,056	1,126,704,724	-4.7%
Gross Profit	**430,809,188**	**468,173,968**	8.7%
Other income	3,180,328	3,110,413	-2.2%
Expenses - administrative & other	262,701,597	361,798,569	37.7%
Depreciation/Amortisation	28,469,105	28,248,603	-0.8%
Operating Profit	**171,287,919**	**109,485,812**	-36.1%
Exceptional item (if any)			N/A
Finance income			N/A
Finance cost	81,430,050	96,565,757	18.6%
Finance cost (net of finance income)	81,430,050	96,565,757	18.6%
PBT	**89,857,869**	**12,920,055**	-85.6%
Taxation	6,596,859	3,869,039	-41.4%
Net profit	**83,261,010**	**9,051,016**	-89.1%
EBITDA	**199,757,024**	**137,734,415**	-31.0%
Balance Sheet - Main elements	**2018**	**2019**	**Growth yoy %**
Non Current Assets	**940,093,576**	**1,018,354,548**	8.3%
Intangible Assets			N/A
Current Assets	**707,117,723**	**624,043,774**	-11.7%
Trade receivables [Debtors]	627,179,899	534,699,940	-14.7%
Inventories	68,523,376	59,624,622	-13.0%
Total Assets	**1,647,211,299**	**1,642,398,322**	-0.3%
Stated capital	28,804,200	28,804,200	0.0%
Retained earnings	172,639,487	182,335,555	5.6%
Revaluation reserve	204,426,230	200,901,640	-1.7%
Others			N/A
Shareholders' Equity	**405,869,917**	**412,041,395**	1.5%
Non Current Liabilities	187,981,295	124,233,217	-33.9%
Interest-bearing debt [Current i.e < 1 year]	398,877,454	448,926,909	12.5%
Bank overdraft	341,325,828	386,552,355	13.3%
Interest-bearing debt [Non-Current i.e > 1 year]	168,086,457	105,863,948	-37.0%
Total interest-bearing debt	**566,963,911**	**554,790,857**	-2.1%
Current Liabilities	**1,053,360,087**	**1,106,123,710**	5.0%
Total liabilities (current + non-current)	**1,241,341,382**	**1,230,356,927**	-0.9%
Working capital	**(346,242,364)**	**(482,079,936)**	39.2%
Trade payables [creditors]	521,788,069	509,822,314	-2.3%
Net worth	405,869,917	412,041,395	1.5%
Capital employed	593,851,212	536,274,612	-9.7%
Cash position (Cash & cash equivalent)	11,324,407	28,975,693	155.9%

(1) PROFITABILITY	2018	2019	Movement in ratio	Performance in last financial year
Gross Profit margin	26.7%	29.4%	Improvement in GP Margin	Average
Operating Profit Margin	10.6%	6.9%	Deterioration in OP Margin	Average
Net profit margin	5.2%	0.6%	Deterioration in NP Margin	Poor
Sales on Total assets i.e. Asset turnover (times)	0.98	0.97	Deterioration in SoTA	Poor
Return on Total assets (times)	0.10	0.07		
Return on Equity	20.5%	2.2%		
Retained earnings to total assets (times)	0.10	0.11		
Return on Capital employed (EBIT/Capital employed)	28.8%	20.4%		
EBITDA as a % of Sales	12.4%	8.6%		

Industry Average ratios

Financial ratio	Industry average
Gross margin	N/A
Operating margin	N/A
Interest-bearing debt to equity	N/A
Current ratio	N/A

(2) FINANCIAL LEVERAGE	2018	2019	Comments	Performance in last financial year
Gearing ratio (times)	3.06	2.99	Improvement in Gearing	Poor
Interest bearing debt-to-Equity Ratio (times)	1.40	1.35	Improvement in Interest-bearing debt to equity	Average
Interest Cover (times)	2.10	1.13	Deterioration in Interest cover	Good
Debt to Capital employed	95.5%	103.5%		
Debt Servicing (times) (EBIDTA/Debt Service Cost)	2.45	1.43		
Total interest bearing debt over Total assets (times)	0.34	0.34		
Total fixed assets over Interest bearing debt	165.8%	183.6%		
Equity to debt (total liabilities) (times)	0.33	0.33		

(3) EFFECTIVE TAX & INTEREST RATES	2018	2019
Effective tax rate	7.3%	29.9%
Effective interest rate	14.4%	17.4%

(4) LIQUIDITY	2018	2019	Comments	Performance in last financial year
Current Ratio (times)	0.67	0.56	Deterioration in Current ratio	Poor
Acid test (times)	0.61	0.51	Deterioration in acid test ratio	Poor
Debtors to Sales Ratio	38.9%	33.5%	Improvement in debtors to sales ratio	Average
Cash position to total assets	0.7%	1.8%		
Working capital to total assets (times)	-0.21	-0.29		

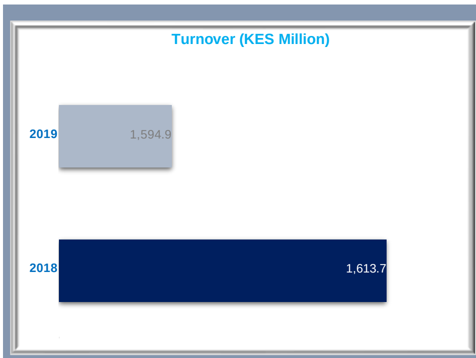
(5) ACTIVITY/EFFICIENCY	2018	2019	Comments
Stock turnover (days)	21	19	Improvement in stock turnover
Creditors' Turnover (days) - average creditors' repayment period	161	165	Deterioration in creditors' turnover
Debtors' Turnover (days) - average DSO	142	122	Improvement in debtors' turnover
Operating expenses ratio	16.3%	22.7%	Deterioration in operating expenses ratio
Indicative average creditor limit	64,546,200	63,795,100	N/A

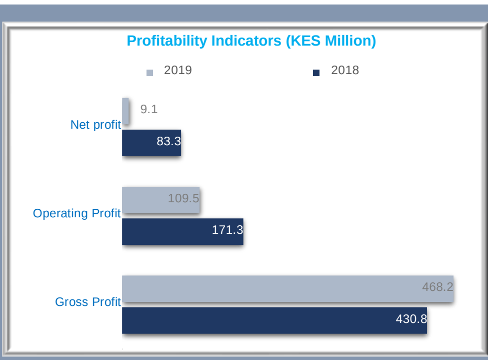
Strategic Insight
Optimising your potential

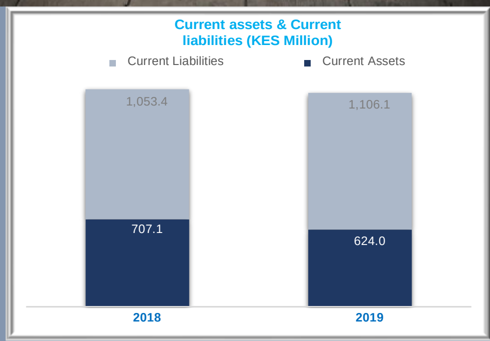
(6) FINANCIAL SOLVENCY	2018	2019	Comments	Performance in last financial year
Z-score	1.55	1.07	Deterioration in Z ratio	Poor

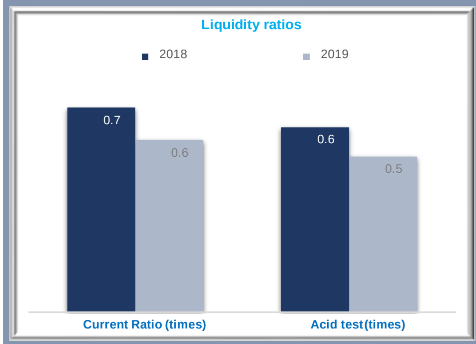
(7) REPAYMENT CAPACITY	2018	2019
EBIT	171,287,919	109,485,812
DSCR (times)	1.44	0.87
Total interest bearing debt over Fixed asset (times)	0.60	0.54
Operating Cycle (days)	2.00	-23.47
Working capital turnover (times)	-5	-3

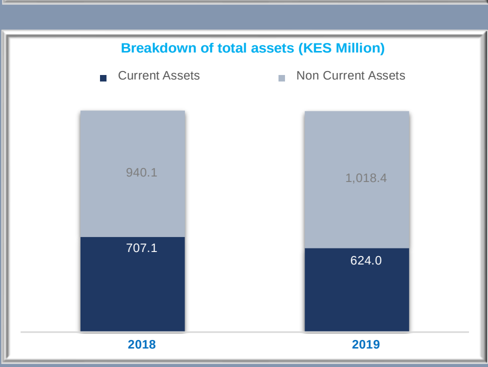
(7) STRESS TEST	2018	2019
Total Discounted asset	799,489,048	837,656,938
Debt/Discounted asset	70.9%	66.2%
Stress test outcome	Pass	Pass

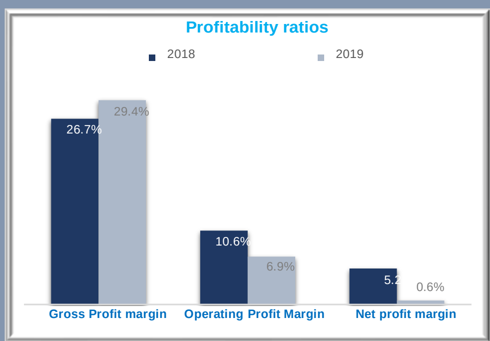


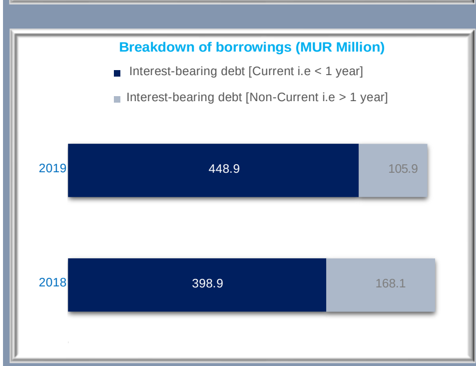


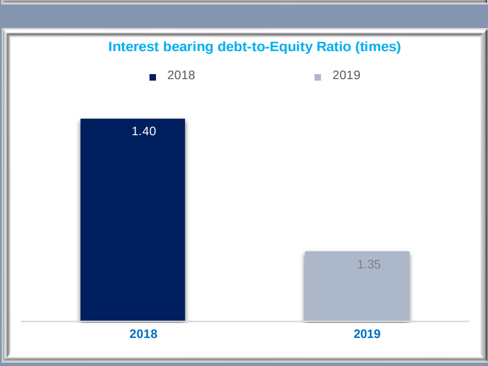


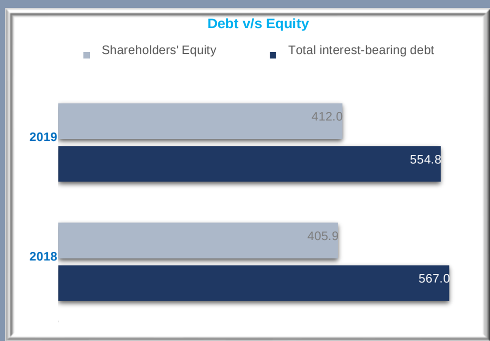












FINANCIAL ANALYSIS - UNDERWRITING COMMENTS

Profit & Loss statement

決算書分析コメント

The latest audited financials relate to the year ended 30 April 2019.

Turnover slightly fell by 1.2% yoy to stand at KES1.59Billion in FY19 compared to KES1.61Billion in FY18. Based from our source, the decrease in revenue happened by the fact that a project was turned down in FY19. We also gathered that the company has been dealing solely domestically rather than in export segment for consecutive periods. Cost of sales decreased by 4.7% yoy to KES1.1Billion (FY18: KES1.2Billion) in FY19. Consequently, gross profit level improved to KES468.2Million in FY19 compared to KES430.8Million in FY18 (up by 8.7% yoy). Gross profit margin was higher at 29.4% for the reviewing period (FY18: 26.7%).

Other operating income declined lightly to KES3.1Million in FY19 (FY18: KES3.2Million). On the other side, total operating expenses grew significantly by 37.7% yoy to stand at KES361.8Million for the reviewing period (FY18: KES262.7Million). As such, operating profit level dropped by 36.1% yoy passing from KES171.3Million in FY18 to KES109.5Million in FY19. With depreciation and amortization charges barely changing to KES28.2Million (FY18: KES28.5Million), EBITDA figures dropped from KES199.8Million in FY18 to KES137.7Million in FY19 (down by 31.0% yoy).

Net finance cost stood much higher at KES96.6Million in FY19 (FY18: KES81.4Million), out of which interest on bank overdrafts rose from KES43.3Million to KES64.0Million in FY19. Effective interest rate stood at 17.4%. Hence, PBT level substantially dropped to KES12.9Million in FY19 given it stood high at KES89.9Million in previous FY18. Taxation nearly halved to KES3.9Million in FY19 (FY18: KES6.6Million).

Ultimately, net profit substantially decreased by 89.1% yoy to stand at KES9.1Million in FY19 compared to KES83.3Million in FY18.

Balance Sheet

Fixed assets level, which solely consisted of property, plant & equipment, increased by 8.3% yoy to KES1.0Billion for the period under review (FY18: KES940.1Million). Additionally, it should be mentioned that the company made further acquisition of the latter, with figures amounting to KES110.6Million in FY19 (FY18: KES75.4Million).

Liquidity wise, current assets fell by 11.7% yoy to KES624.0Million in FY19 (FY18: KES707.1Million), driven by a significant decrease of 14.7% yoy in trade receivables which stood at KES534.7Million (FY18: KES627.2Million). Cash and cash equivalent level stood much better at KES29.0Million for the reviewing period (FY18: KES11.3Million). Current liabilities grew by 5.0% yoy to KES1.1Million in FY19, which was probably attributable to an increase of KES45.2Million in bank overdrafts level. Trade payables figures declined to KES509.8Million (FY18: KES521.8Million). As such, working capital worsened to negative KES482.1Million in FY19 (FY18: negative KES346.2Million). In terms of ratios, current ratio declined to 0.56 times (FY18: 0.67 times). Quick ratio fell to 0.51 times (FY18: 0.61 times). Average creditors turnover was quite stable at 165 days (FY18: 161 days).

Leverage wise, total interest bearing debt level decreased by 2.1% yoy to KES554.8Million in FY19 (FY18: KES567.0Million). Short term borrowings increased to KES448.9Million (FY18: KES398.9Million), out of which KES386.6Million stood for bank overdrafts (FY18: KES341.3Million). Long term borrowings decreased to KES105.9Million in FY19 (FY18: KES168.1Million). In terms of equity, it slightly improved to KES412.0Million in FY19 (FY18: KES405.9Million). As such, Interest bearing debt-to-Equity Ratio stood barely changed to 1.35 times in FY19 (FY18: 1.40 times). Gearing ratio remained high at 2.99 times (FY18: 3.06 times). Total interest bearing debt over Total assets ratio was stable at 0.34 times. Given higher fixed assets level, Total interest bearing debt over Fixed asset ratio lightly declined to 0.54 times in FY19 (FY18: 0.60 times). Interest cover was lower at 1.13 times (FY18: 2.10 times). DSCR fell to 0.87 times in FY19 (FY18: 1.44 times).

Solvency related, the Altman Z-score decreased from 1.55 in FY18 to 1.07 in FY19, which was below the benchmark of 1.80 for companies with high probability of going bankrupt.

Ratios

Probability
- Gross profit margin improved to 29.4% in FY19 (FY18: 26.7%).
- Operating profit margin declined to 6.9% in FY19 (FY18: 10.6%).
- Net profit margin was low at 0.6% in FY19 (FY18: 5.2%).

Gearing
- Interest bearing debt-to-Equity Ratio stood barely changed to 1.35 times in FY19 (FY18: 1.40 times).
- Gearing ratio remained high at 2.99 times (FY18: 3.06 times).
- Total interest bearing debt over Total assets ratio was stable at 0.34 times.
- Given higher fixed assets level, Total interest bearing debt over Fixed asset ratio lightly declined to 0.54 times in FY19 (FY18: 0.60 times).

Liquidity
- Current ratio declined to 0.56 times (FY18: 0.67 times).
- Quick ratio fell to 0.51 times (FY18: 0.61 times).
- Average creditors turnover was quite stable at 165 days (FY18: 161 days).

Solvency
- The Altman Z score decreased to 1.07 in FY19. A score below 1.8 means the company is probably headed for bankruptcy, while companies with scores above 3.0 are not likely to go bankrupt. In this case, the result was unsatisfactory.

STRATEGIC INSIGHT'S FINANCIAL STRENGTH GAUGE (SFSG)

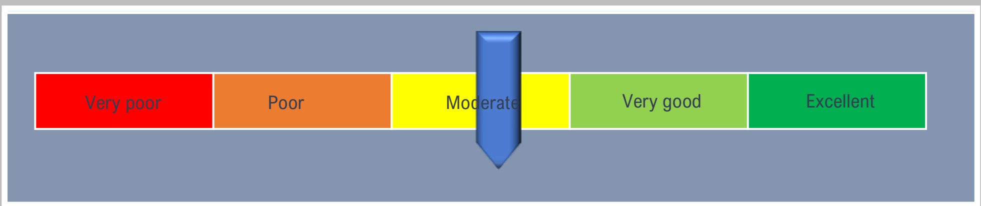
In cases whereby financial information is limited or unavailable, we have developed a model that capture qualitative elements and market intelligence as well as sector & economic outlook to gauge the financial strength of a company.

	SFSG Range	Financial Strength Perception
	AA+ to AAA	Excellent
	A+ to AA	Very good
	BBB- to A	Good
	B to BB+	Poor
	C or lower	Very poor

最終評価及び各種評点

As such, for the company under review, we categorise the financial risk level associated with the company as follows:

Actual SFSG	Actual Financial Strength Perception
BBB+	Moderate



Factors taken into consideration in the model

STRATEGIC INSIGHT'S CREDIT RISK SCORE (SCRS)

Strategic Insight's Credit Risk Score (SCRS) is a statistical model which takes into consideration financial indicators as well as other non-financial parameters like Sector performance and outlook, Payment behaviour, Management risk, Charges inscribed on the company's assets, Other qualitative information gathered from the market, Any other information that might have a positive or negative impact on the company's performance. The scale is between 0 (Very poor) to 100 (Excellent).

Grading	Score	Risk Level
Superior	Fully cash secured, secured by government guarantee/international bank guarantee	Superior
Good	80+	Very low risk level
Acceptable	70-80	Risk is much below than normal
Marginal/Watchlist	60-69	Risk is normal
Special Mention	55-59	Risk is slightly higher than normal
Substandard	45-54	Risk is significantly higher than normal
Doubtful	35-44	Very high risk level
Bad/Loss	<35	Cases of default/Insolvent

Actual SCRS	Grading	Risk level
53	Substandard	Risk is significantly higher than normal

Moody's equivalent classification for Actual SCRS	Previous SCRS	Probability of default Year 1
Ba1	58	0.8756%

Probability of default Year 2
1.0208%

Probability of default Year 3
1.1900%

CREDITWORTHINESS OPINION

Trade credit

Based on all the information gathered (both qualitative and quantitative), please find below our recommendation:

Credit limit requested by client (if any)	-
Maximum Individual credit limit recommended *(system generated)*	USD 154,000 *€ 135,000* *MUR 5,400,000*
Maximum Global credit limit recommended *(system generated)*	USD 343,000 *€ 300,000* *MUR 12,000,000*

UNDERWRITER'S REMARKS

Maximum Individual limit recommended: EUR135,000

Maximum group limit recommended: EUR300,000

Comments:
1. Incorporated since 1994.
2. Well known and well established in the country.
3. Slight decrease in turnover level and dropped in profit level.
4. Moderately geared.
5. Some lawsuits noted but no material adverse effect as per management.

Financial credit

Based on all the information gathered (both qualitative and quantitative), please find below our recommendation:

Is company worthy for financial credit?	Sound for financial credit allocation

UNDERWRITER'S REMARKS

1. Based on our analysis, concern is sound for financial credit.

2. However, more information required to assess company.