

MIRA INFORM REPORT

Report No. :	524301
Report Date :	08.08.2018

INQUIRY DETAILS

Given Name :	OMAN CEMENT COMPANY SAOG
Given Address :	Po Box 560, Ruwi, Post Code 112, Sultanate of Oman
Tel. No.:	24437070

Note: Correct name of the company is "OMAN CEMENT COMPANY SAOG (OCC)"

IDENTIFICATION DETAILS

Name :	OMAN CEMENT COMPANY SAOG (OCC)
Registered Office :	Ghala Road, Al Murayrat, PO Box: 560, Ruwi 112, Muscat
Country :	Oman
Financials (as on) :	31.12.2017
Date of Incorporation :	29.01.1978
Com. Reg. No.:	1/06123/2
Legal Form :	Omani Public Joint Stock Company
Line of Business :	Subject is engaged in the manufacture of cement and clinker products. Subject manufactures ordinary Portland cement, sulphate resistant cement and oil well cement
No. of Employees :	625

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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+	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.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Oman	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

OMAN - ECONOMIC OVERVIEW

Oman is heavily dependent on oil and gas resources, which can generate between 68% and 85% of government revenue, depending on fluctuations in commodity prices. In 2016, low global oil prices drove Oman's budget deficit to \$13.8 billion, or approximately 20% of GDP, but the budget deficit is estimated to have reduced to 12% of GDP in 2017 as Oman reduced government subsidies. As of January 2018, Oman has sufficient foreign assets to support its currency's fixed exchange rates. It is issuing debt to cover its deficit.

Oman is using enhanced oil recovery techniques to boost production, but it has simultaneously pursued a development plan that focuses on diversification, industrialization, and privatization, with the objective of reducing the oil sector's contribution to GDP. The key components of the government's diversification strategy are tourism, shipping and logistics, mining, manufacturing, and aquaculture.

Muscat also has notably focused on creating more Omani jobs to employ the rising number of nationals entering the workforce. However, high social welfare benefits - that had increased in the wake of the 2011 Arab Spring - have made it impossible for the government to balance its budget in light of current oil prices. In response, Omani officials imposed austerity measures on its gasoline and diesel subsidies in 2016. These spending cuts have had only a moderate effect on the government's budget, which is projected to again face a deficit of \$7.8 billion in 2018.

Source : CIA

SUMMARY

Company Name	: OMAN CEMENT COMPANY SAOG (OCC)
Country of Origin	: Oman
Legal Form	: Omani Public Joint Stock Company
Registration Date	: 29th January 1978
Commercial Registration Number	: 1/06123/2
Issued Capital	: RO 36,000,000
Paid up Capital	: RO 33,087,271
Total Workforce	: 625
Activities	: Manufacturers of cement and clinker products
Financial Condition	: Good
Payments	: Regular
Operating Trend	: Steady

COMPANY NAME

OMAN CEMENT COMPANY SAOG (OCC)

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Street : Ghala Road
Area : Al Murayrat

PO Box : 560, Ruwi 112

Town : Muscat
Country : Sultanate of Oman

Telephone : (968) 24437050 / 24437070
Facsimile : (968) 24437777
Email : omancmnt@omantel.net.om / admin@omacement.com

Premises

Subject operates from a large suite of offices that are owned and located in the Central Business Area of Muscat.

Branch Office (s)

<u>Location</u>	<u>Description</u>
• Rusayl Industrial Area Muscat	Production plant

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Dr Abdullah Abbas Ahmed	Chairman
• Kumail Majid Al Musawi	Vice Chairman
• Mubarak Bin Suleiman Al Mandheri	Director
• Hussain Ali Al Raeesi	Director

• Mohamed Bin Saleh Al Humaidi	Director
• Hamdan Bin Mohamed Al Wahaibi	Director
• Ahmed Harith Al Busaidi	Director
• Ali Salim Ali Al Rajehi	Director
• Najat Ali Abdulhussian Al Lawati	Director
• Ismail Khamis Al Harasi	Director
• Jamal Bin Shamis Al Hooti	Chief Executive Officer

LEGAL FORM & OWNERS

Date of Establishment : 29th January 1978

Legal Form : Sharikat Al Mousahama Al Omania (Societe Anonyme Omani
General - SAOG) (Omani Public Joint Stock Company)

Commercial Reg. No. : 1/06123/2

Issued Capital : RO 36,000,000

Paid up Capital : RO 33,087,271

<i>Name of Shareholder (s)</i>	<i>Percentage</i>
• Government of Oman – Ministry of Finance	51.00%
• Pension and other Funds	33.65%
• Public Authority of Social Service	5.50%
• Private individuals	9.85%

AFFILIATED COMPANIES

<u>Name</u>	<u>Percentage Held</u>
• Mondy Oman LLC	30%

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OPERATIONS

Activities: Engaged in the manufacture of cement and clinker products. Subject manufactures ordinary Portland cement, sulphate resistant cement and oil well cement.

The Rusayl cement plant was completed in 1983 with an annual cement production capacity of 2,075,870 tons of clinkers and 2,284,060 tons of cement.

Expansion Project

Subject has completed work on its expansion project which has increased annual production of clinker to 1.52 million tons and cement to 1.88 million tons, along with a captive power generation plant of 30 MW.

Subject has been awarded ISO 9002:1994 certification.

Import Countries: Europe and Japan.

Export Countries: OCC currently exports 41.6% of its output, primarily to the UAE (its main export market), but also Yemen, Somalia, Eritrea, Sudan, Tanzania, Pakistan and Saudi Arabia.

Operating Trend: Steady

Subject has a workforce of approximately 625 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Riyal Omani (RO)

Balance Sheet
31/12/16

31/12/17

OMAN CEMENT COMPANY SAOG (OCC) - 524301

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ASSETS		RO	RO
Non-current assets			
Property, plant and equipment	5	121,370,419	121,585,827
Intangible assets	6	74,016	102,483
Investment in an associate	7	1,018,967	937,114
Investments available for sale	8	9,857,121	12,431,413
Held-to-maturity investments	9	11,290,831	10,272,700
Bank deposits	11	10,177,590	18,684,247
Total non-current assets		153,788,944	164,013,784
Current assets			
Investments at fair value through profit or loss	10	5,719,101	5,998,810
Held-to-maturity investments	9	—	1,000,000
Inventories	12	20,020,646	20,417,852
Accounts and other receivables	13	6,243,116	5,484,035
Bank balances and cash	14	3,707,303	3,529,796
Bank deposits	11	9,231,657	4,327,397
Total current assets		44,921,823	40,757,890
Total assets		198,710,767	204,771,674
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	15	33,087,271	33,087,271
Share premium	16	6,724,145	6,724,145
Legal reserve	17 a)	11,029,090	11,029,090
Voluntary reserve	17 b)	16,543,635	16,543,635
Fair value reserve	8 c)	3,871,547	6,620,956
Retained earnings		89,624,224	89,958,553
Total Shareholders' equity		160,879,912	163,963,650
Liabilities			
Non-current liabilities			
Non-current portion of term loans	18	12,659,787	16,543,086
Employees' end of service benefits	27 b)	1,142,462	1,246,350
Deferred tax liability	20	7,426,271	5,623,007
Total non-current liabilities		21,228,520	23,412,443
Current liabilities			
Accounts and other payables	19	7,526,472	9,641,949
Current portion of term loans	18	7,650,329	6,499,156
Taxation	20	1,425,534	1,254,476
Total current liabilities		16,602,335	17,395,581
Total liabilities		37,830,855	40,808,024
Total equity and liabilities		198,710,767	204,771,674

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Income Statement

Income	57,548,487	
56,603,802		
Cost of sales	(42,744,980)	
(40,029,629)		
Gross profit	14,803,507	
16,574,173		
Expenses		
General and administration	(3,939,451)	
(3,991,147)		
Operating profit	10,864,056	
12,583,026		
Other income	415,991	71,404
Net finance income	713,566	696,246
Net investment income	826,313	
1,132,492		
Profit before taxation	12,819,926	
14,483,168		
Taxation	(3,228,073)	
(1,607,103)		
Profit for the year	9,591,853	
12,876,065		

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

BANKERS

- Bank of Oman, Bahrain & Kuwait
BOBK House
Al Burj Street
PO Box: 4708, Ruwi 112
Muscat
Tel: (968) 24701528 / 24701532 / 24701788
Fax: (968) 24705607 / 24793536
- HSBC Middle East
PO Box: 234
Muscat 113
Tel: (968) 24736041 / 24736042
Fax: (968) 24736043
- Oman Arab Bank
Head Office
Muttrah Business District

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PO Box: 2010, Ruwi 112
Muscat
Tel: (968) 24700161 / 24706265 / 24706267
Fax: (968) 24797736

- Bank Dhofar Al Omani Al Fransi
Al Burj Street
PO Box: 4507, Ruwi
Muscat
Tel: (968) 24798012 / 24798013
Fax: (968) 24798015
- National Bank of Oman
Muttrah Business District
PO Box: 751, Ruwi 112
Muscat
Tel: (968) 24708894 / 24708630 / 24708684
Fax: (968) 24707781 / 24703972

PAYMENT HISTORY

Regular

GENERAL COMMENTS

Oman Cement Company SAOG (OCC) was founded in 1977 and is engaged in the manufacture and marketing of cement products. It is a leading concern in the Omani cement market and also exports 41.6% of its output, primarily to the United Arab Emirates.

Oman's cement demand is projected to grow at an annual rate of 6 per cent for the next four years, thanks to a surge in demand for the product driven by mega infrastructure projects and tourism ventures.

The country's long-term plans and initiatives to develop transport infrastructure, tourism facilities and industrial zones will provide the required stimulus for the continuing growth of the cement industry. Hence according to industry sources, cement demand in Oman is expected to rise in line with that in the region, at an average annual rate of six per cent through 2016.

A bulk of the cement demand is met by the two major local players — Raysut Cement Company and Oman Cement Company — which have a combined annual clinker production capacity of six million tonnes and cement production capacity of 7.2 million tonnes. Besides the local companies, a chunk of the domestic demand is met by foreign players which currently account for nearly two million tonnes of cement sales in Oman.

Oman Cement is upgrading its Kiln-1 which is expected to be completed by the first half of the current year and the company is also adding a new cement grinding mill with a capacity of 150 tonnes per hour that is expected to

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be operational by the end of next year.

In addition to adding capacity, Oman Cement is creating supporting infrastructure of cement silos and bulk dispatches and plans to modernise Line-2.

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 68.80
UK Pound	1	INR 89.14
Euro	1	INR 79.56
OMR	1	INR 178.33

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	SYL

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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)