

MIRA INFORM REPORT

Report No. :	522290
Report Date :	01.08.2018

IDENTIFICATION DETAILS

Name :	GRACE OF ART COMPANY LIMITED
Registered Office :	315, 320 Prachachuen Road, Bangsue, Bangkok 10800
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	12.09.2006
Com. Reg. No.:	0105549109424
Legal Form :	Private Limited Company
Line of Business :	The subject is engaged in designing, manufacturing, exporting and distributing various kinds of diamonds, gems and pearl jewelry products such as necklace, earrings, ring, bracelet, pin, brooch, pendant and etc.
No. of Employees :	20

RATING & COMMENTS

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

MIRA's Rating :	B
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Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
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)
Thailand	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

THAILAND - ECONOMIC OVERVIEW

With a relatively well-developed infrastructure, a free-enterprise economy, and generally pro-investment policies, Thailand is highly dependent on international trade, with exports accounting for about two-thirds of GDP. Thailand's exports include electronics, agricultural commodities, automobiles and parts, and processed foods. The industry and service sectors produce about 90% of GDP. The agricultural sector, comprised mostly of small-scale farms, contributes only 10% of GDP but employs about one-third of the labor force. Thailand has attracted an estimated 3.0-4.5 million migrant workers, mostly from neighboring countries.

Over the last few decades, Thailand has reduced poverty substantially. In 2013, the Thai Government implemented a nationwide 300 baht (roughly \$10) per day minimum wage policy and deployed new tax reforms designed to lower rates on middle-income earners.

Thailand's economy is recovering from slow growth during the years since the 2014 coup. Thailand's economic fundamentals are sound, with low inflation, low unemployment, and reasonable public and external debt levels. Tourism and government spending - mostly on infrastructure and short-term stimulus measures - have helped to boost the economy, and The Bank of Thailand has been supportive, with several interest rate reductions.

Over the longer-term, household debt levels, political uncertainty, and an aging population pose risks to growth.

Source : CIA

COMPANY NAME

GRACE OF ART COMPANY LIMITED

SUMMARY

BUSINESS ADDRESS : 315, 320 PRACHACHUEN ROAD, BANGSUE,
BANGKOK 10800, THAILAND
TELEPHONE : [66] 2587-0030-5, 081 908-8997
FAX : [66] 2587-5833
E-MAIL ADDRESS : tanya@graceofart.com
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS
ESTABLISHED : 2006
REGISTRATION / TAX ID NO. : 0105549109424
CAPITAL REGISTERED : BHT. 5,000,000
CAPITAL PAID-UP : BHT. 5,000,000
SHAREHOLDER'S PROPORTION : THAI : 100%
FISCAL YEAR CLOSING DATE : DECEMBER 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MRS. AROON SITTIDECH, THAI
MANAGING DIRECTOR
NO. OF STAFF : 20
LINES OF BUSINESS : JEWELRY PRODUCTS
MANUFACTURER, EXPORTER AND DISTRIBUTOR

CORPORATE PROFILE

OPERATING TREND : STABLE
PRESENT SITUATION : OPERATING NORMALLY
REPUTATION : GOOD WITH NORMAL BUSINESS ENGAGEMENT
MANAGEMENT STANDARD : MANAGEMENT WITH FAIR PERFORMANCE

HISTORY

The subject was established on September 12, 2006 as a private limited company under the registered name GRACE OF ART COMPANY LIMITED, by Thai groups, with the business objective to manufacture various kinds of jewelry products for both local and overseas markets. It currently employs approximately 20 staff.

The subject's registered address was initially located at 315, 60/2 Prachachuen Road, Bangsue, Bangkok 10800.

On December 11, 2014, its registered address has been changed from **315, 60/2** to **315, 320** Prachachuen Road, Bangsue, Bangkok 10800, by the Bangsue District Office, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mrs. Aroon Sittidech	Thai	63

AUTHORIZED PERSON

The above director signs on behalf of the subject with company's affixed.

MANAGEMENT

Mrs. Aroon Sittidech is the Managing Director.
She is Thai nationality with the age of 63 years old.

BUSINESS OPERATIONS

The subject is engaged in designing, manufacturing, exporting and distributing various kinds of diamonds, gems and pearl jewelry products such as necklace, earrings, ring, bracelet, pin, brooch, pendant and etc.

PURCHASE

Raw materials such as diamonds, gems and pearls, as well as tooling equipment are purchased from both domestic and overseas suppliers in India, Republic of China and Japan.

SALES

90% of the products is exported to India, Republic of China, Japan, Malaysia, Hong Kong and the countries in Europe, the remaining 10% is sold locally.

SUBSIDIARY AND AFFILIATED COMPANY

The subject is not found to have any subsidiary or affiliated company here in Thailand.

LITIGATION

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Bankruptcy and Receivership

There are no litigation on bankruptcy and receivership cases filed against the subject found at Legal Execution Department for the past five years.

Others

There are no legal suits filed against the subject according to the past two years.

CREDIT

Sales are by cash or on the credits term of 30-60 days.
Local bills are paid by cash or on the credits term of 30-60 days.
Imports are by T/T.
Exports are against T/T.

BANKING

Bangkok Bank Public Company Limited

EMPLOYMENT

The subject currently employs approximately 20 staff.

LOCATION DETAILS

The premise is owned for administrative office, factory and showroom at the heading address. Premise is located in commercial / residential area.

COMMENT

The subject's operating performance in 2017 has seen an improvement with an increase in both sales or service income and net profit comparing to the previous year, mainly resulted by effective expansion in overseas markets in the past year. Generally, its business is growing moderately. With a regular order of the products from both local and overseas markets, the subject expects to eliminate the retained earning (deficit) very soon.

FINANCIAL INFORMATION

The capital was registered at Bht. 5,000,000 divided into 10,000 shares of Bht. 500 each with fully paid.

THE SHAREHOLDERS LISTED WERE : [as at April 30, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Mrs. Aroon Sittidech Nationality: Thai Address : 315 Prachachuen Road, Bangsue, Bangkok	4,000	40.00
Ms. Thanyaporn Chiewhatpong Nationality: Thai Address : 315 Prachachuen Road, Bangsue, Bangkok	2,000	20.00
Mr. Thiti Chiewhutpong Nationality: Thai Address : 2000 Soi 500, Prachachuen Road, Bangsue, Bangkok	2,000	20.00
Ms. Punnatorn Chiewhutpong Nationality: Thai Address : 315 Prachachuen Road, Bangsue, Bangkok	2,000	20.00

Total Shareholders : 4

Share Structure [as at April 30, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	4	10,000	100.00
Foreign	-	-	-
Total	4	10,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Mr. Chatinai Awatchnakran No. 6616

BALANCE SHEET [BAHT]

The latest financial figures published for December 31, 2017, 2016 and 2015 were:

ASSETS

Current Assets	2017	2016	2015
Cash and Cash Equivalents	3,085,350	28,181	279,157
Trade Accounts and Other Receivable	7,478,988	3,394,892	3,710,496
Inventories	15,655,000	8,137,122	8,026,502

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Other Current Assets	3,263,991	1,686,730	1,220,509
Total Current Assets	29,483,329	13,246,925	13,235,554
Property, Plant and Equipment	7,846,994	7,300,459	5,606,021
Total Assets	37,330,323	20,547,384	18,842,685

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Bank Overdraft and Short-term Loan From Financial Institutions	-	505,396	3,091,649
Trade Accounts and Other Payable	2,581,711	1,804,275	1,561,483
Short-term Loans	21,600,000	16,398,000	12,577,194
Accrued Income Tax	180,808	-	-
Other Current Liabilities	10,357,473	2,046,853	503,258
Total Current Liabilities	34,719,992	20,754,524	17,733,584
Total Liabilities	34,719,992	20,754,524	17,733,584
Shareholders' Equity			
Share capital : Baht 500 par value authorized, and issued share capital 10,000 shares	5,000,000	5,000,000	5,000,000
Capital Paid	5,000,000	5,000,000	5,000,000
Retained Earning -Unappropriated [Deficit]	[2,389,669]	[5,207,140]	[3,890,899]
Total Shareholders' Equity	2,610,331	[207,140]	1,109,101
Total Liabilities and Shareholders' Equity	37,330,323	20,547,384	18,842,685

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Services Income	61,386,850	38,599,681	38,803,350
Other Income	745,818	649,263	1,249,933
Total Revenues	62,132,668	39,248,944	40,053,283

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Expenses

Cost of Goods Sold or Services	44,149,069	29,374,250	29,667,720
Selling Expenses	3,043,422	2,805,869	3,312,098
Administrative Expenses	11,922,562	8,293,637	9,234,311
Total Expenses	59,115,053	40,473,756	42,214,129
Profit /[Loss] before Financial Cost and Income Tax	3,017,615	[1,224,812]	[2,160,846]
Financial Cost	[11,244]	[91,429]	[164,860]
Profit /[Loss] before Income Tax Income Tax	3,006,371 [188,900]	[1,316,241] -	[2,325,706] -
Net Profit / [Loss]	2,817,471	[1,316,241]	[2,325,706]

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	0.85	0.64	0.75
QUICK RATIO	TIMES	0.30	0.16	0.22
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	7.82	5.29	6.92
TOTAL ASSETS TURNOVER	TIMES	1.64	1.88	2.06
INVENTORY CONVERSION PERIOD	DAYS	129.43	101.11	98.75
INVENTORY TURNOVER	TIMES	2.82	3.61	3.70
RECEIVABLES CONVERSION PERIOD	DAYS	44.47	32.10	34.90
RECEIVABLES TURNOVER	TIMES	8.21	11.37	10.46
PAYABLES CONVERSION PERIOD	DAYS	21.34	22.42	19.21
CASH CONVERSION CYCLE	DAYS	152.55	110.79	114.44
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	71.92	76.10	76.46
SELLING & ADMINISTRATION INTEREST	%	24.38 0.02	28.76 0.24	32.33 0.42
GROSS PROFIT MARGIN	%	29.30	25.58	26.76
NET PROFIT MARGIN BEFORE EX. ITEM	%	4.92	(3.17)	(5.57)
NET PROFIT MARGIN	%	4.59	(3.41)	(5.99)
RETURN ON EQUITY	%	107.94	-	(209.69)
RETURN ON ASSET	%	7.55	(6.41)	(12.34)
EARNING PER SHARE	BAHT	56.35	(26.32)	(46.51)
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.93	1.01	0.94

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DEBT TO EQUITY RATIO	TIMES	13.30	(100.20)	15.99
TIME INTEREST EARNED	TIMES	268.38	(13.40)	(13.11)

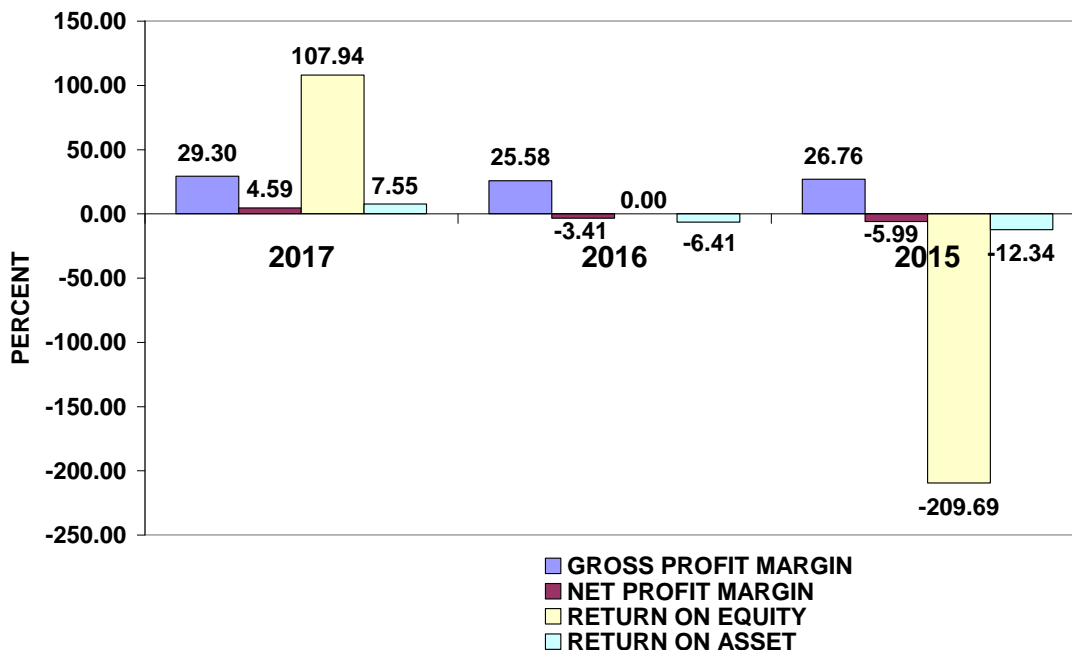
ANNUAL GROWTH

SALES GROWTH	%	59.03	(0.52)
OPERATING PROFIT	%	(346.37)	(43.32)
NET PROFIT	%	314.05	43.40
FIXED ASSETS	%	7.49	30.23
TOTAL ASSETS	%	81.68	9.05

ANNUAL GROWTH : IMPRESSIVE

An annual sales growth is 59.03%. Sales Income has increased from THB 38,599,681.00 in 2016 to THB 61,386,850.00 in 2017. While net profit has increased from THB -1,316,241.00 in 2016 to THB 2,817,471.00 in 2017. And total assets has increased from THB 20,547,384.00 in 2016 to THB 37,330,323.00 in 2017.

PROFITABILITY : IMPRESSIVE



PROFITABILITY RATIO

Gross Profit Margin	29.30	Satisfactory	Industrial Average	54.14
Net Profit Margin	4.59	Impressive	Industrial Average	2.12

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Return on Assets	7.55	Impressive	Industrial Average	4.84
Return on Equity	107.94	Impressive	Industrial Average	10.98

Gross Profit Margin used to assess a firm's financial health by revealing the proportion of money left over from revenues after accounting for the cost of goods sold. Gross profit margin serves as the source for paying additional expenses and future savings. The company's figure is 29.3%. When compared with the industry average, the ratio of the company was lower. This indicated that company may have problems with control over its costs.

Net Profit Margin is the indicator of the company's efficiency in that net profit takes into consideration all expenses of the company. A low profit margin indicates a low margin of safety, higher risk that a decline in sales will erase profits and result in a net loss. Net Profit Margin ratio is 4.59%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient operator in a dominant position within its industry.

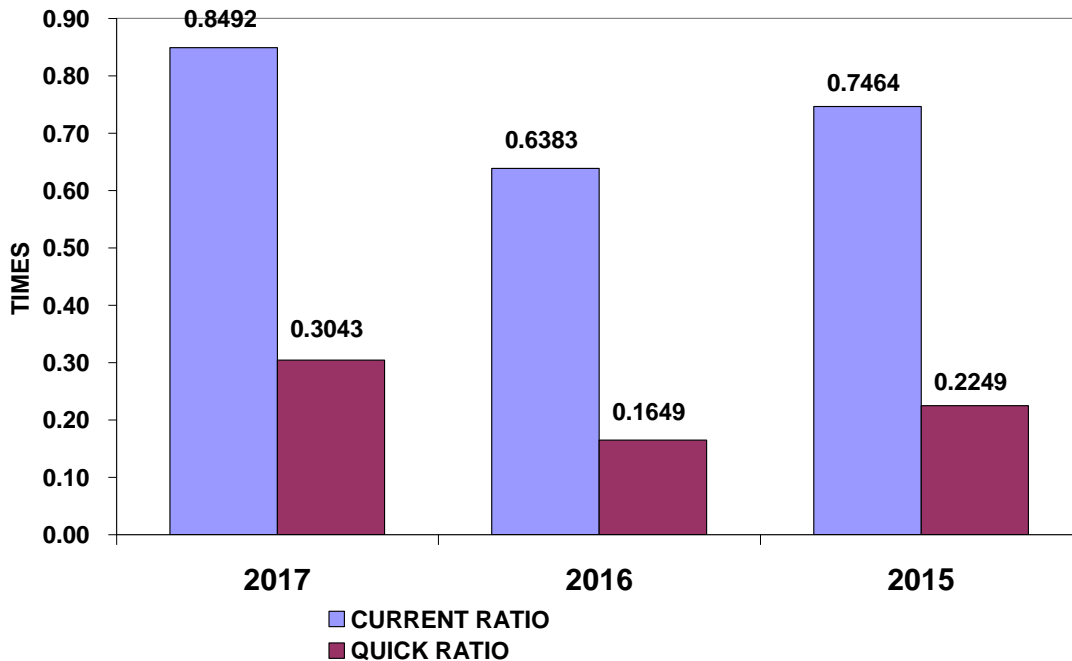
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 7.55%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient profit in a dominant position within its industry.

Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. Return on Equity ratio is 107.94%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient profit in a dominant position within its industry.

Trend of the average competitors in the same industry for last 5 years

Return on Assets	Uptrend
Return on Equity	Uptrend

LIQUIDITY : RISKY



LIQUIDITY RATIO

Current Ratio	0.85	Risky	Industrial Average	1.93
Quick Ratio	0.30			
Cash Conversion Cycle	152.55			

The Current Ratio is to ascertain whether a company's short-term assets are readily available to pay off its short-term liabilities. The company's figure is 0.85 times in 2017, increase from 0.64 times, then the company may have problems meeting its short-term obligations. When compared with the industry average, the ratio of the company was lower.

The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 0.3 times in 2017, increase from 0.16 times, then the company has not enough current assets that presumably can be quickly converted to cash for pay financial obligations.

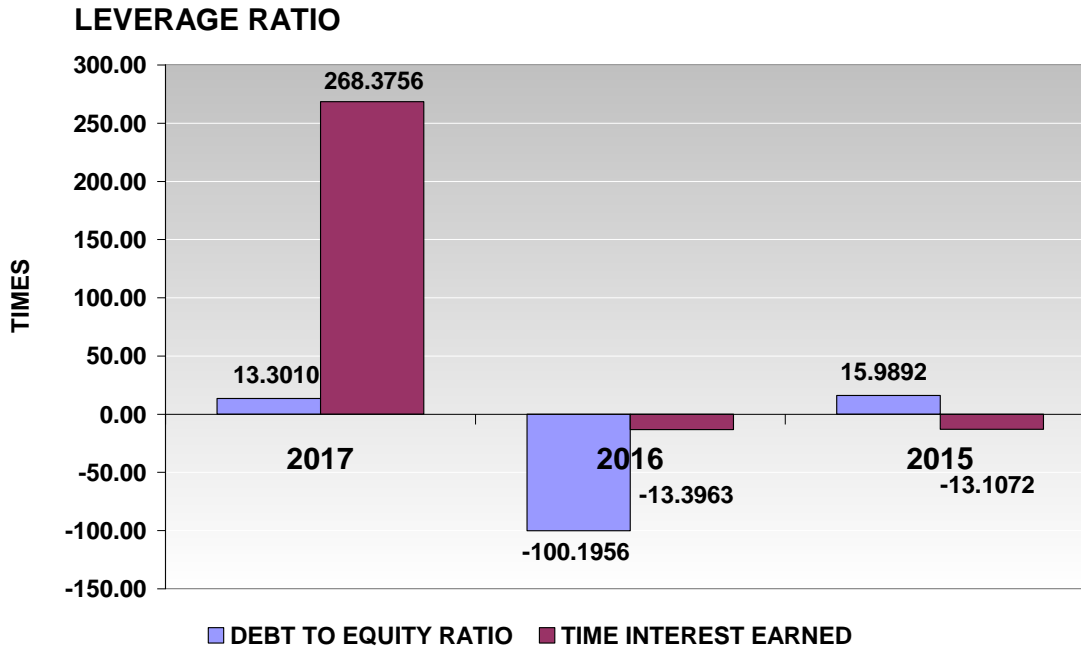
The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 153 days.

Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

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LEVERAGE : ACCEPTABLE



LEVERAGE RATIO

Debt Ratio	0.93	Acceptable	Industrial Average	0.53
Debt to Equity Ratio	13.30	Risky	Industrial Average	1.15
Times Interest Earned	268.38	Impressive	Industrial Average	-

Debt to Equity Ratio a measurement of how much suppliers, lenders, creditors and obligors have committed to the company versus what the shareholders have committed. A higher the percentage means that the company is using less equity and has stronger leverage position.

Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 268.38 higher than 1, so the company can pay interest expenses on outstanding debt.

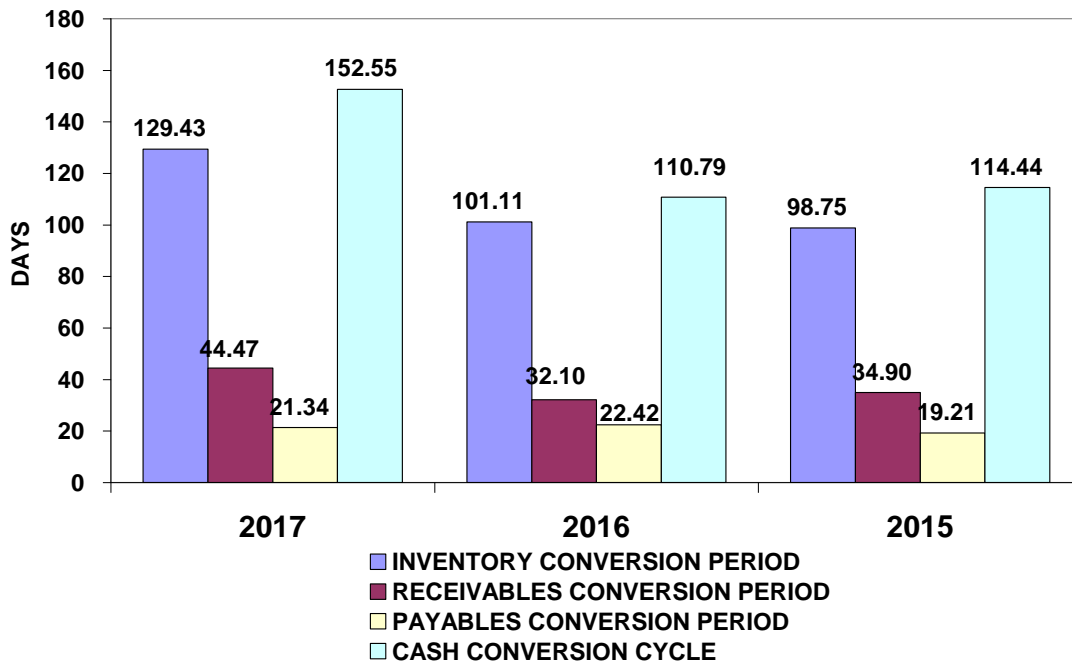
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.93 greater than 0.5, most of the company's assets are financed through debt.

Trend of the average competitors in the same industry for last 5 years

Debt Ratio	Downtrend
Times Interest Earned	Stable

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ACTIVITY : IMPRESSIVE



ACTIVITY RATIO

Fixed Assets Turnover	7.82	Impressive	Industrial Average	-
Total Assets Turnover	1.64	Satisfactory	Industrial Average	2.29
Inventory Conversion Period	129.43			
Inventory Turnover	2.82	Acceptable	Industrial Average	6.42
Receivables Conversion Period	44.47			
Receivables Turnover	8.21	Impressive	Industrial Average	4.08
Payables Conversion Period	21.34			

The company's Account Receivable Ratio is calculated as 8.21 and 11.37 in 2017 and 2016 respectively. This ratio measures the efficiency of the company in managing its trade debtors to generate revenue. A lower ratio may indicate over extension and collection problems. Conversely, a higher ratio may indicate an overly stringent policy. In this case, the company's A/R ratio in 2017 decreased from 2016. This would suggest the company had deteriorated in the management of its debt collections.

Inventory Turnover in Days Ratio indicates the liquidity of inventory. It estimates the number of days that it will take to sell the current inventory. Inventory is particularly sensitive to change in business activities. The inventory turnover in days has increased from 101 days at the end of 2016 to 129 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 3.61 times in year 2016 to 2.82 times in year 2017.

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The company's Total Asset Turnover is calculated as 1.64 times and 1.88 times in 2017 and 2016 respectively. This ratio is determined by dividing total assets into total sales turnover. The ratio measures the activity of the assets and the ability of the firm to generate sales through the use of the assets.

Trend of the average competitors in the same industry for last 5 years

Fixed Assets Turnover	Stable
Total Assets Turnover	Uptrend
Inventory Turnover	Uptrend
Receivables Turnover	Uptrend

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.61
UK Pound	1	INR 90.07
Euro	1	INR 80.37
Thai Baht	1	INR 2.07

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

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	TPT

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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)