

## MIRA INFORM REPORT

Report No. :	527211
Report Date :	31.08.2018

### IDENTIFICATION DETAILS

Name :	GERMAN LEBANESE CO FOR INDUSTRY SAE (GLC)
Registered Office :	54 1 <sup>st</sup> Industrial Zone, Plot No. 3, Block 13027 Cairo Ismailia Road El Obour City Cairo
Country :	Egypt
Financials (as on) :	31.12.2017
Date of Incorporation :	2004
Com. Reg. No.:	5231
Legal Form :	Egyptian Joint Stock Company
Line of Business :	Subject is engaged in the manufacture of heat resistant, anti-corrosion and waterproof paint.
No. of Employees :	200

### 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 :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	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.

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Egypt	C1	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

**EGYPT - ECONOMIC OVERVIEW**

Occupying the northeast corner of the African continent, Egypt is bisected by the highly fertile Nile valley where most economic activity takes place. Egypt's economy was highly centralized during the rule of former President Gamal Abdel NASSER but opened up considerably under former Presidents Anwar EL-SADAT and Mohamed Hosni MUBARAK. Agriculture, hydrocarbons, manufacturing, tourism, and other service sectors drove the country's relatively diverse economic activity.

Despite Egypt's mixed record for attracting foreign investment over the past two decades, poor living conditions and limited job opportunities have contributed to public discontent. These socioeconomic pressures were a major factor leading to the January 2011 revolution that ousted MUBARAK. The uncertain political, security, and policy environment since 2011 has restricted economic growth and failed to alleviate persistent unemployment, especially among the young.

In late 2016, persistent dollar shortages and waning aid from its Gulf allies led Cairo to turn to the IMF for a 3-year, \$12 billion loan program. To secure the deal, Cairo floated its currency, introduced new taxes, and cut energy subsidies - all of which pushed inflation above 30% for most of 2017, a high that had not been seen in a generation. Since the currency float, foreign investment in Egypt's high interest treasury bills has risen exponentially, boosting both dollar availability and central bank reserves. Cairo will need to make a sustained effort to implement a range of business reforms, however, to induce foreign and local investment in manufacturing and other labor-intensive sectors.

Source : CIA

## **SUMMARY**

Company Name	: GERMAN LEBANESE CO FOR INDUSTRY SAE (GLC)
Country of Origin	: Egypt
Legal Form	: Egyptian Joint Stock Company
Registration Date	: 2004
Commercial Registration Number	: 5231
Tax Card Number	: 205-502-504
Issued Capital	: £E 500,000
Paid up Capital	: £E 500,000
Total Workforce	: 200
Activities	: Manufacturers of paint
Financial Condition	: Fair
Payments	: No Complaints
Person Interviewed	: Karam Fahmy, Finance Manager

## **COMPANY NAME**

GERMAN LEBANESE CO FOR INDUSTRY SAE (GLC)

## **ADDRESS**

Registered & Physical Address

Building : 54 1<sup>st</sup> Industrial Zone, Plot No. 3, Block 13027  
Street : Cairo Ismailia Road  
Area : El Obour City  
Town : Cairo  
Country : Egypt  
Telephone : (20-2) 46101456 / 44872243 / 44872286  
Facsimile : (20-2) 46101457  
Mobile : (20-100) 6104900 / 6104900 / (20-102) 2229547  
Email : [info@glc.com.eg](mailto:info@glc.com.eg)

Premises

Subject operates from a large suite of offices and a factory that are rented and located in the Industrial Area of Cairo.

### **Branch Office (s)**

<u>Location</u>	<u>Description</u>
4 Bahteem El Mali Shubra El Kheima Kaliubeya Tel: (20-2) 44712800 / 44814457 / 44814456 Fax: (20-2) 44712900 / 44814457	Office premises

## **KEY PRINCIPALS**

<u>Name</u>	<u>Nationality</u>	<u>Position</u>
Abd El Fattah El Hout	Lebanese	Managing Director
Mohamed Amin Abd El Fattah	Lebanese	Director
Abd El Latif El Hout	Lebanese	Director

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Nadia Mosa Attia	Egyptian	Director
Anwar Abd El Fattah El Hout	-	General Manager
Karam Fahmy	-	Finance Manager
Abd El Salam El Hout	-	Factory Manager

## **LEGAL FORM & OWNERS**

**Date of Establishment :** 2004

**Legal Form :** Egyptian Joint Stock Company

**Commercial Reg. No. :** 5231

**Tax Card No. :** 205-502-504

**Issued Capital :** £E 500,000

**Paid up Capital :** £E 500,000

**Name of Shareholder (s)**

Abd El Fattah El Hout

Mohamed Amin Abd El Fattah

Abd El Latif El Hout

Nadia Mosa Attia

Notes to the legal Form A Joint Stock Company (SAE) can be both a public or private company the capital of which is divided into shares of equal value; the liability of the shareholder is confined to the value of the shares to which he subscribes, and he is not liable for the debts of the company except within the limit of those shares. A JSC may be 100% owned by foreign investors and there should be at least three shareholders. The minimum capital of JSC companies is EGP 250,000 or EGP 500,000 if it is a public company.

## **OPERATIONS**

**Activities:** Engaged in the manufacture of heat resistant, anti-corrosion and waterproof paint.

**Production Capacity:** 60 tons per day.

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**Import Countries:** Europe and the Far East

**International Suppliers:**

Dupont France

Subject has a workforce of approximately 200 employees.

## **FINANCIAL DATA**

Financial highlights provided by local sources are given below:

Currency: Egyptian Pounds (EGP)

<b>Year</b>	<b>Sales</b>
Year Ending 31/12/17:	EGP 45,000,000

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**

Misr International Bank (MIBANK)  
14 Alfy Street  
PO Box: 631  
Cairo  
Tel: (20-2) 25931002  
Fax: (20-2) 25912306

## **PAYMENT HISTORY**

No complaints

## **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 Karam Fahmy, Finance Manager

Please note that subject had no knowledge of the address Industrial Zone B, C-Piece, 18 Block, El Mahager, El Obour City, Cairo.

The subject and its shareholders/owners have been searched in the following databases; Office of Foreign Assets Control (OFAC), United Nations Security Council Sanctions, Australian Sanctions List, US Consolidated Sanctions List, EU Financial Sanctions List and UK Financial Sanctions List and nothing adverse could be found on the exact names listed within the report.

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 company is considered to be a fair trade risk.

## **COUNTRY OUTLOOK**

Economic growth doubled (to 4.2 %) in FY15, after four years of slow growth. Yet challenges remain, and were aggravated by the recent foreign exchange crunch. Growth in FY15 (July 2014/June 2015) was attributed to the restoration of stability and improved confidence, resilient private consumption, and the government's public investments that started to crowd in private investments. The first quarter of FY16 witnessed subdued growth (of 3 %, from 5.6 % a year earlier), mainly due to foreign exchange shortages that stifled production. The inadequacy of foreign exchange along with an overvalued Pound hampered Egypt's competitiveness; lowering the volume of exports by 26 % in Q1-FY16. Unemployment inched downwards (to 12.8 % in the H1-FY15 versus 13.3 % a year earlier), albeit partially reflecting dropouts from the labour force. The labour force participation rate dropped to 46 % of the adult population (those above 15 years old) versus 50 % at end-2010. Headline inflation eased slowly in early-2016, reaching 9 % in February 2016, from an average of 11 % in the previous three months. The Central Bank of Egypt (CBE) has recently started tightening monetary policy to curb inflation, especially in light of the recent exchange rate depreciation.

The CBE allowed the official exchange rate to weaken in mid-March as pressures on external accounts intensified. Net international reserves (NIR) dropped in FY16, due to large debt repayments, the unfavourable external environment, the recent crash of the Russian airplane over Sinai, as well as the CBE's ongoing injection of foreign exchange to meet import needs and to clear forex backlogs. Thus, NIR declined to just below \$16.5 billion in October 2015, and has stabilized at this level through end-February 2016. The CBE left the official exchange rate to weaken by 14.3 % on March 14, 2016, after the parallel market premium had surged to 18 % above the official rate. The CBE held a later auction at a slightly stronger exchange rate, but still signalled a move towards more flexibility.

The fiscal stance improved in FY15 due to key consolidation measures, but the reform momentum has faded in FY16. The budget deficit reached 11.5 % of GDP in FY15 (compared to 12.2 % of GDP in FY14, and 13 % of GDP in FY13), thanks to the partial streamlining of energy subsidies, revenue-enhancement measures, and the drop in international oil prices. This was achieved whilst the government raised allocations to health, education, and infrastructure, in line with the constitutional mandate. Yet, the reform pace has slowed down in FY16, as the energy subsidy reform program was only partially implemented, and the ratification of the VAT and the mining laws have been delayed.

The outlook is for GDP growth to slow down to 3.3 % in FY16, before rebounding thereafter. A combination of unfavourable domestic and external factors is undermining growth in FY16. Important sectors have been underperforming, notably, the extractives which continue to suffer from liquidity issues (accumulated arrears were recorded at \$3 billion in end-2015); and tourism, affected by the Russian plane crash last October. Externally, the sluggish recovery of the Euro zone is expected to weigh on Egypt's growth, while the lower oil prices and slowdown in Gulf countries might negatively impact Egyptians' remittances; hence private consumption. The deficit is expected to decline to 11.3 % of GDP in FY16, and decline further in the medium term, with continued fiscal consolidation effort. Egypt's external accounts are likely to worsen in FY16 before recovering afterwards, provided that monetary authorities continue to ease restrictions on foreign exchange and re-align the exchange rate.

Key Economic Indicators	2014	2015	2016*	2017*
Real GDP Growth (%)	2.2	4.2	3.3	4.2
Inflation Rate (%)	10.1	10.9	9.8	9.5
Fiscal Balance (% of GDP)	-12.2	-11.5	-11.3	-9.8
Current Account Balance (% of GDP)	-0.9	-3.7	-4.6	-4.6

\* forecast

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.73
UK Pound	1	INR 92.15
Euro	1	INR 82.72
EGP	1	INR 3.98

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

**INFORMATION DETAILS**

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