

## MIRA INFORM REPORT

<b>Report No. :</b>	532528
<b>Report Date :</b>	27.09.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	MEGLOBAL INTERNATIONAL FZE
<b>Registered Office :</b>	Building 5, W-B-Wing, Dubai Airport Free Zone (DAFZA), PO Box 293615 Dubai
<b>Country :</b>	United Arab Emirates
<b>Date of Incorporation :</b>	07.08.2006
<b>Com. Reg. No.:</b>	1085
<b>Legal Form :</b>	Free Zone Establishment
<b>Line of Business :</b>	Marketing and distribution of ethylene glycol. Subject also manages global finance, procurement and operations of MEGlobal Group. Group members manufacturers monoethylene glycol (MEG) and diethylene glycol (DEG). Subject produces about 1,340,000 one million three hundred forty thousand metric tons per year of EG, and markets in excess of 3.5 million metric tons per year.
<b>No. of Employees :</b>	25

**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 (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 has announced plans to introduce excise and value-added taxes by January 1, 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

## **BRIEF SUMMARY**

<b>COMPANY NAME</b>	MEGLOBAL INTERNATIONAL FZE			
<b>ADDRESS</b>	Building	Street	Area	PO Box
	Building 5, W- B-Wing	Al Quds Street	Dubai Airport Free Zone (DAFZA)	293615 Dubai
<b>TEL/FAX</b>	Verified Phones: (+971 4) 292 3999 / Fax: (+971 4) 292 3911			
<b>EMAIL/WEBSITE</b>	Email: info@meglobal.biz / Website: www.meglobal.biz			
<b>ACTIVITY</b>	NACE 2059 - Manufacture of other chemical products n.e.c.;			
<b>PRINCIPAL</b>	Dr. Ramesh Ramachandran Group CEO		Workforce 25	
<b>LEGAL INFO</b>	<b>Date Of Est.</b>	<b>Reg. No.</b>	<b>Legal Form</b>	<b>Status</b>
	07/08/2006	1085	Free Establishment	Zone Active

## **IDENTIFICATION**

<b>CO. NAME</b>	MEGlobal International FZE		
<b>BUILDING</b>	Building 5, W-B-Wing		
<b>STREET</b>	Al Quds Street		
<b>AREA</b>	Dubai Airport Free Zone (DAFZA)		
<b>POSTAL ADDRESS</b>	293615 Dubai		
<b>CITY</b>	Dubai		
<b>COUNTRY</b>	United Arab Emirates		
<b>TELEPHONE</b>	(+971 4) 292 3999		
<b>FAX</b>	(+971 4) 292 3911		
<b>VERIFIED EMAIL</b>	info@meglobal.biz		
<b>WEBSITE</b>	www.meglobal.biz		
<b>BUSINESS HOURS (DURING RAMADAN)</b>	<b>DAYS</b>	<b>OFFICE HOURS</b>	<b>BREAK TIME</b>
	Sun-Thu	09:00-15:00	Without Break
<b>REGISTERED ADDRESS</b>	Building 5, W-B-Wing, Dubai Airport Free Zone (DAFZA), PO Box 293615 Dubai, United Arab Emirates		

## **SENIOR PERSONNEL**

<b>MANAGEMENT</b>	<b>NAME</b>	<b>POSITION</b>
	Dr. Ramesh Ramachandran	Group CEO

	Rocco Schurink	Group Vice President / Operations
		Global Controller
	Sony Joseph	Commercial Director
	Kamlesh Parwani	Global Supply Chain Director
	Ahmad Kout	
<b>WORKFORCE</b>	<b>NO. OF EMPLOYEES</b>	<b>PERIOD</b>
	25	06.2018
	1,600 (Equate Petrochemical Co. KSCC, subject's ultimate parent)	05.2018

## **FINANCIAL SUMMARY**

### **NOTES**

The following consolidated balance sheets as at 31 December 2015 applies to subject and its parent, MEGlobal B.V. (latest available):

31/12/2015 31/12/2014  
(in millions of USD)

#### ASSETS

Non-current assets		
Property, plant and equipment	146	124
Goodwill	64	90
Intangible assets	15	2
Deferred income taxes	29	28
Deferred charges and other assets	82	2
Total non-current assets	336	246
Current assets		
Cash and cash equivalents	19	13
Accounts and other receivable		
Trade receivable	364	455
Other	21	22
Notes receivable	437	473
Deferred charges and other assets	2	1
Inventories	94	119
Total current assets	937	1,083
Total assets	1,273	1,329

#### EQUITY AND LIABILITIES

Shareholders' equity	
Share capital, 1.00EUR par	

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per share	-	-
Additional paid in capital	433	433
Retained earnings	219	141
Foreign currency translation reserve	(16)	13
Total stockholders' equity	636	587
Non-current liabilities		
Long-term debt - banks	-	203
Notes payables - Long term	203	-
Deferred income tax	-	1
Deferred income	13	16
Other deferred liabilities	2	2
Total non-current liabilities	218	222
Current liabilities		
Notes payable	77	146
Accounts and other payable		
Trade	325	347
Other	6	15
Income taxes payable	1	2
Accrued and other current liabilities	10	10
Total current liabilities	419	520
Total liabilities	637	742
Total equity and liabilities	1,273	1,329

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

31/12/2015 31/12/2014  
(in millions of USD)

Net Sales	2,911	3,431
Cost of sales	(2,813)	(3,287)
Selling, general and administrative expenses	(20)	(23)
Research expenses	(1)	(1)
Other (expenses)/income	(1)	1
Operating income	76	121
Net loss on foreign currency transactions	(3)	(2)
Interest income	10	9
Interest expense	(5)	(5)
Net finance income	2	2
Income before income taxes	78	123
Tax expense	-	(24)
Net income for the year	78	99
Other comprehensive income		
Exchange differences on translating foreign operations	(29)	(38)
Other comprehensive income for		

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the year, net of tax	(29)	(38)
Total comprehensive income for the year	49	61

The following consolidated financial statements as at 31/12/2017 applies to subject's ultimate parent company, Equate Petrochemical Co. KSCC:

31/12/2017 31/12/2016  
(in millions of USD)

<b>ASSETS</b>		
Property, plant and equipment	1,851	1,762
Goodwill	1,689	1,689
Intangible assets	365	417
Deferred tax assets	48	33
Deferred charges and other assets	591	297
Loans to related parties	237	384
Non-current assets	4,781	4,582
Inventories	232	229
Loans to related parties	147	140
Due from related parties	156	49
Trade and other receivables	775	688
Deferred charges and other assets	25	23
Cash and bank balances	1,774	1,542
Current assets	3,109	2,671
Total assets	7,890	7,253
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share capital	700	700
Treasury shares	(450)	(450)
Statutory reserve	350	350
Retained earnings	771	415
Remeasurement of retirement benefit obligation	(59)	(52)
Foreign currency translation reserve	45	6
Total equity	1,357	969
<b>Liabilities</b>		
Loans and borrowings	4,715	4,672
Deferred income	333	368
Deferred tax liabilities	230	252
Retirement benefit obligation	416	310
Long term incentives	4	4
Non-current liabilities	5,698	5,606

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Current liabilities		
Long term incentives	5	5
Deferred income	32	32
Due to related parties	194	277
Trade and other payables	604	364
Current liabilities	835	678
Total liabilities	6,533	6,284
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,890</b>	<b>7,253</b>

**INCOME STATEMENT**

Sales	4,374	3,645
Cost of sales	(3,311)	(3,042)
Gross profit	1,063	603
Management fee	7	9
Reservation right fees	32	32
General, administrative and selling expenses	(99)	(93)
Other income	8	6
Foreign exchange gain	(5)	(4)
Profit from operation	1,006	553
Finance income	33	36
Finance costs	(187)	(122)
Profit before statutory contributions and Board of Directors' remuneration	852	467
Contribution to KFAS	(8)	(4)
Contribution to Zakat	(5)	(3)
Tax on subsidiaries	(68)	(45)
Net profit for the year	771	415
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of retirement benefit obligation	(7)	(8)
Exchange differences on translating foreign operations	39	1
Other comprehensive expenses for the year	(32)	(7)
Total comprehensive income for the year	803	408

**FISCAL YEAR-END**

**31 December.**

**LEGAL STATUS**

**INCORPORATION**

**07/08/2006**

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<b>REGISTRATION NO.</b>	<b>C.R. NUMBER</b> License No.: 1085 (expiry date: 06/08/2019)	<b>ISSUED BY</b> Dubai Airport Free Zone (DAFZA)
<b>CAPITAL</b>	Not given	
<b>BUSINESS HISTORY</b>	The Company was incorporated in Dubai Airport Free Zone on 7 August 2006 with MEGlobal B.V. as subject's sole shareholder. MEGlobal B.V. is in turn was registered as an joint venture between Dow Europe Holding B.V. (50%) and Petrochemical Industries Company (50%). On 23 December 2015, through a series of transactions MEGlobal B.V. became a wholly owned subsidiary of Equate Petrochemical B.V., which is in turn a wholly owned subsidiary of Equate Petrochemical Co. KSCC.	
<b>LEGAL FORM</b>	Free Zone Establishment	
<b>STATUS</b>	Active	
<b>SOLE SHAREHOLDER</b>	<b>NAME</b> MEGlobal B.V. Herbert H Dowweg 5 Hoek, 4542 NM The Netherlands Telephone: (+31 115) 671 234 Sole Shareholder: Equate Petrochemical B.V.	<b>PERCENTAGE</b> 100.00%
	Ultimate Parent Company	
	Equate Petrochemical Co. KSCC Building No. 900011 Hamad Al Zuwayer Street Next to Kuwait National Petroleum Co PO Box 100-Ahmadi 61001 Kuwait Telephone: (+965) 189 8888 Fax : (+965) 2576 5733 Established in 1995 as Kuwait's first international joint-venture, EQUATE Petrochemical Company (EQUATE) embodies its "Partners in Success" slogan through the partnership between Petrochemical Industries Company (PIC), The Dow Chemical Company (Dow), Boubyan Petrochemical Company (BPC) and Qurain Petrochemical Industries Company (QPIC). Commencing production in 1997, EQUATE is currently the owner and single-operator of several fully integrated world-class petrochemical units, within the Greater EQUATE joint-venture, that annually produce over 5 million tons of the highest quality grades of Ethylene, Polyethylene (PE), Ethylene Glycol (EG),	

Polypropylene (PP), Styrene Monomer (SM), Paraxylene (PX), Heavy Aromatics (HA) and Benzene (BZ). The products are marketed throughout the Middle East, Asia, Africa and Europe. Alongside being a leading industrial organization, EQUATE dedicates its utmost commitment and care to overall sustainability wherever it operates in cooperation with public and private bodies, including employees, society and customers, in all relevant fields, such as human development, environment, education, health and public awareness.

## **OPERATION**

### **BANKERS**

1. Citibank  
Khalid Bin Waleed Street  
P.O. Box 749  
Dubai  
Telephone: (+971 4) 352 2100  
Fax : (+971 4) 352 4942
2. Standard Chartered Bank  
Main Branch  
PO Box 999  
Dubai  
Telephone: (+971 4) 352 0455  
Fax : (+971 4) 352 6679
3. HSBC Bank Middle East  
Jebel Ali Free Zone  
PO Box 66  
Dubai  
Telephone: (+971 4) 881 6433  
Fax : (+971 4) 881 6378

### **ACTIVITY CODE (NACE)**

2059 - Manufacture of other chemical products n.e.c.;

### **LINE OF BUSINESS**

Marketing and distribution of ethylene glycol. Subject also manages global finance, procurement and operations of MEGlobal Group. Group members manufacturers monoethylene glycol (MEG) and diethylene glycol (DEG). MEGlobal produces about 1,340,000 one million three hundred forty thousand metric tons per year of EG, and markets in excess of 3.5 million metric tons per year.

### **IMPORT FROM**

Worldwide.

### **EXPORT TO**

Worldwide.

### **FACILITIES**

Premises comprising administrative offices located at the heading address.

**RELATED COMPANIES**

Associates

1. MEGlobal B.V.  
the Netherlands  
Activity: Holding Company  
Sole Shareholder: Equate Petrochemical B.V.
2. MEGlobal Americas Inc  
USA  
Activity: Marketing and distribution of EG  
Sole Shareholder: Equate Petrochemical B.V.
3. MEGlobal Asia Limited  
China  
Activity: Marketing and distribution of EG  
Sole Shareholder: Equate Petrochemical B.V.
4. Alberta & Orient Glycol Company ULC  
Canada  
Activity: Manufacturing and sales of EG
5. MEGlobal Mexico S.A. de C.V.  
Mexico  
Activity: Marketing and distribution of EG  
Sole Shareholder: Equate Petrochemical B.V.
6. MEGlobal Trading Group  
China  
Activity: Marketing and distribution of EG  
Sole Shareholder: Equate Petrochemical B.V.
7. MEGlobal Europe GmbH  
Switzerland  
Activity: Marketing and distribution of EG  
Sole Shareholder: Equate Petrochemical B.V.
8. MEGlobal Comercio Do Brasil Ltda  
Brazil  
Activity: Marketing and distribution of EG  
Sole Shareholder: Equate Petrochemical B.V.
9. Equipolymers GmbH  
Germany  
Activity: Manufacturing and sales of PET  
Sole Shareholder: Equate Petrochemical B.V.
10. Equipolymers Srl  
Italy  
Activity: Marketing of PET

Sole Shareholder: Equate Petrochemical B.V.

11.MEGlobal Canada ULC  
Canada  
Activity: Manufacturing and sales of EG

12.Equate Sukuk SPC Limited  
UAE  
Activity: Special Purpose Company

## **PAYMENT RECORDS**

FINANCIAL STRENGTH                      Normal

## **SPECIAL REMARKS**

INTERVIEWED                                      Sony Joseph (Global Controller).

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.72
UK Pound	1	INR 95.77
Euro	1	INR 85.54
UAE Dh	1	INR 19.77

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	NIS
<b>Report Prepared by :</b>	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)

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