

## MIRA INFORM REPORT

<b>Report No. :</b>	520912
<b>Report Date :</b>	20.07.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	SAFE PHARMA SAE
<b>Registered Office :</b>	2nd Industrial Zone, Plot 2, Block 31, Area No. 3, New Borg El Arab, PO Box 49, Sidi Gaber, Alexandria 21311
<b>Country :</b>	Egypt
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	1993
<b>Com. Reg. No.:</b>	115867, Alexandria
<b>Legal Form :</b>	Egyptian Joint Stock Company
<b>Line of Business :</b>	Subject is engaged in the manufacture of soft gelatine capsules for pharmaceuticals.
<b>No. of Employees :</b>	350

**RATING & COMMENTS**

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

**MIRA's Rating :**

**A**

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Good
<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.

## **SUMMARY**

Company Name	: SAFE PHARMA SAE
Also Known As	: SAFE PHARMACEUTICAL PRODUCTS SAE
Country of Origin	: Egypt
Legal Form	: Egyptian Joint Stock Company
Registration Date	: 1993
Commercial Registration Number	: 115867, Alexandria
Tax Card Number	: 291-425-100
Issued Capital	: £E 25,600,000
Paid up Capital	: £E 25,600,000
Total Workforce	: 350
Activities	: Manufacturers of soft gelatine capsules for pharmaceuticals
Financial Condition	: Fair
Payments	: No Complaints
Operating Trend	: Steady
Person Interviewed	: Moustafa Mahmoud, Accounts Manager

## **COMPANY NAME**

SAFE PHARMA SAE

## **ALSO KNOWN AS**

SAFE PHARMACEUTICAL PRODUCTS SAE

## **ADDRESS**

### **Registered & Physical Address**

Location : 2nd Industrial Zone, Plot 2, Block 31, Area No. 3, New Borg El Arab  
PO Box : 49, Sidi Gaber  
Town : Alexandria 21311  
Country : Egypt  
Telephone : (20-3) 4592158 / 4592038 / 4592159 / 4592168 / 4625058 / 4625059 / 4700199 / 4592158  
Facsimile : (20-3) 4592161 / 4625060  
Mobile : (20-100) 5094214 / (20-102) 2214230 / 2214240  
Email : [info@pharco.rog](mailto:info@pharco.rog) / [mostafamahmoud1969@yahoo.com](mailto:mostafamahmoud1969@yahoo.com)

### **Premises**

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

### **Branch Offices**

<u>Location</u>	<u>Description</u>
El Sheikh Ghorab Street Hadayek El Qobba Cairo Tel: (20-2) 22576194 Fax: (20-2) 22595787	Office premises
Mohandessin Building 496 El Horreya Road Ramleh Alexandria Tel: (20-3) 5863745 / 5879670 / 5879950 Fax: (20-3) 5870958	Office premises

## **KEY PRINCIPALS**

<b><u>Name</u></b>	<b><u>Position</u></b>
Dr Hassan Abbass Helmi	Chairman
Dr Sherine Hassan Abbass Helmi	Vice Chairman
Yashar Hassan Abbass Helmi	Director
Magda El Seoufy	Director
Yehia Motawee	Director
Mahmoud Alaa Jazer	Factory Manager
Mahmoud Abdul Qader	Administration Manager
Mohamed Oraibi	Human Resources Manager
Moustafa Mahmoud	Accounts Manager
Magda El Seoufy	R & D Manager
Mona Yehia	Quality Control Manager
Suzan Omran	Marketing Manager
Ali Salaman	Technical Manager

## **LEGAL FORM & OWNERS**

**Date of Establishment** : 1993

**Legal Form** : Egyptian Joint Stock Company

**Commercial Reg. No.** : 115867, Alexandria

**Tax Card No.** : 291-425-100

**Issued Capital** : £E 25,600,000

**Paid up Capital** : £E 25,600,000

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Name of Shareholder (s)	Percentage
Dr Hassan Abbass Helmi	51.0%
Dr Sherine Hassan Abbass Helmi	19.5%
Yashar Hassan Abbass Helmi	19.5%
Pharco	10.0%

**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.

## ***AFFILIATED COMPANIES***

Ameriya Pharmaceuticals Co  
Alexandria

European Egyptian Pharmaceuticals  
Alexandria

Techno Pharma Egypt  
Alexandria

Pharco B International  
Alexandria

Kir Trading Co  
Alexandria

## ***OPERATIONS***

**Activities:** Engaged in the manufacture of soft gelatine capsules for pharmaceuticals.

**Import Countries:** India, Germany, Austria, Switzerland, Australia and the United States of America

**International Suppliers:**

Jimini Pharmaceuticals India

**Export Countries:** Jordan, Tanzania, Sudan, United Arab Emirates, Oman and Libya

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**Operating Trend:** Steady

Subject has a workforce of approximately 350 employees.

## **FINANCIAL DATA**

Financial highlights provided by local sources are given below:

**Currency: Egyptian Pounds (EGP)**

<b>Year</b>	<b>Sales</b>
Year Ending 31/12/14:	EGP 160,000,000
Year Ending 31/12/15:	EGP 165,000,000
Year Ending 31/12/16:	EGP 161,000,000
Year Ending 31/12/17:	EGP 163,000,000

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**

Citibank  
95, 26<sup>th</sup> July Street  
Azarita  
Alexandria  
Tel: (20-3) 4834363 / 4840342  
Fax: (20-3) 4884363

Banque du Caire SAE  
22 Adly Street  
PO Box: 1495  
Cairo  
Tel: (20-2) 3904554  
Fax: (20-2) 3908992

Banque Misr

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151 Mohamed Farid Street  
Cairo  
Tel: (20-2) 33912711 / 33912106  
Fax: (20-2) 33919779

National Societe Generale Bank  
240 El Karnish Road  
Roushdy  
Alexandria  
Tel: (20-3) 5452352 / 5225580 / 5225590  
Fax: (20-3) 5455715 / 5452352

National Bank of Egypt  
NBE Tower  
1187 Corniche El Nil  
Cairo 11611

Commercial International Bank (CIB)  
Nile Tower Building  
21-23 Giza Street  
PO Box: 2430  
Cairo  
Tel: (20-2) 25703043  
Fax: (20-2) 25703172 / 25072691

## **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

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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 Mr Moustafa Mahmoud, Accounts Manager

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***

### **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.

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**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.

<b>Key Economic Indicators</b>	<b>2014</b>	<b>2015</b>	<b>2016*</b>	<b>2017*</b>	<b>2018</b>	<b>2019</b>
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 68.83
UK Pound	1	INR 89.93
Euro	1	INR 80.12
EGP	1	INR 3.85

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

**INFORMATION DETAILS**

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