

## MIRA INFORM REPORT

<b>Report No. :</b>	546248
<b>Report Date :</b>	21.12.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	AL GARAS FOOD INGREDIENTS COMPANY
<b>Registered Office :</b>	3 Ali Amin Maher Street, 2 <sup>nd</sup> Floor, El Attarin, Ramleh, PO Box: 1456 & 386, Alexandria
<b>Country :</b>	Egypt
<b>Date of Incorporation :</b>	1998
<b>Com. Reg. No.:</b>	149145
<b>Legal Form :</b>	Limited Liability Partnership
<b>Line of Business :</b>	Subject is engaged in the import and distribution of cocoa butter & powder, dry yeast, powder milk, food additives, whey powder and vanilla.
<b>No. of Employees :</b>	20

### RATING & COMMENTS

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

<b>MIRA's Rating :</b>	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Satisfactory
<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.

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Egypt	B2	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 be challenged to obtain foreign and local investment in manufacturing and other sectors without a sustained effort to implement a range of business reforms.

Source : CIA

## **SUMMARY**

Company Name	: AL GARAS FOOD INGREDIENTS COMPANY
Country of Origin	: Egypt
Legal Form	: Limited Liability Partnership
Registration Date	: 1998
Commercial Registration Number	: 149145, Alexandria
Tax Card Number	: 298-254-344
Issued Capital	: £E 8,050,000
Paid up Capital	: £E 8,050,000
Total Workforce	: 20
Activities	: Import and distribution of foodstuff products.
Financial Condition	: Fair
Payments	: No complaints
Operating Trend	: Steady

## **COMPANY NAME**

AL GARAS FOOD INGREDIENTS COMPANY

## **ADDRESS**

### **REGISTERED & PHYSICAL ADDRESS**

Street : 3 Ali Amin Maher Street, 2<sup>nd</sup> Floor  
Area : El Attarin, Ramleh  
PO Box : 1456 & 386  
Town : Alexandria  
Country : Egypt  
Telephone : (20-3) 4853131 / 4853132 / 9608802  
Facsimile : (20-3) 4853129 / 4272624  
Mobile : (20-12) 3927450 / 6979696  
Email : [algaras@bellfoods.com.eg](mailto:algaras@bellfoods.com.eg) / [hr@bellfoods.com.eg](mailto:hr@bellfoods.com.eg)

### **Premises**

Subject operates from a medium sized suite of offices that are rented and located in the Central Business Area of Alexandria.

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

<u>Location</u>	<u>Description</u>
<ul style="list-style-type: none"><li>4 El Saudia Building Nozha Street Heliopolis, Nasr City Cairo Tel: (20-2) 24141743 Fax: (20-2) 24140217</li></ul>	Rented sales office
<ul style="list-style-type: none"><li>12 Orabi Square Alexandria Tel: (20-3) 4865552 / 4863616 Fax: (20-3) 4872383</li></ul>	Rented sales office

## **KEY PRINCIPALS**

<u>Name</u>	<u>Position</u>
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- |                          |                         |
|--------------------------|-------------------------|
| • Dr Fawzy Gad Garas     | Managing Partner        |
| • Mariam Fawzy Gad Garas | Partner                 |
| • Fawzia Gad Garas       | Partner                 |
| • Ramy Fawzy Gad Garas   | Partner                 |
| • Ramy Gamil             | Finance Manager         |
| • Amina Kamal            | Sales Manager           |
| • Selvina Saleem         | Human Resources Manager |

## **LEGAL FORM & OWNERS**

**Date of Establishment :** 1998

**Legal Form :** Limited Liability Partnership

**Commercial Reg. No. :** 149145, Alexandria

**Tax Card No. :** 298-254-344

**Issued Capital :** £E 8,050,000

**Paid up Capital :** £E 8,050,000

<i>Name of Partners</i>	<i>Percentage</i>
• Dr Fawzy Gad Garas	80%
• Fawzia Gad Garas	10%
• Mariam Fawzy Gad Garas	5%
• Ramy Fawzy Gad Garas	5%

## **AFFILIATED COMPANIES**

- Garas Trading Company  
4 Fahmy El Nokrashy Street  
El Sheikh Square, El Manshia  
Alexandria

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Tel: (20-3) 4879520 / 4873868 / 4833868  
Fax: (20-3) 4865065 / 4825065  
Email: [garasco@dataxprs.com.eg](mailto:garasco@dataxprs.com.eg)

- Garas Est for Trading  
Amriya Free Zone  
Alexandria  
This is a Sole Proprietorship owned by Dr Nosehy Gad Garas, and is located in the Amriya Free Zone in order to benefit from the incentives given to companies located within this area.
- Bill Bac  
4 Fahmy El Nokrashy Street  
El Sheikh Square  
El Manshia  
Alexandria  
Tel: (20-3) 4873868 / 4879520  
Fax: (20-3) 4865065
- Serra Import & Export  
23 Abdelaziz Agameya Street  
Roshdy  
Alexandria  
Tel: (20-3) 5447303  
Fax: (20-3) 5447404  
Email: [serra@cns-egypt.com](mailto:serra@cns-egypt.com)

## **OPERATIONS**

**Activities:** Engaged in the import and distribution of cocoa butter & powder, dry yeast, powder milk, food additives, whey powder and vanilla.

**Import Countries:** India, Turkey, United States of America, the Netherlands, Malaysia and China.

### **International Suppliers:**

- G.Van Den Bergh Numegen B.V                      Netherlands
- Jiaxing & Exp Corp Wan Yan Trading              China

**Brand Names :** CARGILL, ADM, FONTERRA, AGRI MARK, GREENFIELDS, GUMCORP, OVOPROT, PRIMERA, COLSEN, HOOGWEGT, CHISHOLM, DMV VITALUS, INTERFOOD, RZBC, LACNEA, TTCA, EUROVO, MUSIM MAS, KL-KEPONG, BELOVO SA, PAK IHRACAT and LAKTOS SPOL

Subject has a workforce of 20 employees.

## **FINANCIAL DATA**

Companies registered in Egypt are not legally required to make their accounts public and no financial information was released by the company or submitted by outside sources.

## **BANKERS**

- Banque Misr  
El Hanoville Street  
Agami  
Alexandria  
Tel: (20-3) 24302697
- Arab Bank Plc  
PO Box: 68  
Cairo  
Tel: (20-2) 33029069 / 33029070  
Fax: (20-2) 33029068

## **PAYMENT HISTORY**

No complaints regarding subject's payments have been reported.

## **SANCTION LIST CHECKS**

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

<b><u>Sanctions list</u></b>	<b><u>Results</u></b>
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

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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

Al Garas For Food Ingredients was established in 1998 and is engaged in the import and distribution of cocoa butter & powder, dry yeast, powder milk, food additives, whey powder & vanilla.

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**

### **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.

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.

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**

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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 70.28
UK Pound	1	INR 88.85
Euro	1	INR 80.05
EGP	1	INR 3.91

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

**INFORMATION DETAILS**

Analysis Done by :	DIV
Report Prepared by :	SYL

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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)