

MIRA INFORM REPORT

Report No. :	531369
Report Date :	25.09.2018

IDENTIFICATION DETAILS

Name :	FARZANA TRADING LLC
Registered Office :	Shop No. 89-90, Al Aweer Central Fruit & Vegetable Market, Al Khaleej Street, Corniche Area, P O Box: 5188, Dubai
Country :	United Arab Emirates
Financials (as on) :	31.12.2017
Date of Incorporation :	02.03.1981
Com. Reg. No.:	11074, Dubai
Legal Form :	Limited Liability Company – LLC
Line of Business :	<ul style="list-style-type: none"> • Import and distribution of fresh fruit and berries, green vegetables and dairy products such as eggs, other products include apples, pears, oranges, lemons, grapes, pineapples, kiwi and many more. • The main vegetables include garlic, ginger, carrots, onions, potatoes and tomatoes. Subject also imports a wide range of exotic fruits such as rambutans and dragon fruit.
No. of Employees :	350

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.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
United Arab Emirates	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

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UNITED ARAB EMIRATES - ECONOMIC OVERVIEW

The UAE has an open economy with a high per capita income and a sizable annual trade surplus. Successful efforts at economic diversification have reduced the portion of GDP from the oil and gas sector to 30%.

Since the discovery of oil in the UAE nearly 60 years ago, the country has undergone a profound transformation from an impoverished region of small desert principalities to a modern state with a high standard of living. The government has increased spending on job creation and infrastructure expansion and is opening up utilities to greater private sector involvement. The country's free trade zones - offering 100% foreign ownership and zero taxes - are helping to attract foreign investors.

The global financial crisis of 2008-09, tight international credit, and deflated asset prices constricted the economy in 2009. UAE authorities tried to blunt the crisis by increasing spending and boosting liquidity in the banking sector. The crisis hit Dubai hardest, as it was heavily exposed to depressed real estate prices. Dubai lacked sufficient cash to meet its debt obligations, prompting global concern about its solvency and ultimately a \$20 billion bailout from the UAE Central Bank and Abu Dhabi Government that was refinanced in March 2014.

The UAE's dependence on oil is a significant long-term challenge, although the UAE is one of the most diversified countries in the Gulf Cooperation Council. Low oil prices have prompted the UAE to cut expenditures, including on some social programs, but the UAE has sufficient assets in its sovereign investment funds to cover its deficits. The government reduced fuel subsidies in August 2015, and introduced excise taxes (50% on sweetened carbonated beverages and 100% on energy drinks and tobacco) in October 2017. A five-percent value-added tax was introduced in January 2018. The UAE's strategic plan for the next few years focuses on economic diversification, promoting the UAE as a global trade and tourism hub, developing industry, and creating more job opportunities for nationals through improved education and increased private sector employment.

Source : CIA

SUMMARY

Company Name	: FARZANA TRADING LLC
Country of Origin	: Dubai, United Arab Emirates
Legal Form	: Limited Liability Company – LLC
Start Date	: 1969
Registration Date	: 2 nd March 1981
Commercial Registration Number	: 11074, Dubai
Trade Licence Number	: 201314
Chamber Membership Number	: 7505
Issued Capital	: UAE Dh 3,000,000
Paid up Capital	: UAE Dh 3,000,000
Total Workforce	: 350
Activities	: Distributors of fresh fruit, vegetables and dairy products
Financial Condition	: Good
Payments	: Regular
Person Interviewed	: Anal Merchant, Finance Manager

COMPANY NAME

FARZANA TRADING LLC

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Location : Shop No. 89-90, Al Aweer Central Fruit & Vegetable Market
Street : Al Khaleej Street
Area : Corniche Area

PO Box : 5188

Town : Dubai
Country : United Arab Emirates

Telephone : (971-4) 3200101 / 2727075 / 2726745 / 2726254 / 2266767 / 2263616
Facsimile : (971-4) 2731761 / 3334843
Mobile : (971-50) 7745044
Email : fgt@farzanatrading.com / fgt@farzana.ae / farzana3@emirates.net.ae

Premises

Subject operates from a large suite of offices and a showroom that are rented and located in the Central Business Area of Dubai.

Branch Office (s)

<u>Location</u>	<u>Description</u>
<ul style="list-style-type: none">Meena Fruit and Vegetable Market Shop No. 9 PO Box: 28919 Abu Dhabi Tel: (971-2) 6732394 Fax: (971-2) 6732794	Showroom premises
<ul style="list-style-type: none">Industrial Area No. 1 PO Box: 22892 Sharjah Tel: (971-6) 5331696 Fax: (971-6) 5325317	Showroom premises

KEY PRINCIPALS

<u>Name</u>	<u>Nationality</u>	<u>Position</u>
• Mohamed Hassan Ali Ash Sharif	Emirati	Managing Director
• Ayoub Hassan Ali Ash Sharif	Emirati	Director
• Jamal Hassan Ali Ash Sharif	Emirati	Director
• Ismail Hassan Ali Ash Sharif	Emirati	Director
• Hassan Rahi	-	General Manager
• Abdullah Hassan Ali Al Sharif	-	Sales Manager (Fruit)
• Jassem Hassan Ali Al Sharif	-	Sales Manager (Vegetables)
• Abdulreza Zargarian	-	Sales Manager (Dairy)
• Anal Merchant	-	Finance Manager
• Rajeeva Krishna	-	Export Manager

LEGAL FORM & OWNERS

Date of Establishment : Subject's operations date back to 1969, however it was registered on 2nd March 1981

History : Subject began in 1969 as a Sole Proprietorship. However it changed to a Limited Liability Company during October 2017.

Legal Form : Limited Liability Company – LLC

Commercial Reg. No. : 11074, Dubai

Trade Licence No. : 201314 (Expires 17/02/2019)

Chamber Member No. : 7505

Issued Capital : UAE Dh 3,000,000

Paid up Capital : UAE Dh 3,000,000

Name of Shareholder (s)

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- Mohamed Hassan Ali Ash Sharif
- Ayoub Hassan Ali Ash Sharif
- Jamal Hassan Ali Ash Sharif
- Ismail Hassan Ali Ash Sharif

Notes to the legal Form

The LLC requires a minimum of two and a maximum of 50 members. The minimum share capital required is UAE Dh 300,000. Shareholders are only liable up to the extent of the value of their shares. This type of company may engage in any form of legitimate business, with the exception of insurance, banking and investment of funds. The company is not obliged to publish its accounts. The participation of non-Emirati in a trade or business in the United Arab Emirates is governed by the Foreign Business Investment Law, which sets capital requirements and requires 51 percent Emirati participation in capital and profits. It is common for the 51 percent to be held by the UAE national on paper only with the foreign partner(s) providing all the capital requirements for the company and paying an annual fee to the local partner.

AFFILIATED COMPANIES

- Farzana General Trading
PO Box: 5188
Dubai
Tel: (971-4) 3330733
Fax: (971-4) 3334843

OPERATIONS

Activities: Engaged in the import and distribution of fresh fruit and berries, green vegetables and dairy products such as eggs, other products include apples, pears, oranges, lemons, grapes, pineapples, kiwi and many more. The main vegetables include garlic, ginger, carrots, onions, potatoes and tomatoes. Subject also imports a wide range of exotic fruits such as rambutans and dragon fruit.

Subject operates a fleet of 100 chiller trucks

Import Countries: USA, Egypt, France, Australia, New Zealand, India, Pakistan, Vietnam, Philippines, China, Chile, Netherlands, Brazil, South Africa and Italy

International Suppliers:

- North East Equity Pvt Ltd Australia
- Fresh Connection United States of America
- Stamilt Grower United States of America

Export Countries: Saudi Arabia, Bahrain, Jordan, Lebanon, Egypt and Tunisia

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Subject has a workforce of approximately 350 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: United Arab Emirates Dirham (UAE Dh)

Year	Sales
Year Ending 31/12/17:	UAE Dh 550,000,000

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

Note:

According to local Commercial Law, only publicly listed companies are required to publish their financial information. Financial information on other legal forms can only be obtained from the companies / businesses directly

BANKERS

- Bank Saderat Iran
Al Maktoum
PO Box: 4182
Dubai
Tel: (971-4) 2221161
- HSBC Bank Middle East
Deira Souk Branch
PO Box: 66
Dubai
Tel: (971-4) 2535000

PAYMENT HISTORY

Subject's payments have been reported to be regular.

GENERAL COMMENTS

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

- Internal database

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- Journals, directories, media & web searches
- Local Registry office
- Interview with Anal Merchant, Finance 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

The economy continues to experience a slowdown in economic growth as a result of low oil prices. Real GDP achieved sustained growth of over 6 % per year in recent decades, with oil surpluses invested into the non-oil economy. In particular, the country has managed to develop the Dubai financial and real-estate centres, international airline hubs in Dubai and Abu Dhabi, and sports-tourism in a number of Emirates as well as light manufacturing and transport and retail trade services. However, since June 2014, it has been affected by the plummeting of global oil prices which has resulted in a drop-in hydrocarbon exports and revenues. While it managed to sustain growth rates of 4.6% in 2014, growth in 2015 is estimated to have declined to 3.4%.

Fiscal and external balances are deteriorating and macro-financial risks are increasing. A drop-in hydrocarbon revenues coupled with expansionary fiscal policy has pushed the fiscal balance down from a surplus of 10.4% of GDP in 2013 to a 5% surplus in 2014 and to an estimated deficit of -4.3% of GDP by end-2015. The fiscal deficit of 2015 is the first since the financial crisis of 2009 when the real estate bubble in Dubai burst. The current account surplus fell from 18.4% of GDP in 2013 to 13.7% of GDP in 2014 and to a mere 0.2% of GDP by end-2015.

Monetary policy is tightening, as is liquidity in the banking system. The Central Bank raised the interest rate on its certificates of deposit by 25 basis points in December 2015 in response to the United States' Federal Reserve rate increase. It is expected to continue mirroring the Fed's interest rate hikes. At the same time, reduced government deposits are resulting in reduced liquidity in the banking sector.

The growth outlook is one of slow recovery, averaging 2.5 % between 2016 and 2018. Oil production will increase as a result of investment in oilfield development. Non-hydrocarbon growth will rise as megaproject implementation ramps up ahead of Dubai's hosting of Expo 2020, and as the lifting of sanctions on Iran translates into increased commerce, trade, and investment between Iran and the UAE (particularly Dubai). These developments will jointly help to narrow the current account deficit from an estimated deficit of -1.7% of GDP in 2016 to a forecasted deficit of -0.2% of GDP in 2018.

Fiscal policy will continue to tighten, but ensuring fiscal sustainability will require additional policy measures to cut spending, develop new revenue streams, and manage fiscal risks. The UAE government has reported that it will be implementing a value-added tax (VAT) at the latest by 2018, along with other GCC countries. It is also considering the introduction of a corporate tax. This will help improve the fiscal balance. Other consolidation measures are needed, including a reduction in electricity and water subsidies and a gradual slowdown in the implementation of GRE's (Government Related Entities) megaprojects.

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Key Economic Indicators	2014	2015	2016*	2017*
Real GDP Growth (%)	4.6	3.4	2.0	2.4
Inflation Rate (%)	2.3	4.1	3.1	3.4
Fiscal Balance (% of GDP)	5.0	-4.3	-5.2	-2.1
Current Account Balance (% of GDP)	13.7	0.2	-1.7	-0.4

* forecast

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.69
UK Pound	1	INR 95.00
Euro	1	INR 85.25
UAE Dh	1	INR 19.85

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

INFORMATION DETAILS

Analysis Done by :	VIVR
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)