

## MIRA INFORM REPORT

<b>Report No. :</b>	541985
<b>Report Date :</b>	01.12.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	MIDDLE EAST SPECIALISED CABLES COMPANY (MESC)
<b>Registered Office :</b>	Al Kharj Road, Second Industrial Area, Phase 2, PO Box: 585, Riyadh 11383
<b>Country :</b>	Saudi Arabia
<b>Financials (as on) :</b>	31.12.2017 [Consolidated]
<b>Date of Incorporation :</b>	04.11.1992
<b>Com. Reg. No.:</b>	1010102402
<b>Legal Form :</b>	Joint Stock Company
<b>Line of Business :</b>	Subject is engaged in the manufacture of industrial, instrumentation and process control cables, system cables and power and control cables
<b>No. of Employees :</b>	650

**RATING & COMMENTS**

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

**MIRA's Rating :**

A+

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

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Regular
<b>Litigation :</b>	Clear

**NOTES :**

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
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

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**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 SPECIALISED CABLES COMPANY (MESC)
Country of Origin	: Saudi Arabia
Legal Form	: Joint Stock Company
Registration Date	: 4th November 1992
Commercial Registration Number	: 1010102402, Riyadh
Chamber Membership Number	: 49455
Issued Capital	: SR 400,000,000
Paid up Capital	: SR 400,000,000
Total Workforce	: 650
Activities	: Manufacture of industrial, instrumentation and process control cables, system cables and power and control cables
Financial Condition	: Fair
Payments	: Regular

## **COMPANY NAME**

MIDDLE EAST SPECIALISED CABLES COMPANY (MESC)

## **ADDRESS**

### **REGISTERED & PHYSICAL ADDRESS**

Street : Al Kharj Road  
Area : Second Industrial Area, Phase 2  
PO Box : 585  
Town : Riyadh 11383  
Country : Saudi Arabia  
Telephone : (966-11) 2650555  
Facsimile : (966-11) 2650712 / 2650015  
Email : [sales@mesccables.com](mailto:sales@mesccables.com)

### **Premises**

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

### **Branch Office (s)**

<u>Location</u>	<u>Description</u>
<ul style="list-style-type: none"><li>Malaz Sitteen Street PO Box: 60536 Riyadh 11555 Tel: (966-11) 4787574 Fax: (966-11) 4787973</li></ul>	Office premises
<ul style="list-style-type: none"><li>Baladiya Street PO Box: 122048 Jeddah 21332 Tel: (966-12) 6640905 Fax: (966-12) 6612295</li></ul>	Office premises
<ul style="list-style-type: none"><li>King Abdul Aziz Street PO Box: 32257 Al Khobar 31952 Tel: (966-13) 8994646 Fax: (966-13) 8998465</li></ul>	Office premises
<ul style="list-style-type: none"><li>Sheikh Zayed Road</li></ul>	Office premises

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Dubai  
United Arab Emirates  
Tel: (971-4) 3437885  
Fax: (971-4) 3437488

- Al Abdali  
PO Box: 926282  
Amman 11190  
Jordan  
Tel: (962-6) 5682007  
Fax: (962-6) 5679206

Office premises

## **KEY PRINCIPALS**

<u>Name</u>	<u>Position</u>
• Abdulaziz Mohammed Al Namlah	Chairman
• Mohammed Abdulaziz Al Namlah	Managing Director
• Abdallah Abdulrahman Al Obaikan	Director
• Sulaiman Mohammed Al Namlah	Director
• Saad Ammash Al Shammari	Director
• Aziz Mohammed Algahtani	Director
• Khalid Nasser Almuammar	Director
• Yahia Ibrahim Al Qunaibit	Director
• Zafar Mahmoud Aslam	Chief Financial Officer
• Fathi Hasan	General Manager
• Ayman Yousef	Finance Manager
• Abdulkarim Masad	Operations Manager
• Hani Hoho	Human Resources Manager
• Mouain Helo	IT Manager
• Ziad Abduljalil	Procurement Manager

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## **LEGAL FORM & OWNERS**

**Date of Establishment** : 4<sup>th</sup> November 1992

**Legal Form** : Joint Stock Company

**Commercial Reg. No.** : 1010102402, Riyadh

**Trade Licence No.** : 534

**Chamber Member No.** : 49455

**Issued Capital** : SR 400,000,000

**Paid up Capital** : SR 400,000,000

<i>Name of Shareholder (s)</i>	<i>Percentage</i>
• Mansour Abdulaziz Mohamed Kaki	6.4%
• Saudi businessmen & private investors	93.6%

## **AFFILIATED COMPANIES**

<u>Name</u>	<u>Percentage Held</u>
• MESC Ras Al Khaimah LLC Ras Al Khaimah United Arab Emirates	100%
• MESC for Medium and High Voltage Cables Company Amman Jordan	57.50%
• Middle East Specialized Cables Company Amman Jordan	19.90%

## **OPERATIONS**

**Activities:** Engaged in the manufacture of industrial, instrumentation and process control cables, system cables and power and control cables.

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**Production Capacity** : 10,000 metric tonnes per year.

**Import Countries:** United States of America, United Kingdom, Italy and Asia

Subject has a workforce of approximately 650 employees.

## **FINANCIAL DATA**

Financial highlights provided by local sources are given below:

Currency: Saudi Riyals (SR)

### **Consolidated Balance Sheet**

	<u>31/12/17</u>	<u>31/12/16</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Bank balances and cash	14,183,359	26,846,860
Accounts receivable	428,693,558	444,730,963
Inventories	158,941,167	195,014,511
<b>TOTAL CURRENT ASSETS</b>	<b>601,818,084</b>	<b>666,592,334</b>
<b>NON-CURRENT ASSETS</b>		
Available for sale investments	-	4,537,348
Property, plant and equipment	214,389,540	337,448,906
Intangible assets	2,631,799	1,533,591
Other long term assets	38,579,942	31,129,074
<b>TOTAL NON-CURRENT ASSETS</b>	<b>255,601,281</b>	<b>374,648,919</b>
<b>TOTAL ASSETS</b>	<b>857,419,365</b>	<b>1,041,241,253</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank borrowings and term loans	92,936,220	117,212,124
Short term loans	75,527,320	102,698,298
Trade accounts and notes payable	182,998,214	267,027,591
Zakat provision	14,214,126	12,322,524
Dividends payable	41,187	41,187
<b>TOTAL CURRENT LIABILITIES</b>	<b>365,717,067</b>	<b>499,301,724</b>
<b>NON-CURRENT LIABILITIES</b>		
Term loans	3,142,845	75,286,130
Employees' terminal benefits	23,271,321	22,388,585
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>26,414,166</b>	<b>97,674,715</b>
<b>TOTAL LIABILITIES</b>		
<b>EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>		

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***MIDDLE EAST SPECIALISED CABLES COMPANY (MESC) - 541985***

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Share capital	600,000,000	600,000,000
Statutory reserve	28,985,180	28,985,180
Accumulated losses	(163,697,048)	(175,690,425)
Investment revaluation reserve	-	4,537,348
Equity attributable to the owners of the company	465,288,132	444,264,814
Non-controlling interests	-	(13,567,289)
<b>TOTAL EQUITY</b>	<b>465,288,132</b>	<b>444,264,814</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>857,419,365</b>	<b>1,041,241,253</b>

**Consolidated Statement of Income**

Sales	675,118,828	759,399,161
Cost of sales	(585,368,905)	(637,215,402)
<b>GROSS PROFIT</b>	<b>89,749,923</b>	<b>122,183,759</b>
<b>EXPENSES</b>		
Selling and marketing	(12,991,427)	(36,755,907)
General and administrative	(44,208,535)	(53,900,492)
Cost of unutilized production capacity	-	(3,316,694)
Gain on disposal of subsidiary	-	6,741,267
Reversal of provision for losses of subsidiary	-	73,932,544
Other expenses	(48,123)	(134,461)
<b>Net profit before finance charges and Zakat</b>	<b>32,501,838</b>	<b>108,750,016</b>
Financial charges	(7,199,585)	(10,142,541)
<b>Net profit before Zakat</b>	<b>25,302,253</b>	<b>98,607,475</b>
Zakat	(10,200,000)	(7,778,948)
<b>Net profit for the year from continuing operations</b>	<b>15,102,253</b>	<b>90,828,527</b>
Loss for the year from discontinued operations	(8,327,967)	(21,647,281)
<b>Net profit for the year</b>	<b>6,774,286</b>	<b>69,181,246</b>

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

***BANKERS***

- Arab National Bank (ANB)  
King Faisal Street  
PO Box: 56921  
Riyadh 11564  
Tel: (966-11) 4029000  
Fax: (966-11) 4027747

***PAYMENT HISTORY***

Regular

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<http://www.miraglobalcollections.com>

## **GENERAL COMMENTS**

Established in 1993, subject is involved in the manufacture of industrial, instrumentation and process control cables, system cables and power and control cables.

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 69.66
UK Pound	1	INR 89.08
Euro	1	INR 79.36
SAR	1	INR 18.60

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

**INFORMATION DETAILS**

Analysis Done by :	NIY
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)