

MIRA INFORM REPORT

Report No. :	539521
Report Date :	19.11.2018

IDENTIFICATION DETAILS

Name :	ETHIOPIAN SUGAR CORPORATION
Registered Office :	Phillips Bldg 2nd Floor Room 205, KEF 22 KEBELE 07 Addis Ababa P.O. Box 5734, Addis Ababa
Country :	Ethiopia
Financials (as on) :	2017 (Summarized)
Date of Incorporation :	02.12.2010
Com. Reg. No.:	192/2010
Legal Form :	State Corporation
Line of Business :	Subject operate as producers, distributors and suppliers of sugar and allied by products
No. of Employees :	1500

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 (30.06.2018)	Current Rating (30.09.2018)
Ethiopia	C1	C1

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

ETHIOPIA - ECONOMIC OVERVIEW

Ethiopia - the second most populous country in Africa - is a one-party state with a planned economy. For more than a decade before 2016, GDP grew at a rate between 8% and 11% annually – one of the fastest growing states among the 188 IMF member countries. This growth was driven by government investment in infrastructure, as well as sustained progress in the agricultural and service sectors. More than 70% of Ethiopia's population is still employed in the agricultural sector, but services have surpassed agriculture as the principal source of GDP.

Ethiopia has the lowest level of income-inequality in Africa and one of the lowest in the world, with a Gini coefficient comparable to that of the Scandinavian countries. Yet despite progress toward eliminating extreme poverty, Ethiopia remains one of the poorest countries in the world, due both to rapid population growth and a low starting base. Changes in rainfall associated with world-wide weather patterns resulted in the worst drought in 30 years in 2015-16, creating food insecurity for millions of Ethiopians.

The state is heavily engaged in the economy. Ongoing infrastructure projects include power production and distribution, roads, rails, airports and industrial parks. Key sectors are state-owned, including telecommunications, banking and insurance, and power distribution. Under Ethiopia's constitution, the state owns all land and provides long-term leases to tenants. Title rights in urban areas, particularly Addis Ababa, are poorly regulated, and subject to corruption.

Ethiopia's foreign exchange earnings are led by the services sector - primarily the state-run Ethiopian Airlines - followed by exports of several commodities. While coffee remains the largest foreign exchange earner, Ethiopia is diversifying exports, and commodities such as gold, sesame, khat, livestock and horticulture products are becoming increasingly important. Manufacturing represented less than 8% of total exports in 2016, but manufacturing exports should increase in future years due to a growing international presence.

The banking, insurance, telecommunications, and micro-credit industries are restricted to domestic investors, but Ethiopia has attracted roughly \$8.5 billion in foreign direct investment (FDI), mostly from China, Turkey, India and the EU; US FDI is \$567 million. Investment has been primarily in infrastructure, construction, agriculture/horticulture, agricultural processing, textiles, leather and leather products.

To support industrialization in sectors where Ethiopia has a comparative advantage, such as textiles and garments, leather goods, and processed agricultural products, Ethiopia plans to increase installed power generation capacity by 8,320 MW, up from a capacity of 2,000 MW, by building three more major dams and expanding to other sources of renewable energy. In 2017, the government devalued the birr by 15% to increase exports and alleviate a chronic foreign currency shortage in the country.

Source : CIA

SUBJECT'S NAME

Registered Name: **ETHIOPIAN SUGAR CORPORATION**
Requested Name: **SUGAR CORPORATION (FINCHAA SUGAR FACTORY)**
Trade Names: **FINCHAA SUGAR FACTORY**

ADDRESS AND TELECOMMUNICATION

Physical Address: Phillips Bldg 2nd Floor Room 205, KEF 22 KEBELE 07 Addis Ababa
Postal Address: P.O. Box 5734, Addis Ababa, Ethiopia
Country: Ethiopia
Phone: 251-11-5527475/ 526322/ 5512557/ 22-2200002, 2200023/ 85
Fax: 251-11-5151283/ 5512911/ 22-2200977
Email: esisew@ethionet.et/ info@etsugar.gov.et / wssf@ethionet.et
Website: www.etsugar.gov.et

CREDIT OPINION

Financial Index as of December 2017 shows subject firm with a medium risk of credit. However, bank and credit information obtained reveal a history of prompt payments.

LEGAL

Legal Form: State Corporation
Date Incorporated: 02-December-2010
Reg. Number: 192/2010 Addis Ababa, Ethiopia
Nominal Capital: ETB. 1,000,000
Subscribed Capital: ETB. 1,000,000
Subscribed Capital is Subscribed in the following form:

	Position	Shares
Mr. Abay Tsehaye	MD	
Mr. Ambachew Dametie	Deputy MD	
Mr. Asfaw Dingamo	Ass. To MD	
Government Of Ethiopia	Holding Co.	100.00%

RELATED COMPANIES

None	Parent company.
-METEHARA SUGAR FACTORY	
-FINCHAA SUGAR FACTORY	
-TENDAHO SUGAR FACTORY	
-ARJO DEDISSA SUGAR FACTORY	
-KESSEM SUGAR FACTORY	
-OMO-KURAZ SUGAR FACTORY II	Subsidiary company.
None	Affiliated company.
None	Shareholder of subject firm.
- Kazanches Supper Market near Developmental Bank of Ethiopia, Addis Ababa, Ethiopia.	
- Oromiya Regional State in Horro Guderru Wellega Zone, Abay Chomen District in Fincha	
- Addis Ababa and Nazareth Ethiopia	Branches of the firm

OPERATIONS

Registered to operate as producers , distributors and suppliers of sugar and allied by products

Imports:	Middle East
Exports:	Asia
Trademarks:	None
Terms of sale:	100% tenders.

Main Customers:	firms and organizations
Employees:	1500 employees.
Vehicles:	Several motor vehicles.
Territory of sales:	
Location:	Owned premises, 200,000 square feet,

AUDITORS AND INSURANCE

Auditors:	Information not available.
Insurance Brokers:	Information not available.

FINANCE

Currency Reported:

Ethiopian Birr (ETB.)

Fiscal Year End:

December 31, 2017

Inflation:

According to information given by independent sources,
the inflation at December 31st, 2017
was of 13%.

Financial Information not Submitted

Profit and Loss (expressed in ETB.)

2017

Sales

15,000,000,000

BANK

Bank Name:

National Bank of Ethiopia

Branch:

Ethiopia

Comments:

None

TRADE REFERENCES

Experiences:

Good

NOTARIAL BONDS

None

COMMENTS / ADDITIONAL INFORMATION

This information was obtained from outside sources other than the subject company itself and confirmed the above subject.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.80
UK Pound	1	INR 91.92
Euro	1	INR 81.46
ETB	1	INR 2.58

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

INFORMATION DETAILS

Analysis Done by :	NIS
Report Prepared by :	TRU

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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)