

MIRA INFORM REPORT

Report No. :	523318
Report Date :	03.08.2018

IDENTIFICATION DETAILS

Name :	MIDDLE EAST PAPER COMPANY (MEPCO)
Registered Office :	Al Khumrah Industrial Area, Near Water Treatment Plant PO Box 32913, Jeddah 21438
Country :	Saudi Arabia
Financials (as on) :	31.12.2017
Date of Incorporation :	30.09.2000
Com. Reg. No.:	4030131516
Legal Form :	Joint Stock Company
Line of Business :	Subject is engaged in the manufacture and distribution of containerboard, packaging paper, industrial paper and related products.
No. of Employees :	1,545

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 : infodept@mirainform.com while quoting report number, name and date.

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Saudi Arabia	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

SAUDI ARABIA - ECONOMIC OVERVIEW

Saudi Arabia has an oil-based economy with strong government controls over major economic activities. It possesses about 16% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 87% of budget revenues, 42% of GDP, and 90% of export earnings.

Saudi Arabia is encouraging the growth of the private sector in order to diversify its economy and to employ more Saudi nationals. Approximately 6 million foreign workers play an important role in the Saudi economy, particularly in the oil and service sectors; at the same time, however, Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population.

In 2017, the Kingdom incurred a budget deficit estimated at 8.3% of GDP, which was financed by bond sales and drawing down reserves. Although the Kingdom can finance high deficits for several years by drawing down its considerable foreign assets or by borrowing, it has cut capital spending and reduced subsidies on electricity, water, and petroleum products and recently introduced a value-added tax of 5%. In January 2016, Crown Prince and Deputy Prime Minister MUHAMMAD BIN SALMAN announced that Saudi Arabia intends to list shares of its state-owned petroleum company, ARAMCO - another move to increase revenue and outside investment. The government has also looked at privatization and diversification of the economy more closely in the wake of a diminished oil market. Historically, Saudi Arabia has focused diversification efforts on power generation, telecommunications, natural gas exploration, and petrochemical sectors. More recently, the government has approached investors about expanding the role of the private sector in the health care, education and tourism industries. While Saudi Arabia has emphasized their goals of diversification for some time, current low oil prices may force the government to make more drastic changes ahead of their long-run timeline.

Source : CIA

SUMMARY

Company Name	: MIDDLE EAST PAPER COMPANY (MEPCO)
Country of Origin	: Saudi Arabia
Legal Form	: Joint Stock Company
Registration Date	: 30th September 2000
Commercial Registration Number	: 4030131516, Jeddah
Issued Capital	: SR 500,000,000
Paid up Capital	: SR 500,000,000
Total Workforce	: 1,545
Activities	: Manufacture and distribution of containerboard, packaging paper, industrial paper and related products
Financial Condition	: Good
Payments	: Regular
Operating Trend	: Steady

COMPANY NAME

MIDDLE EAST PAPER COMPANY (MEPCO)

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Location : Al Khumrah Industrial Area, Near Water Treatment Plant

PO Box : 32913

Town : Jeddah 21438

Country : Saudi Arabia

Telephone : (966-12) 6380111

Facsimile : (966-12) 6370516 / 6389111

Email : info@mepco.biz / kuldeep.gupta@mepco.biz

Premises

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

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Emad Abdulkadir Al Muhaidib	Chairman
• Abdul-Ilah Abdullah Abunayyan	Director
• Ahmed Mubarak Al Debasi	Director
• Abdullah Abdul Rahman Al Moammar	Director
• Tariq Mutlaq Al Mutlaq	Director
• Khaled Saleh Al Khattaf	Director
• Mussab Sulaiman Al Muhaidib	Director
• Walid Ibrahim Shukri	Director

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

• Sami Ali Al Safran	Chief Executive Officer
• Mohamed Saleh Darweesh	Chief Financial Officer
• Kuldeep Gupta	Finance Manager
• Ahmed El Fazary	Sales & Marketing Manager
• Abdullah K Alghamdi	Human Resources Manager
• Wadia Mohammed Malibari	Chief Operations Manager
• Samir Ali	Logistics Manager

LEGAL FORM & OWNERS

Date of Establishment : 30th September 2000

Legal Form : Joint Stock Company

Commercial Reg. No. : 4030131516, Jeddah

Issued Capital : SR 500,000,000

Paid up Capital : SR 500,000,000

<i>Name of Shareholder (s)</i>	<i>Percentage</i>
• Abdul Kader Al Muhaidib & Sons Co	23.23%
• Lafna Holding Co	18.43%
• Abdullah Abdulrahman Al Moamar	9.50%
• Local businessmen and private investors	48.84%

AFFILIATED COMPANIES

<u>Name</u>	<u>Percentage Held</u>
• Waste Collection & Recycling Co Ltd Jeddah	100%

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

- Alanjzat Specialized Company 100%
Riyadh

OPERATIONS

Activities: Engaged in the manufacture and distribution of containerboard, packaging paper, industrial paper and related products.

Production Capacity: 350,000 tonnes per year

Import Countries: Switzerland

International Suppliers:

- Vipa Switzerland
- Vasco Saudi Arabia

Operating Trend: Steady

Subject has a workforce of approximately 1,545 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Saudi Riyals (SR)

<u>Balance Sheet</u>	<u>31/12/17</u>	<u>31/12/16</u>
Assets		
Non-current assets		
Property, plant and equipment	1,064,989,269	1,087,099,482
Intangible assets	5,143,778	5,581,962
Derivative financial instruments	1,357,238	2,715,795
Total non-current assets	1,071,490,285	1,095,397,239
Current assets		
Inventories	180,172,467	175,673,920
Trade receivables	209,617,581	174,324,793
Prepayments and other receivables	12,189,151	14,614,638
Other current assets	44,037,269	45,350,911
Investments at fair value through profit or loss	512,303	-
Cash and cash equivalents	31,015,660	34,379,773
Total current assets	477,544,431	444,344,035
Total assets	1,549,034,716	1,539,741,274

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

Equity and Liabilities		
Equity		
Share capital	500,000,000	500,000,000
Statutory reserve	73,663,228	66,850,116
Retained earnings	148,716,962	126,615,343
Total equity	722,380,190	693,495,459
Liabilities		
Non-current liabilities		
Long-term borrowings	358,354,589	390,024,783
Employees' end of service benefits	35,330,773	29,837,970
Total non-current liabilities		
Current liabilities		
Zakat payable	3,006,659	1,630,533
Current portion of long-term borrowings	124,333,703	113,548,364
Short-term borrowings	223,253,221	242,070,059
Trade and other payables	77,688,708	67,158,902
Other current liabilities	4,686,873	2,005,204
Total current liabilities		
Total liabilities	826,654,526	846,275,815
Total equity and liabilities	1,549,034,716	1,539,741,274

Statement of Income

Sales	771,008,091	634,404,523
Cost of sales	(584,898,147)	(503,121,781)
Gross profit	186,109,944	131,282,742
Selling and marketing expenses	(34,634,837)	(39,370,626)
General and administrative expenses	(56,704,237)	(59,391,336)
Fair value (loss)/gain on derivative financial instruments	(1,358,557)	2,632,113
Other income/(expenses)	2,421,167	(1,260,225)
Operating profit	95,833,480	33,892,668
Net gain of claim for expropriated land and premises	-	91,963,702
Finance costs	(26,288,287)	(29,636,242)
Income before Zakat	69,545,193	96,220,128
Zakat	(1,414,078)	(1,312,740)
Net income for the year	68,131,115	94,907,388

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

BANKERS

- Al Bank Al Saudi Al Hollandi
King Abdulaziz Street
PO Box: 67
Jeddah
Tel: (966-12) 6446849

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

PAYMENT HISTORY

Regular

GENERAL COMMENTS

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.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.36
UK Pound	1	INR 89.52
Euro	1	INR 79.57
SAR	1	INR 18.34

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	TRU

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

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)