

MIRA INFORM REPORT

Report No. :	532266
Report Date :	28.09.2018

IDENTIFICATION DETAILS

Name :	GULF ADVANCED CABLE INSULATION COMPANY
Registered Office :	Building No. 12021, Sipchem Street, Jubail Industrial City, PO Box: 12021, Jubail 31952 & 31961
Country :	Saudi Arabia
Financials (as on) :	31.12.2017
Date of Incorporation :	26.12.2012
Com. Reg. No.:	2055015423
Legal Form :	Limited Liability Company
Line of Business :	Subject is engaged in the manufacture and fabrication of cables
No. of Employees :	40

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 :	No Complaints
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.

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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	: GULF ADVANCED CABLE INSULATION COMPANY
Country of Origin	: Saudi Arabia
Legal Form	: Limited Liability Company
Registration Date	: 26th December 2012
Commercial Registration Number	: 2055015423, Jubail
Chamber Membership Number	: 164600
Issued Capital	: SR 57,240,000
Paid up Capital	: SR 57,240,000
Total Workforce	: 40
Activities	: Manufacture and fabrication of cables
Financial Condition	: Fair
Payments	: No complaints
Operating Trend	: Steady

COMPANY NAME

GULF ADVANCED CABLE INSULATION COMPANY

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Location : Building No. 12021, Sipchem Street, Jubail Industrial City
PO Box : 12021
Town : Jubail 31952 & 31961
Country : Saudi Arabia
Telephone : (966-13) 3599665 / 3599985 / 3599999 / 8019392
Facsimile : (966-13) 3959669 / 3588182
Email : info@sipchem.com

Premises

Subject operates from a medium sized suite of offices and a factory that are rented and located in the Industrial Area of Jubail.

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Abdullah Saif Al Sadoon	Managing Partner
• Abdullah Nasser Al Jaber	General Manager
• Naif Hamd Nasser	Administration Manager
• Lorance Otis	Treasury Manager

LEGAL FORM & OWNERS

Date of Establishment : 26th December 2012

Legal Form : Limited Liability Company

Commercial Reg. No. : 2055015423, Jubail

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Chamber Member No. : 164600

Issued Capital : SR 57,240,000

Paid up Capital : SR 57,240,000

<i>Name of Shareholder (s)</i>	<i>Percentage</i>
• Sipchem Chemical Co Ltd Jubail	50%
• Hanwha Chemicals Seoul South Korea	50%

AFFILIATED COMPANIES

- Sipchem Marketing & Services Co
Al Khobar
- International Methanol Company (IMC)
- Gulf Advanced Chemical Industries Company (GACIC)
- International Vinyl Acetate Company (IVAC)
- International Acetyl Company (IAC)
- United Industrial Gasses Company (UIGC)
- Sipchem Asia Pte Ltd
36 Armenian Street, 03-06
Singapore 179934
Tel: (65) 68846958
Fax: (65) 68846956

OPERATIONS

Activities: Engaged in the manufacture and fabrication of cables.

Saudi International Petrochemical Company (Sipchem) has started construction work on two new plants being built under its Phase III expansion programme.

The plants, the first of their kind in the region, will be built in Jubail Industrial City.

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The first plant will produce ethylene vinyl acetate (EVA) and low density polyethylene (LDPE) and the second facility will make ethyl acetate and butyl acetate.

The production capacity of the EVA plant will be 200,000 tonnes per year (tpy) and will be operated by the International Polymers Company Limited, a Sipchem affiliate.

Sipchem and Hanwha Chemical of South Korea have 75 per cent and 25 per cent stakes respectively in the venture, the total cost of which is estimated at around SR3 billion (\$800 million).

The project's main contractor, Korean company GS Engineering & Construction Company, started construction work at the site in September 2011. The plant is scheduled to start operations during the second quarter of 2013.

Sipchem announced a technology license agreement with ExxonMobil in May 2009 for the plant. Both Sipchem and Hanwha will be in charge of global marketing operations for the products.

The company has, meanwhile, awarded the engineering design, procurement, and construction contract for a low-density polyethylene (LDPE) compounding plant, which will serve the wire and cable industry, to Posco Engineering (Seoul).

The compounding plant is being built at a cost of SR230 million by Gulf Advanced Cable Insulation Co, an equally owned joint venture between Sipchem and Hanwha Chemical (Seoul). It will receive LDPE resin from International Polymers Co and is scheduled to start operations in the third quarter of 2013.

Sabic will supply ethylene feedstock to the EVA-LDPE complex. GS Engineering & Construction (Seoul) is constructing the facilities.

Sipchem and Hanwha will be responsible for marketing the products. Sipchem has also begun construction work on a separate SR350-million ethyl acetate and butyl acetate complex, which will have a combined capacity of 100,000 tpy and is also being built as part of the phase III expansion.

Output will be used in the inks industry; to produce industrial solvents; and as granules in surface coatings. Sipchem will be the sole owner of that complex, which will supply local as well as overseas markets.

The ethyl and butyl acetate complex will use Rhodia technology and be engineered by eTEC Engineering & Construction (Seoul).

The complex is scheduled to be onstream in the first quarter of 2013, followed in the second quarter of that year by the VAM and LDPE facilities. The contract award for the compounding plant is an "important step" in Sipchem's expansion and downstream development program, says Abdulrahman Al Saif, president/projects and services at Sipchem.

Phase III of Sipchem's manufacturing complex will open up opportunities for investment in advanced industries for finished products in Saudi Arabia, he says.

Hanwha says the project will create synergies with the company's existing wire and cable compounding business and that it demonstrates the company's strong commitment to the Mideast as part of a globalisation strategy. Sipchem is in the final stages of securing the required funding for phase III, Al Saif adds.

Operating Trend: Steady

Subject has a workforce of 40 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 20,000,000	SR 22,580,000

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

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

BANKERS

- National Commercial Bank
PO Box: 58
Jubail 51951
Tel: (966-13) 3612896
Fax: (966-13) 3611750

PAYMENT HISTORY

No complaints regarding subject's payments have been reported.

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 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.

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Local sources report that the subject's operating history is clear with payment obligations met in a generally timely manner. The financial position is satisfactory and the company is deemed a fair trade risk.

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.65
UK Pound	1	INR 95.43
Euro	1	INR 85.04
SAR	1	INR 19.35

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

INFORMATION DETAILS

Analysis Done by :	VIV
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)

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