

MIRA INFORM REPORT

Report No. :	524419
Report Date :	11.08.2018

IDENTIFICATION DETAILS

Name :	MIDDLE EAST PHARMACEUTICALS INDUSTRIES CO LTD
Formerly Known As :	MIDDLE EAST FACTORY FOR CHEMICAL PRODUCTS CO LTD
Registered Office :	Al Dhabab Street, Cross Al Tahlia Street, PO Box 4180, Riyadh 11491
Country :	Saudi Arabia
Financials (as on) :	31.12.2017
Date of Incorporation :	27.07.1998
Com. Reg. No.:	1010150538, Riyadh
Legal Form :	Limited Liability Partnership
Line of Business :	Subject is engaged in the production of a wide range of medical related products including ultra sound gel, lubricants, medicated hand gel, mouth wash, capsules and tablets as well as surgical instruments and disinfectants.
No. of Employees :	250

RATING & COMMENTS

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

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

Maximum Credit Limit :	US\$ 1,250,000
Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

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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)
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 PHARMACEUTICALS INDUSTRIES CO LTD
Doing Business As	: AVALON PHARMA
Country of Origin	: Saudi Arabia
Legal Form	: Limited Liability Partnership
Registration Date	: 27 th July 1998
Commercial Registration Number	: 1010150538, Riyadh
Industrial Licence Number	: 1030
Chamber Membership Number	: 90430
Issued Capital	: SR 60,000,000
Paid up Capital	: SR 60,000,000
Total Workforce	: 250
Activities	: Production of medical related products
Financial Condition	: Good
Payments	: Regular
Operating Trend	: Steady
Recommended Credit Limit	: US\$ 1,250,000

COMPANY NAME

MIDDLE EAST PHARMACEUTICALS INDUSTRIES CO LTD

DOING BUSINESS AS: AVALON PHARMA

ADDRESS

Registered & Physical Address

Location : Al Dhabab Street, Cross Al Tahlia Street

PO Box : 4180

Town : Riyadh 11491

Country : Saudi Arabia

Telephone : (966-11) 4643924

Facsimile : (966-11) 4769057

Mobile : (966-50) 5783903

Email : mecp@yahoo.com / info@avalon.com.sa

Premises

Subject operates from a large suite of offices that are rented and located in the Suburban Business Area of Riyadh.

Branch Office (s)

<u>Location</u>	<u>Description</u>
2 nd Industrial Area Riyadh Tel: (966-11) 2653948 / 2941443 Fax: (966-11) 2654723	Owned factory premises
Main Azizia Store PO Box: 301332 Riyadh 11372 Tel: (966-11) 2138431 Fax: (966-11) 2138245	Office premises

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
Ahmed Shaer Ahmed Al Taba	Managing Partner
Wadie Ahmed Saleh Ahmed	Partner
Haytham Mohiddine Khair Al Jawahari	Partner
Abdullah Saleh Yousef Yaseen	Partner
Faisal Shaer Ahmed Al Taba	Partner
Ali Shaer Ahmed Al Taba	Partner
Osama Tallat	Sales Manager
Maher Ghanam	Human Resources Manager

LEGAL FORM & OWNERS

Date of Establishment : 02/04/1419 Hijri (corresponding to 27th July 1998)

History : Subject began in 1998 under the name "Middle East Factory for Chemical Products Co Ltd".
However in 2009 subject changed its name to "Middle East Pharmaceuticals Industries Co Ltd".

Legal Form : Limited Liability Partnership

Commercial Reg. No. : 1010150538, Riyadh

Industrial Licence No. : 1030

Chamber Member No. : 90430

Issued Capital : SR 60,000,000

Paid up Capital : SR 60,000,000

Name of Partner (s)

Ahmed Shaer Ahmed Al Taba

Wadie Ahmed Saleh Ahmed

Haytham Mohiddine Khair Al Jawahari

Abdullah Saleh Yousef Yaseen

Faisal Shaer Ahmed Al Taba

Ali Shaer Ahmed Al Taba

OPERATIONS

Activities: Engaged in the production of a wide range of medical related products including ultra sound gel, lubricants, medicated hand gel, mouth wash, capsules and tablets as well as surgical instruments and disinfectants.

Subject operates 3 production plants:

Avalon 1: The first plant, manufactures topical preparations such as topical creams, lotions, and other topical solutions. This factory produces suppositories and oral tablets and capsules on a small scale

Avalon 2: Launched in May 2014, this factory mainly produces solutions.

Avalon 3: This plant is expected to run at the end of 2015, will work on the manufacturing of oral products on a large scale; will also produce creams and injections

Import Countries: United Kingdom and Germany

International Suppliers:

Qimima	United Kingdom
ICI Ltd	United Kingdom
Fre & Lan	Germany

Agencies Held:

Hamad Town Pharmacy
Unimarc
Quality Drug Store
Dar Al Maali Medical Company
C Catafago & Co Ltd
Potent Pharmaceuticals Co Ltd
Arabian Ethicals Co
Al Fawasel GRP

Export Countries: Bahrain, Bangladesh, Jordan, Kuwait, Lebanon, Sudan, United Arab Emirates and Yemen

Brand Names: AVALON

Operating Trend: Steady

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Subject has a workforce of approximately 250 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Saudi Riyals (SR)

	Year Ending 31/12/16:	Year Ending 31/12/17:
Total Sales	SR 260,000,000	SR 266,500,000

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

The above financial figures are based on estimations by our local sources.

BANKERS

National Commercial Bank
Airport Road
PO Box: 2800
Riyadh 11461
Tel: (966-11) 4772281
Fax: (966-11) 4730322

Riyad Bank
King Abdul Aziz Road
PO Box: 22622
Riyadh 11416
Tel: (966-11) 4122243
Fax: (966-11) 4013030

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

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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.

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.95
UK Pound	1	INR 88.19
Euro	1	INR 78.99
SAR	1	INR 18.42

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	DNS

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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)