

MIRA INFORM REPORT

Report No. :	520866
Report Date :	20.07.2018

IDENTIFICATION DETAILS

Name :	EDDYFI INTERNATIONAL LLC
Registered Office :	115 Business Park 01, Abu Dhabi Airport PO Box 54560 Abu Dhabi
Country :	United Arab Emirates
Date of Incorporation :	31.01.2016
Legal Form :	Limited Liability Company - LLC
Line of Business :	Subject is engaged in the provision of electromagnetic and ultrasonic non-destructive testing equipment for the inspection of critical components and assets, offer sales, technical support, calibration and repair services.
No. of Employees :	9

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	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow but Correct
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

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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

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 (VAT) 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	: EDDYFI INTERNATIONAL LLC
Country of Origin	: Abu Dhabi, United Arab Emirates
Legal Form	: Limited Liability Company - LLC
Registration Date	: 31 st January 2016
Trade Licence Number	: ADAFZ00162
Issued Capital	: UAE Dh 150,000
Paid up Capital	: UAE Dh 150,000
Total Workforce	: 9
Activities equipment	: Providers of electromagnetic and ultrasonic non-destructive testing
Financial Condition	: Undetermined
Payments	: Slow but Correct

COMPANY NAME

EDDYFI INTERNATIONAL LLC

ADDRESS

Registered & Physical Address

Location : 115 Business Park 01, Abu Dhabi Airport

PO Box : 54560

Town : Abu Dhabi

Country : United Arab Emirates

Telephone : (971-2) 5056622

Email : ksinclair@eddyfi.com

Premises

Subject operates from a small suite of offices that are rented and located in the Central Business Area of Abu Dhabi.

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
Keith Sinclair	Sales Manager

LEGAL FORM & OWNERS

Date of Establishment : 31st January 2016

Legal Form : Limited Liability Company - LLC

Trade Licence No. : ADAFZ00162 (Expires 21/08/2018)

Issued Capital : UAE Dh 150,000

Paid up Capital : UAE Dh 150,000

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Name of Shareholder (s)	Percentage Holding
Eddyfi NDT Inc Canada	100%

OPERATIONS

Activities: Engaged in the provision of electromagnetic and ultrasonic non-destructive testing equipment for the inspection of critical components and assets, offer sales, technical support, calibration and repair services.

Subject has a workforce of 9 employees.

FINANCIAL DATA

Companies registered in Abu Dhabi, United Arab Emirates are not legally required to make their accounts public and no financial information was released by the company or submitted by outside sources.

BANKERS

National Bank of Abu Dhabi
Sheikh Khalifa Street
PO Box: 4
Abu Dhabi
Tel: (971-2) 6345777 / 6327113 / 6335262
Fax: (971-2) 6336078

PAYMENT HISTORY

Slow but Correct

GENERAL COMMENTS

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

- Internal database
- Journals, directories, media & web searches
- Local Registry office

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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

Recent Developments

The UAE's economy continues to slow down as a result of low oil prices and fiscal consolidation weighing on non-oil growth. Overall real GDP growth is estimated at 2.3 percent in 2016, a significant drop from the pre-2014 oil shock average of 5 percent (2010-14). Austerity measures weakened business and consumer confidence and slower growth in credit to the private sector. This is expected to result in lower non-oil growth estimated at 2.4 percent in 2016. Hydrocarbon GDP growth is also expected to slow down to 2 percent in 2016 from an estimated 4.6 percent in 2015. The average rate of inflation is estimated to ease to 3.3 percent in 2016 from 4.1 percent in 2015.

Sustained low oil prices have led fiscal and external balances to deteriorate, despite significant fiscal consolidation efforts. Authorities have managed some fiscal consolidation by raising electricity and water tariffs, removing fuel subsidies and scaling back capital transfers to Government Related Entities (GREs). Abu Dhabi reduced reliance on government deposits and issued a US\$5 billion Eurobond in April. Despite these measures, the drop in hydrocarbon revenues has pushed the fiscal balance down from a comfortable surplus of 10.4 percent of GDP in 2013 to an estimated deficit of 2.1 percent in 2015 and 3.5 percent in 2016. The Abu Dhabi and Dubai sovereign wealth funds have recorded lower returns (3 percent y-o-y fall in 2015 net profits) resulting from global volatility. The current account surplus also fell from 19.1 percent of GDP in 2013 to 3.3 percent in 2015 and an estimated 1.3 percent of GDP in 2016.

Monetary policy is tightening, as is liquidity in the banking system. The Central bank raised its policy rate by 25 basis points in December in response to the US Federal Reserve rate increase and is expected to continue mirroring the Fed's rate movements. Reduced government deposits are resulting in lower liquidity in the banking sector with deposit growth decelerating to 1.8 percent y-o-y at end-March 2016. A recent Credit Sentiment Survey revealed that banks are increasingly unwilling to lend, especially to SME's. Dubai's property market continues to soften but does not pose a systemic risk. Average real estate residential prices fell by 11 percent in 2015. Increased supply and weakening demand amidst financial tightening resulting from low oil prices have led to office rents falling by up to 10 percent in Q1 2016. Nevertheless, continued demand in established free zone developments is sustaining non-oil growth and the real estate loan portfolio remains resilient.

The UAE is yet to fully develop its capacity for a comprehensive measurement and analysis of household welfare across its seven Emirates. Each Emirate has an independent statistics agency, and while the federal level statistical bureau was established in 2009, the harmonization of methods and statistical agendas for a country-level welfare measurement is yet to be accomplished.

Outlook

Growth is expected to slowly recover, reaching 3 percent in 2018. Oil production is expected to rise due to investments in oilfield development. Non-oil growth is also projected to rebound (i) as the expected improvement

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in oil prices and its positive effects on confidence and financial conditions dampen the effects of fiscal consolidation; (ii) as megaproject implementation ramps up ahead of Dubai's hosting of Expo 2020; and (iii) as the lifting of sanctions on Iran translates into increased trade. Fiscal and external balances are expected to improve over the medium term; with a reversal of the fiscal deficit expected and a rebound in the current account surplus to 3.2 percent of GDP by 2018.

Progress in economic diversification, large buffers and safe haven status have strengthened the resilience of the economy. The UAE is expected to implement a GCC-wide value added tax (VAT) by 2018, and is considering increasing excise taxes and introducing corporate tax. Despite pressures key investment areas will be maintained, as evident by the recently announced nuclear energy project. Abu Dhabi's aerospace manufacturing has secured contracts with Airbus and Boeing, underscoring its commitment to diversification. New bankruptcy and investment laws are also being prepared with a potential positive impact on investment. In addition, as anxiety looms over the impact of UK's decision to leave the EU, according to a survey of financial investment professionals Dubai's competitiveness as a financial hub is not expected to be affected.

Risks and Challenges

However, macro financial risks are increasing; the financial management of GRE's megaprojects on the domestic side, and further sustained drop in oil prices on the external side. In an environment of low oil prices, macro financial risks could be exacerbated by declining liquidity in the banking system, increased volatility in the stock markets, and disruptive declines in the real estate sector. Further, imprudent management of Dubai's megaprojects could be a source of macro financial risks for its GREs, its banks, and ultimately the government. In this context, the recent hike in interest rates in the US could lead to a tightening of financial markets and increase the costs of financing.

Structural reforms are needed to support the move towards a knowledge based economy as envisaged by Vision 2021. Easing SME access to finance and innovation financing should be a priority. Reforming labour admissions policies is key for private sector job creation since under the current sponsorship system expatriate labour mobility is limited leading to large scale importation of expatriate workers, wages below marginal productivity and lower incentives to upgrade skills. This in turn negatively affects productivity, technology choice, and contributes to making nationals uncompetitive in the private sector.

Key Economic Indicators	2014	2015	2016*	2017*	2018*
Real GDP Growth (%)	3.1	3.8	2.3	2.5	3.0
Inflation Rate (%)	2.3	4.1	3.3	2.8	3.1
Current Account Balance (% of GDP)	10.1	3.3	1.3	3.0	3.2
Fiscal Balance (% of GDP)	5.0	-2.1	-3.5	-1.3	0.2

* forecast

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.83
UK Pound	1	INR 89.93
Euro	1	INR 80.11
UAE DH	1	INR 18.73

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

INFORMATION DETAILS

Analysis Done by :	NIY
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)