

MIRA INFORM REPORT

Report No. :	541071
Report Date :	28.11.2018

IDENTIFICATION DETAILS

Name :	PHARAONIA PHARMACEUTICALS
Registered Office :	3 rd Industrial Zone, Block No. 16, Plot No. 1, New Borg Al Arab City, P O Box: 49, Alexandria
Country :	Egypt
Financials (as on) :	31.12.2017
Date of Incorporation :	1998
Com. Reg. No.:	134300, Alexandria
Legal Form :	Egyptian Joint Stock Company
Line of Business :	Manufacturers of Pharmaceuticals
No. of Employees :	850

RATING & COMMENTS

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

MIRA's Rating : A+

Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES:

Any query related to this report can be made on e-mail: while quoting report number, name and date.

SUMMARY

Company Name	: PHARAONIA PHARMACEUTICALS
Country of Origin	: Egypt
Legal Form	: Egyptian Joint Stock Company
Registration Date	: 1998
Commercial Registration Number	: 134300, Alexandria
Industry Registration Number	: 275670
Issued Capital	: £E 75,000,000
Paid up Capital	: £E 75,000,000
Total Workforce	: 850
Activities	: Manufacturers of pharmaceuticals
Financial Condition	: Fair
Payments	: Regular
Operating Trend	: Steady
Person Interviewed	: Reem Hano, Purchasing Manager

COMPANY NAME

PHARAONIA PHARMACEUTICALS

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Location : 3rd Industrial Zone, Block No. 16, Plot No. 1
Area : New Borg Al Arab City

PO Box : 49

Town : Alexandria
Country : Egypt

Telephone : (20-3) 4622207 / 4622208 / 4622210/12
Facsimile : (20-3) 4662207
Mobile : (20-122) 5245831
Email : pharmet@hotmail.com / purchasing.pharopharma@gmail.com /
khaled.farook@pharoniapharma.com

Premises

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

Branch Office (s)

<u>Location</u>	<u>Description</u>
<ul style="list-style-type: none">3rd Industrial Zone, Block 16, Plot No. 1 New Borg El Arab City Alexandria Tel: (20-3) 4598367 Fax: (20-3) 4594684	Factory premises
<ul style="list-style-type: none">Apartment III 138 Masged El Rahman Street Smouha Alexandria Tel: (20-3) 4591520 / 4254407 / 4593800 Fax: (20-3) 4591520 / 4254406	Office premises
<ul style="list-style-type: none">23 Fawzy Moaaz Street	Office premises

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El Horeeya Towers
Smouha
Alexandria
Tel: (20-3) 4206533 / 4206536

- 4 Takssem Asmaa Fahmy
Golf Land Building, Apt 14/21/22, 10th Floor
Pharma Plaza Building
Ard El Golf
Heliopolis
Nasr City
Cairo
Tel: (20-2) 24155961 / 26907394 / 26907395 / 26907396
Fax: (20-2) 24155961 / 26907394 / 26907395 / 26907396

Office premises

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Dr Metwally Zakaria El Nomrosy	Chairman
• Hassan Mahmoud Zohdy	Director
• Dr Youssry El Masry	General Manager
• Essam El Shafie	Financial Manager
• Ayman Salah	Accounts Manager
• Reem Hano	Purchasing Manager
• Khaled Farook	Purchasing Officer

LEGAL FORM & OWNERS

Date of Establishment : 1998

Legal Form : Egyptian Joint Stock Company

Commercial Reg. No. : 134300, Alexandria

Industry Reg. No. : 275670

Issued Capital : £E 75,000,000

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Paid up Capital : £E 75,000,000

Name of Shareholder (s)	Percentage
• El Ritag Holding Co. Kuwait	75%
• Dr Metwally Zakaria El Nomrosy	25%

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 pharmaceuticals.

Import Countries: Germany, China, India, Italy, Spain, United Kingdom and Taiwan

International Suppliers:

- Rachem Ltd India
- Supriya Ltd India

Export Countries: Romania, Tanzania, Bahrain, Qatar, Yemen, Kuwait, Libya, Uganda, Mauritania, Ghana and Gulf Countries

Operating Trend: Steady

Subject has a workforce of approximately 850 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Egyptian Pounds (EGP)

Year	Sales
Year Ending 31/12/14:	EGP 200,000,000
Year Ending 31/12/15:	EGP 205,700,000

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Year Ending 31/12/16: EGP 211,000,000

Year Ending 31/12/17: EGP 218,000,000

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

- Suez Canal Bank
PO Box: 2620
Cairo
Tel: (20-2) 25769296
Fax: (20-2) 25322064
- Banque Misr
El Hanoville Street
Agami
Alexandria
Tel: (20-3) 4302697
- Al Watany Bank of Egypt
601 Horreya Road
Alexandria
Tel: (20-3) 5745621
Fax: (20-3) 5703282
- Misr International Bank (MIBANK)
Glym Branch
539 Bis, Horreya Road
Alexandria
Tel: (20-3) 5876572 / 5876279
Fax: (20-3) 5879601

PAYMENT HISTORY

Regular

GENERAL COMMENTS

During the course of this investigation the following sources were consulted:

- Internal database
- Journals, directories, media & web searches
- Local Registry office

According to local sources, subject enjoys a good reputation for the quality of its products with nothing detrimental uncovered regarding the manner in which operations are conducted. 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 70.91
UK Pound	1	INR 90.84
Euro	1	INR 80.42
EGP	1	INR 3.95

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	NIT

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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)