

MIRA INFORM REPORT

Report No. :	533021
Report Date :	04.10.2018

IDENTIFICATION DETAILS

Name :	INTERNATIONAL TEXTILE
Registered Office :	Industrial Zone C6, Plot IA, Sharkeya, 10th Ramadan City
Country :	Egypt
Financials (as on) :	31.12.2017
Date of Incorporation :	18.04.2002
Com. Reg. No.:	115
Legal Form :	Sole Proprietorship
Line of Business :	Manufacturers of Mixed Polyester Fabrics.
No. of Employees :	100

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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	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: while quoting report number, name and date.

SUMMARY

Company Name	: INTERNATIONAL TEXTILE
Country of Origin	: Egypt
Legal Form	: Sole Proprietorship
Registration Date	: 18 th April 2002
Commercial Registration Number	: 115
Tax Card Number	: 205-057-373
Invested Capital	: £E 10,000,000
Total Workforce	: 100
Activities	: Manufacturers of mixed polyester fabrics.
Financial Condition	: Fair
Payments	: No Complaints
Operating Trend	: Steady
Person Interviewed	: Sayed Mahmoud Attia El Barhamtoshi, Proprietor & General Manager

COMPANY NAME

INTERNATIONAL TEXTILE

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Location : Industrial Zone C6, Plot IA
Area : Sharkeya

Town : 10th Ramadan City
Country : Egypt

Telephone : (20-15) 355724 / 356057 / 356058 / 356059
Facsimile : (20-15) 355724
Mobile : (20-122) 2104239 / (20-127) 1111777
Email : int_sayed@hotmail.com

Premises

Subject operates from a medium sized suite of offices and a factory that are rented and located in the Industrial Area of the 10th Ramadan City.

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Sayed Mahmoud Attia El Barhamtoshi	Proprietor & General Manager
• Hebatullah Sayed Mahmoud Attia El Barhamtoshi	Assistant General Manager
• Ihab El Laithy	Financial Controller

LEGAL FORM & OWNERS

Date of Establishment : 18th April 2002

Legal Form : Sole Proprietorship

Commercial Reg. No. : 115

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Tax Card No. : 205-057-373

Invested Capital : £E 10,000,000

Mr Sayed Mahmoud Attia El Barhamtoshi is the sole proprietor of the business.

Note to the Legal Form

An Sole Proprietorship 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 manufacture of mixed polyester fabrics.

Import Countries: India and Italy.

International Suppliers:

- Indorama India
- Reliance India
- Zydex Industries India
- Lakshmi Printing Machines India
- MB Co India

Operating Trend: Steady

Subject has a workforce of 100 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Egyptian Pounds (EGP)

Year	Sales
Year Ending 31/12/14:	EGP 25,375,000
Year Ending 31/12/15:	EGP 27,800,000
Year Ending 31/12/16:	EGP 30,000,000
Year Ending 31/12/17:	EGP 33,000,000

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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

- National Bank of Egypt
Sharkeya Branch
Tenth of Ramadan City
Tel: (20-15) 360833 / 360744 / 344144

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
- Local Registry office

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

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
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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 73.03
UK Pound	1	INR 94.99
Euro	1	INR 85.58
EGP	1	INR 4.11

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)