

MIRA INFORM REPORT

Report No. :	518444
Report Date :	06.07.2018

IDENTIFICATION DETAILS

Name :	AL EBRAHIMI TRADING EST
Registered Office :	Shop No. 3910, Road No. 475, Wail Al Ahd Road, PO Box 1518, Manama
Country :	Bahrain
Financials (as on) :	31.12.2017
Date of Incorporation :	18.08.2011
Com. Reg. No.:	47695-4
Legal Form :	Sole Proprietorship
Line of Business :	Subject is engaged in the wholesale and retail of textiles, clothing, footwear and accessories.
No. of Employees :	11

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.

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Bahrain	A2	A2

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

BAHRAIN - ECONOMIC OVERVIEW

Low oil prices have generated a budget deficit of at least a \$3.5 billion deficit in 2017, nearly 10% of GDP. Bahrain has few options for covering this deficit, with low foreign assets and fewer oil resources compared to its GCC neighbors. In 2016 the three major US credit agencies downgraded Bahrain's sovereign debt rating to "junk" status, citing persistently low oil prices and the government's high debt levels. Nevertheless, Bahrain in 2017 was able to raise about \$4 billion by issuing international debt.

Oil comprises 85% of Bahraini budget revenues, despite past efforts to diversify its economy, build communication and transport facilities for multinational firms with business in the Gulf, and expand infrastructure development. As part of its diversification plans, Bahrain implemented a Free Trade Agreement (FTA) with the US in August 2006, the first FTA between the US and a Gulf state. It plans to introduce a Value Added Tax (VAT) by the end of 2018.

Other major economic activities are production of aluminum - Bahrain's second biggest export after oil - finance, and construction. Bahrain continues to seek new natural gas supplies as feedstock to support its expanding petrochemical and aluminum industries. In April 2018 Bahrain announced it had found a significant oil field off the country's west coast, but is still assessing how much of the oil can be extracted profitably.

In 2011, Bahrain experienced economic setbacks as a result of domestic unrest driven by the majority Shia population; however, the economy recovered in 2012-15, partly as a result of improved tourism. In addition to addressing its current fiscal woes, Bahraini authorities face the long-term challenge of boosting Bahrain's regional competitiveness — especially regarding industry, finance, and tourism — and reconciling revenue constraints with popular pressure to maintain generous state subsidies and a large public sector. Since 2015, the government lifted subsidies on meat, diesel, kerosene, and gasoline and has begun to phase in higher prices for electricity and water.

Source : CIA

SUMMARY

Company Name	: AL EBRAHIMI TRADING EST
Country of Origin	: Bahrain
Legal Form	: Sole Proprietorship
Registration Date	: 18 th August 2011
Commercial Registration Number	: 47695-4
Invested Capital	: BD 10,000
Total Workforce	: 11
Activities	: Wholesalers and retailers of textiles, clothing, footwear and accessories
Financial Condition	: Fair
Payments	: No Complaints
Operating Trend	: Steady

COMPANY NAME

AL EBRAHIMI TRADING EST

ADDRESS

Registered & Physical Address

Building : Shop No. 3910
Street : Road No. 475
Area : Wail Al Ahd Road
PO Box : 1518
Town : Manama
Country : Bahrain
Telephone : (973-17) 254231
Mobile : (973-39) 600136
Email : al.ebrahimitrading@gmail.com

Premises

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

KEY PRINCIPALS

<u>Name</u>	<u>Nationality</u>	<u>Position</u>
Mustafa Ebrahim Mohamed Dasmeh	Bahraini	Proprietor & General Manager

LEGAL FORM & OWNERS

Date of Establishment : 18th August 2011

History : Subject was originally established on 12th November 2008 under the name of "Ebrahimi Trading Co S.P.C" and registered under CR No. 6866-1. However on 18th August 2011, The subject re-registered under the current style of "Al Ebrahimi Trading Est" under CR 47695-4

Legal Form : Sole Proprietorship

Commercial Reg. No. : 47695-4

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Invested Capital : BD 10,000

Mr Mustafa Ebrahim Mohamed Dasmeh is the sole proprietor of the business.

Note to the Legal Form Commonly referred to as an Individual establishment, only Bahraini citizens and citizens of the Gulf Cooperation Council (GCC) countries (must be resident in Bahrain) may register an Individual Establishment in the Kingdom of Bahrain. An Individual Establishment 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 wholesale and retail of textiles, clothing, footwear and accessories.

Import Countries: Europe and the Far East

Operating Trend: Steady

Subject has a workforce of 11 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Bahraini Dinar (BD)

Year	Sales
Year Ending 31/12/15:	BD 655,000
Year Ending 31/12/16:	BD 680,000
Year Ending 31/12/17:	BD 725,000

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

Note: According to Bahraini Commercial Law, only Bahraini Shareholding Companies BSC (Listed on the Bahraini 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 of Bahrain & Kuwait
43 Government Avenue
PO Box: 597
Manama
Tel: (973-17) 253388
Fax: (973-17) 275785

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:

<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

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- Local Registry office

Please note that the correct name of the subject is "Al Ebrahimi Trading Est" and not "Al Ibrahimi Trading Est".

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

Cheap oil continues to test Bahrain's economic resilience. Bahrain maintained an expansionary fiscal stance since 2009 resulting in general government deficits. The situation worsened in 2015 with a decline in oil revenues by about 10 percent of GDP and a general fiscal deficit estimated at 12.8 percent of GDP (from 3.4 percent in 2014). The deficit spending helped maintain economic growth at 2.9 percent, but brought reserves down to a low level at 2.6 months of imports and increased public debt to 62 percent of GDP. Bahrain has introduced some initiatives for fiscal consolidation. Revenue enhancing measures such as higher tobacco and alcohol taxes and government services fees were introduced over the past year. A cost-cutting program entailed the raising of petrol prices by up to 60 percent in January 2016 (likely to create savings worth US\$148.4 million), the gradual phasing-in of price increases for electricity, water, diesel, and kerosene by 2019, an increase and unification of natural gas prices for industrial users, and the removal of meat subsidies. Inflation has gradually picked up in 2016 mainly as a result of the subsidy reform: the headline CPI rose by 3 percent, but it will remain subdued in 2017 as one-off measures affect the current year only. 2016 outcomes demonstrate, however, that the authorities' emphasis on growth comes at the expense of fiscal deterioration.

The Bahraini economy grew by an estimated 3.4 percent in 2016. While the hydrocarbon sector grew by an estimated 2 percent, the non-hydrocarbon sectors grew by an average estimated rate of 3.7 percent, a figure that reflects the continued emphasis on public investments, some of which were funded by the GCC. The downside of this approach, however, has been manifested in persistently high fiscal deficits, estimated at 12.6 percent of GDP in 2016. A large portion of the 2016 deficit was covered by debt issuances, despite the sovereign downgrade reflecting increasing pressures on government finances. Bahrain issued a US\$600 million bond just before the downgrade and the authorities raised the public debt ceiling to BD 10 billion (around 80 percent of GDP) to enable additional borrowing. Bahrain's external position faces growing vulnerabilities. The current account surplus of the past 12 years turned into a deficit in 2015, following the drop in oil prices and further deteriorated in 2016 to 4.6 percent of GDP. Reserve adjustments reflect the growing external imbalances. The exchange rate peg has come under significant pressure: external imbalances were reflected in a decline in reserves to 2.6 months of imports in the same time frame. The real effective exchange rate has also appreciated by 17 percent since mid-2014, complicating adjustments to the adverse terms of trade shock that Bahrain is facing.

Little comprehensive welfare analysis is available due to restricted access to household survey data, limited capacity, and the sensitivities involved. Among Bahraini nationals', labour force participation is low, and people work predominantly in the public sector, where wages are high and productivity low. Immigrant workers constitute about a half of the resident population and command much lower incomes. Key elements of the social contract - public employment and subsidies - are becoming less affordable in the context of subdued oil prices. Bahrain aims to gain from upgrading its capacity for welfare measurement that would support the design of policies aimed at mitigating the impact of the necessary adjustment. Results from a new household survey in 2015 have not yet been published.

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Outlook

Economic growth is expected to decline in the forecast period. Real GDP growth projections have been revised downwards to 1.9 percent in 2017 and 2018, as continuing low oil prices depress private and government consumption. Some infrastructure investments are also likely to be put on hold. In the absence of significant upfront fiscal adjustments, Bahrain will remain vulnerable to fiscal risks. Average inflation is expected to decrease to 2.1 percent in 2017 reflecting the cooling off in economic activity and phasing out of temporary price-boosting effects of subsidy reforms. The current account deficit will partially narrow to 3.8 percent of GDP in 2017 and remain about there for the years to come, with the exception of small adjustments. International reserves are expected to follow a declining trend, and reach 1.5 months of imports in 2018. Public debt is projected to exceed 90 percent of GDP in 2017, and reach about 100 percent in 2018.

Risks and Challenges

Ensuring fiscal sustainability while preserving a healthy growth rate has become an important challenge in Bahrain. Real GDP growth is expected to slow and fiscal and external balances are expected to remain under pressure in 2017 due to oil prices remaining well below fiscal break-even levels. Despite efforts to diversify and boost non-oil fiscal revenues, hydrocarbons account for about 80 percent of government revenues in Bahrain. In addition, subsidies still absorb more than 20 percent of the fiscal budget. The fiscal break-even price for Bahrain was estimated at US\$110 per barrel in 2016, the highest amongst the GCC. Thus, Bahrain is expected to continue to run significant general fiscal deficits in the forecast period - 9.8 percent of GDP in 2017. Delays in implementing fiscal consolidation or a further decline in oil prices could trigger additional sovereign rating downgrades making access to external financing harder, and intensifying pressure on reserves and the peg. Fiscal solvency and liquidity risks are high, and outcomes remain vulnerable to shocks to growth, commodity prices, and interest rates.

Key Economic Indicators	2014	2015	2016*	2017*	2018*	2019*
Real GDP Growth (%)	4.4	2.9	3.4	1.9	1.9	2.3
Inflation Rate (%)	2.7	1.8	3.0	2.1	2.0	2.0
Current Account Balance (% of GDP)	4.6	-2.4	-4.6	-3.8	-3.5	3.5
Fiscal Balance (% of GDP)	-3.4	-12.8	-12.6	-9.8	-8.9	-7.6

* Forecast

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.75
UK Pound	1	INR 91.07
Euro	1	INR 80.47
BHD	1	INR 181.33

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

INFORMATION DETAILS

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)