

MIRA INFORM REPORT

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| Report No. : | 524417 |
| Report Date : | 10.08.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|--|
| Name : | EL NOUR FOR MANUFACTURE BISCUIT |
| Registered Office : | Ezbil Zakaria Mohiel Din Kafr Shokr, Qalyubia |
| Country : | Egypt |
| Financials (as on) : | 31.12.2017 |
| Date of Incorporation : | 2004 |
| Legal Form : | Sole Proprietorship |
| Line of Business : | Subject is engaged in the manufacture of biscuits. |
| No. of Employees : | 20 |

RATING & COMMENTS

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

MIRA's Rating :

A

| 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.

SUMMARY

| | |
|---------------------|---|
| Company Name | : EL NOUR FOR MANUFACTURE BISCUIT |
| Country of Origin | : Egypt |
| Legal Form | : Sole Proprietorship |
| Registration Date | : 2004 |
| Invested Capital | : EGP 40,000 |
| Total Workforce | : 20 |
| Activities | : Manufacturers of biscuits |
| Financial Condition | : Fair |
| Payments | : No Complaints |
| Operating Trend | : Steady |
| Person Interviewed | : Ashraf Desouki Ali Al Abasiri, Proprietor & General Manager |

COMPANY NAME

EL NOUR FOR MANUFACTURE BISCUIT

ADDRESS

Registered & Physical Address

Location : Ezbil Zakaria Mohiel Din Kafr Shokr
Town : Qalyubia
Country : Egypt
Facsimile : (20-3) 4251019
Mobile : (20-114) 3011113
Email : elnourbiscuits@gmail.com

Premises

Subject operates from a small suite of offices and a factory that are rented and located in the Central Business Area of Qalyubia.

KEY PRINCIPALS

Name

Ashraf Desouki Ali Al Abasiri

Position

Proprietor & General Manager

LEGAL FORM & OWNERS

Date of Establishment : 2004

Legal Form : Sole Proprietorship

Invested Capital : EGP 40,000

Mr Ashraf Desouki Ali Al Abasiri is the sole proprietor of the business.

Note to the Legal Form An Sole Proprietorship is a non-incorporated entity and is owned by one individual only. The owner is liable for all debts and liabilities of the business to the extent of his/her personal assets. There are no legal requirements concerning the amount of capital of a sole proprietor.

OPERATIONS

Activities: Engaged in the manufacture of biscuits.

Import Countries: Europe and the Far East

Brand Names: EL NOUR

Operating Trend: Steady

Subject has a workforce of 20 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Egyptian Pounds (EGP)

| Year | Revenue |
|-----------------------|----------------|
| Year Ending 31/12/15: | EGP 8,255,000 |
| Year Ending 31/12/16: | EGP 8,600,000 |
| Year Ending 31/12/17: | EGP 9,100,000 |

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

Note: According to Egyptian Commercial Law, only Joint Stock Companies SAE (Listed on the 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

Bank Misr
Qalyubia

PAYMENT HISTORY

No complaints regarding subject's payments have been reported.

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SANCTION LIST CHECKS

The subject and its shareholders have been checked in the following sanctions list databases:

| <u>Sanctions list</u> | <u>Results</u> |
|---|----------------|
| United Nations Sanctions | No matches |
| Australian Sanctions | No matches |
| Bureau of Industry and Security (US) | No matches |
| EU Financial Sanctions | No matches |
| Office of the Superintendent of Financial Institutions (Canada) | No matches |
| OFAC - Specially Designated Nationals (SDN) | No matches |
| UK Financial Sanctions (HMT) | No matches |
| US Consolidated Sanctions | No matches |

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 Ashraf Desouki Ali Al Abasiri, Proprietor & General Manager

During the course of this investigation nothing detrimental was uncovered regarding subject's operating history or the manner in which payments are fulfilled. As such the business is considered to be a fair trade risk.

COUNTRY OUTLOOK

Recent Developments

The first quarter of FY17 (July to June) marked a slowdown in growth recording 3.4 percent compared to 5.1 percent in the same quarter last year, with annual growth in FY16 registering 4.3 percent. Growth was constrained by severe shortages in hard currency, an overvalued exchange rate and sluggish growth in Europe, Egypt's main trading partner. Key sectors continue to experience negative growth, particularly tourism and the oil and gas extractives sector that has been suffering from underinvestment and arrears.

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The annual fiscal deficit in FY16 increased to 12.1 percent of GDP, up from 11 percent the year before. However, in the first half of FY17 the deficit declined to 5.4 percent of GDP, down from 6.4 percent in the same period last year. The improvement in the first half is solely driven by a decline in total expenditures, which compensates for a drop in total revenues. Lower expenditures were driven by a decrease in subsidies and public wages as a percentage of GDP.

The most recent data for the first quarter of FY17 show an overall surplus in the balance of payments of 0.5 percent of projected GDP, compared to a deficit of 1 percent during the same period of the previous year. The improvement in external accounts was mainly due to the narrowing trade deficit induced by an increase in merchandise exports (by 11.2 percent) and a decline in merchandise imports (by 4.8 percent). Meanwhile, Suez Canal receipts further deteriorated by 4.8 percent and net private transfers also declined by 21.8 percent. As a result, the current account deficit widened to 1.4 percent of GDP compared to 1.1 percent in the same quarter of the previous year. More positively, FDI inflows increased to US\$1.9 billion over the same period, up from US\$1.4 billion the previous year.

To stimulate growth and address major macroeconomic imbalances, the government embarked on a major economic reform program. The key features include (i) the liberalization of the exchange rate regime; (ii) fiscal consolidation through a combination of expenditure and revenue measures, notably cuts in fuel subsidies, containment of the wage bill and introduction of VAT; and (iii) reforms to the business environment and addressing impediments to industrial activity.

The reform program was supported by an IMF Extended Fund Facility of US\$12 billion which contributes to cover Egypt's financing needs, the rest of which has been covered through disbursements under the World Bank, the African Development Bank and a number of bilateral loans, in addition to a recent issuance of Eurobonds in the amount of US\$4 billion. Following the floatation, the exchange rate displayed strong overshooting (hitting its lowest rate of 19.5 in December compared to a pre-float fixed rate of 8.8), but has subsequently strengthened as foreign investor confidence picked up and backlogs of USD orders to finance imports eased. Net international reserves reached US\$26.4 billion at-end January (6 months' imports), up from a pre-floatation level of US\$19 billion.

Currency weakening has led to a sharp rise in inflation, which reached its highest recorded level of 30.2 percent in February 2017. Following the currency floatation, the CBE increased interest rates by 300 basis points (bringing the cumulative increase to 550 basis points since March 2016) to absorb excess liquidity and curb inflation. High inflation has contributed to the aggravation of social conditions, given the persistently high unemployment (12.6 percent in 2016). The recently adopted reform program involves efforts to improve social safety nets, notably through the partial reallocation of freed up resources from reduced energy and food subsidies; the expansion of cash transfer programs; and an increase in the general pension budget by 15 percent. Nonetheless, the mitigation of recent adverse shocks will continue to depend on an effective targeting mechanism.

Outlook

GDP is expected to grow by 3.9 percent in FY17, and will be largely driven by public investment and to some extent net exports. Private investment is expected to pick up only in the second half of FY17, supported by enhanced competitiveness following the depreciation of the currency and the gradual implementation of business climate reforms. Tourism is also expected to steadily recover on the back of a weaker currency. Yet, growth will likely be undermined by slower growth of private consumption, which is expected to be negatively affected by record high inflation rates. Prudent monetary policy is projected to bring inflation down over the forecast horizon after the one off effects of depreciation, subsidy reforms, and the introduction of VAT dissipate.

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The fiscal deficit is projected to narrow to 10.5 percent in FY17, contingent on the government's commitment and ability to sustain its fiscal consolidation plan. With the implementation of the VAT, the expected increase in the VAT rate to 14 percent from the current 13 percent, and efforts to improve tax collection, revenues are expected to improve, while expenditures will continue to be contained.

The current account deficit is expected to start improving in FY17, supported by a positive exchange rate effect and an increase in remittances transferred through formal channels.

In the near term high inflation is likely to have negative short-term effects on households. Current efforts to improve targeting in the food smart-card program, currently used to protect the vulnerable population from food price shocks and ensure a minimum level of food security, could provide additional resources for an improved safety net.

Risks and challenges

Policy slippage and absence of real-sector reforms may negatively impact the anticipated economic recovery. Deteriorating security risks can adversely affect the recovery of the tourism sector, traditionally a main source of revenue and foreign currency.

On the social front, resources from fuel subsidy reform to be allocated to social programs may be lower than expected due to currency depreciation, but efforts should continue to improve the efficiency of the safety net system. Sustained high unemployment may lower households' ability to improve their living conditions.

| Key Economic Indicators | 2014 | 2015 | 2016* | 2017* | 2018 | 2019 |
|------------------------------------|-------------|-------------|--------------|--------------|-------------|-------------|
| Real GDP Growth (%) | 2.9 | 4.4 | 4.3 | 3.9 | 4.6 | 5.3 |
| Inflation Rate (%) | 10.1 | 10.4 | 10.2 | 20.1 | 14.2 | 11.3 |
| Current Account Balance (% of GDP) | -0.9 | -3.8 | -6.1 | -5.5 | -4.4 | -3.8 |
| Fiscal Balance (% of GDP) | -11.5 | -11.0 | -12.1 | -10.5 | -9.2 | -7.3 |

* Forecast

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 68.62 |
| UK Pound | 1 | INR 88.35 |
| Euro | 1 | INR 79.63 |
| EGP | 1 | INR 3.86 |

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

INFORMATION DETAILS

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|-----------------------------|-----|
| Analysis Done by : | DIV |
| Report Prepared by : | TPT |

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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)