

MIRA INFORM REPORT

Report No. :	524492
Report Date :	11.08.2018

IDENTIFICATION DETAILS

Name :	EMERSON ELECTRIC (THAILAND) LIMITED
Registered Office :	24 Moo 4, Eastern Seaboard Industrial Estate, T. Pluakdaeng, A. Pluakdaeng, Rayong 21140, Thailand
Country :	Thailand
Financials (as on) :	30.09.2017
Date of Incorporation :	23.12.1991
Com. Reg. No.:	0105534122021
Legal Form :	Private Limited Company
Line of Business :	Subject activity is a manufacturer wide range of compressors, including hermetic compressor, industrial compressor, scroll compressor, semi-hermetic compressor, and accessories for air-conditioning, refrigerator and others.
No. of Employees :	800

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 :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

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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

EMERSON ELECTRIC (THAILAND) LIMITED

SUMMARY

BUSINESS ADDRESS : 24 MOO 4, EASTERN SEABOARD INDUSTRIAL ESTATE,
T. PLUAKDAENG, A. PLUAKDAENG,
RAYONG 21140, THAILAND

TELEPHONE : [66] 38 957-000

FAX : [66] 38 954-253

E-MAIL ADDRESS : rungracha.k@emerson.com

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 1991

REGISTRATION / TAX ID NO. : 0105534122021

CAPITAL REGISTERED : BHT. 597,500,000

CAPITAL PAID-UP : BHT. 597,500,000

SHAREHOLDER' PROPORTION : FOREIGN : 100%

FISCAL YEAR CLOSING DATE : SEPTEMBER 30

LEGAL STATUS : PRIVATE LIMITED COMPANY

EXECUTIVE : MR. THOMAS ROBERT ZOFKIE, AMERICAN
VICE PRESIDENT AND MANAGING DIRECTOR

NO. OF STAFF : 800

LINES OF BUSINESS : COMPRESSORS
MANUFACTURER, DISTRIBUTOR AND EXPORTER

CORPORATE PROFILE

OPERATING TREND : STABLE

PRESENT SITUATION : OPERATING NORMALLY

REPUTATION : GOOD WITH NORMAL BUSINESS ENGAGEMENT

MANAGEMENT STANDARD : MANAGEMENT WITH GOOD PERFORMANCE

HISTORY

The subject was established on December 23, 1991 as a private limited company under the registered name *Emerson (Thailand) Ltd.*, by EMR Holdings Inc., U.S.A., in order to manufacture and export compressors for air-conditioning and refrigerators. On February 25, 1992 the subject's name was changed to EMERSON ELECTRIC (THAILAND) LIMITED. It currently employs approximately 800 staff.

At present, the subject is a wholly owned subsidiary of Emerson DHC B.V., Netherlands, which is a member of Emerson Electric Co., the U.S. based and world's leading supplier of compressors and condensing units for commercial and residential air-conditioning and commercial refrigerate equipment.

The subject was granted a promotional privilege investment from Board of Investment [BOI] for its production.

It achieved the ISO:14001 certification from Underwriters Laboratories Inc., for the environment management on April 17, 2002.

Emerson Group's Asia regional has its headquarters in Hong Kong and offices in Republic of China, India, Japan, Korea, Indonesia, Malaysia and Singapore.

The subject's registered address is 24 Moo 4, Eastern Seaboard Industrial Estate, T. Pluakdaeng, A. Pluakdaeng, Rayong 21140, and this is the subject's current operation address.

THE BOARD OF DIRECTORS

<u>Name</u>	<u>Nativity</u>	<u>Age</u>
Mr. Ponlit Suwonmetha	Thai	69
Mr. Ong-art Veerachartyanukul	Thai	48
Mr. Thomas Robert Zofkie	American	62
Ms. Orawan Pratipwattanawit	Thai	53
Mr. Hakan Mehmet Erdamar	American	52
Mr. Richard John Coote	Australian	52
Mr. Edwin Marcel Boone	American	62
Mr. Prakarn Dherapratuangkul	Thai	54

AUTHORIZED PERSON

Two of the above directors can jointly sign on behalf of the subject with company's affixed.

MANAGEMENT

Mr. Thomas Robert Zofkie is the Vice President and Managing Director.
He is American nationality with the age of 62 years old.

Mr. Ponlit Suwonmetha is the Deputy Managing Director.
He is Thai nationality with the age of 69 years old.

Ms. Orawan Pratipwattanawit is the Financial Controller.
She is Thai nationality with the age of 53 years old.

Mr. Somyoth Miengchom is the Manufacturing Engineering Manager.
He is Thai nationality.

Mrs. Vanida Khomna is the Human Resources Manager.
She is Thai nationality.

Mr. Seksan Komolvilas is the Quality Manager.
He is Thai nationality.

BUSINESS OPERATIONS

The subject's activity is a manufacturer wide range of compressors, including hermetic compressor, industrial compressor, scroll compressor, semi-hermetic compressor, and accessories for air-conditioning, refrigerator and others. The products and brands are as follows:

Types of products are as follows:

1. "Copeland"

- Condensing units, Hermetic Compressors, Scroll Compressors and Semi-Hermetic Compressor.

2. "Emerson"

- AC Drive [building automation]
- Compressor [hermetic compressors, industrial compressors, scroll compressors, semi-hermetic compressors]
- Condensing units [hermetic condensing units, semi-hermetic condensing units, and specialty condensing units]
- Controls [compressor controls, cooling/ refrigeration controls, custom electronic controls, facility controls, furnace controls, hydronic controls, and mechanical controls]
- Electronics-Systems [control link, discuss with core sense diagnostics, E2 facility management system, EC3-X32-3, electronic control, EXD-U-00/ iPro DAC, leak detection, power monitoring/ RMS, sensors & transducers, VAV system control, XEV22 superheat control valve driver, XWeb supervisory platform]

3. "Fusite"

- AC & Refrigeration [compressor feedthroughs, power plates, sight glasses]
- Industrial & commercial [sensor feedthroughs, pump feedthroughs, hybrid car compressor seals, initiator components, battery feedthroughs]
- RF/Microwave [hermetic packages, laser sealing, surface mount, RF/50 ohm feedthrus, DC feedthrus, capacitor feedthrus, multi-pin feedthrus].

PRODUCTION

500,000-1,000,000 sets per annum

PURCHASE

80% of raw materials and spare parts are imported from United States of America, Taiwan, Singapore, Republic of China, India, Malaysia, Indonesia and Japan, the remaining 20% is purchased from local suppliers.

MAJOR SUPPLIERS

U.M.C. Diecasting Co., Ltd. : Thailand
Emerson Electric Co. : United States of America
The Max Value Technology Co., Ltd. : Thailand
S.K. Polymer Co., Ltd. : Thailand
Yarnpund Public Company Limited : Thailand

DISTRIBUTION

80% of the products is exported to Emerson Electric Co., in U.S.A., and the remaining 20% is sold locally to refrigerator and air-conditioner manufacturers, such as "SHARP", "TOSHIBA", "PANASONIC", "MITSUBISHI" and other brands.

MAJOR CUSTOMERS

Emerson Electric Co. : United States of America
Mahajak Air Conditioners Co., Ltd. : Thailand
Sangchai Equipment Co., Ltd. : Thailand
Thai Nair Equipment Supply Co., Ltd. : Thailand
Kulthorn Group : Thailand
Saijo-Denki International Co., Ltd. : Thailand

PARENT COMPANY

Emerson DHC B.V.

Address : Teleport Boulevard 140, 1043 EJ Amsterdam, The Netherlands

SUBSIDIARY AND AFFILIATED COMPANY

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

LITIGATION

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.

CREDIT

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

BANKING

Kasikornbank Public Company Limited

[Head Office : 1 Kasikorn Lane, Rajburana Rd., Rajburana, Bangkok 10140]
[Rayong Branch : 091 Sukhumvit Rd., Thapradu, Muang, Rayong]

Citibank, NA.

[Bangkok Office : 82 North Sathorn Rd., Bangrak, Bangkok 10500]

Bangkok Bank Public Company Limited

EMPLOYMENT

The subject employs approximately 800 staff [office staff and factory workers].

LOCATION DETAILS

The premise is owned for administrative office at the heading address on 150,000 square meters of area. Premise is located in industrial area.

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Plants are located at the following addresses :

Emerson/Copeland Plant

- 24 Moo 4, Eastern Seaboard Industrial Estate, T. Pluakdaeng, A. Pluakdaeng, Rayong 21140

Fusite Plant

- 500 Moo 7, T. Thatoom, A. Srimahaphote, Prachinburi 25140
Tel.: [66] 37 629-812, Fax: [66] 37 481-081.

Branch Office [Sales]:

34th Floor, Nation Tower, 1858/133 Bangna-Trad Rd., Bangna, Bangkok 10260
Tel : [66] 2716-4700 Fax : [66] 2751-4240-1

COMMENT

The subject is one of the leading manufacturers and exporters of compressor for cooling systems. A recipient of continuous compressor technology innovation, has enabled its manufacturing to manufacture wide range of world-standard compressors for diverse needs of its global customers.

The subject is one of the major exporters of technological advanced scroll air-conditioning compressors to world market. With its high production efficiency has resulted in improved competitiveness and customer satisfaction for both the local and international markets.

Its business has significantly grown and continued to keep abreast of customers needs to maintain its leading position in the industry. Its business remains solid and profitable.

FINANCIAL INFORMATION

The capital was registered at Bht. 2,500,000 divided into 100,000 shares of Bht. 25 each.

The capital was increased later as followings:

- Bht. 175,000,000 on February 14, 1996
- Bht. 177,500,000 on March 26, 1996
- Bht. 597,500,000 on December 22, 1999

The latest registered capital was increased to Bht. 597,500,000 divided into 23,900,000 shares of Bht. 25 each with fully paid.

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THE SHAREHOLDERS LISTED WERE : [as at December 22, 2017]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Emerson DHC B.V. Nationality: Dutch Address : Teleport Boulevard 140, 1043 EJ Amsterdam, The Netherlands	23,899,994	100.00
Emersub 11 LLC Nationality: American Address : 8000 West Florissant Avenue, St. Louis, Missouri 63136, U.S.A.	1	-
Emersub 12 LLC Nationality: American Address : 8000 West Florissant Avenue, St. Louis, Missouri 63136, U.S.A	1	-
Emersub 10 LLC Nationality: American Address : 8000 West Florissant Avenue, St. Louis, Missouri 63136 , U.S.A	1	-
Emersub 7 LLC Nationality: American Address : 8000 West Florissant Avenue, St. Louis, Missouri 63136, U.S.A	1	-
Emersub 9 LLC Nationality: American Address : 8000 West Florissant Avenue, St. Louis, Missouri 63136, U.S.A	1	-
Emersub 8 LLC Nationality: American Address : 8000 West Florissant Avenue, St. Louis, Missouri 63136, U.S.A	1	-

Total Shareholders : 7

Share Structure [as at December 22, 2017]

<u>Nationality</u>	<u>Shareholders</u>	<u>No. of Share</u>	<u>% Shares</u>
Thai	-	-	-
Foreign	7	23,900,000	100.00
Total	7	23,900,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Mr. Veerachai Rattanajaraskul No. 4323

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BALANCE SHEET [BAHT]

The latest financial figures published for September 30, 2017, 2016 and 2015 were:

Current Assets	ASSETS		
	2017	2016	2015 [Adjusted]
Cash and Cash Equivalents	334,426,193	529,419,281	530,882,954
Trade Accounts and Other Receivable	1,952,106,256	1,699,308,689	1,998,613,552
Inventories	477,325,796	452,248,212	517,526,542
Other Current Assets	80,113,459	57,876,822	67,721,943
Total Current Assets	2,843,971,704	2,738,853,004	3,114,744,991
Property, Plant and Equipment	1,360,413,778	1,343,694,894	1,213,630,434
Intangible Assets	49,181,731	54,783,856	59,150,010
Other Non-current Assets	1,350,013	1,434,013	1,682,013
Total Assets	4,254,917,226	4,138,765,767	4,389,207,448

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015 [Adjusted]
Trade Accounts and Other Payable	2,350,868,680	1,749,175,737	1,987,788,714
Accrued Income Tax	337,514,761	377,117,925	308,246,050
Short-term Estimated Liabilities	18,815,601	27,912,446	17,284,609
Other Current Liabilities	319,884,677	304,302,866	99,532,686
Total Current Liabilities	3,027,083,719	2,458,508,974	2,412,852,059
Employee Benefits Obligation	105,811,700	91,729,853	49,894,456
Total Liabilities	3,132,895,419	2,550,238,827	2,462,746,515
Shareholders' Equity			
Share capital : Baht 25 par value authorized, and issued share capital 23,900,000 shares	597,500,000	597,500,000	597,500,000
Capital Paid	597,500,000	597,500,000	597,500,000
Retained Earning : [Deficit]			
Appropriated for statutory reserve	59,750,000	59,750,000	59,750,000
Unappropriated	464,771,807	931,276,940	1,269,210,933

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Total Shareholders' Equity	1,122,021,807	1,588,526,940	1,926,460,933
Total Liabilities and Shareholders' Equity	4,254,917,226	4,138,765,767	4,389,207,448

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015 [Adjusted]
Sales or Services	12,175,329,706	11,537,142,689	11,036,689,958
Interest Income	-	-	1,143,717
Other Income	9,449,893	9,157,708	216,316,353
Total Revenues	12,184,779,599	11,546,300,397	11,254,150,028
Expenses			
Cost of Goods Sold or Services	7,654,638,151	6,992,118,859	6,954,632,197
Selling Expenses	763,989,259	737,647,781	683,270,028
Administrative Expenses	218,734,412	218,246,144	213,363,792
Other Expenses	41,249,848	59,074,974	-
Total Expenses	8,678,611,670	8,007,087,758	7,851,266,017
Profit / [Loss] before Income Tax	3,506,167,929	3,539,212,639	3,402,884,011
Income Tax	[672,673,062]	[727,146,632]	[528,264,081]
Net Profit / [Loss]	2,833,494,867	2,812,066,007	2,874,619,930

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	0.94	1.11	1.29
QUICK RATIO	TIMES	0.76	0.91	1.05
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	8.95	8.59	9.09
TOTAL ASSETS TURNOVER	TIMES	2.86	2.79	2.51
INVENTORY CONVERSION PERIOD	DAYS	22.76	23.61	27.16
INVENTORY TURNOVER	TIMES	16.04	15.46	13.44
RECEIVABLES CONVERSION PERIOD	DAYS	58.52	53.76	66.10
RECEIVABLES TURNOVER	TIMES	6.24	6.79	5.52
PAYABLES CONVERSION PERIOD	DAYS	112.10	91.31	104.33

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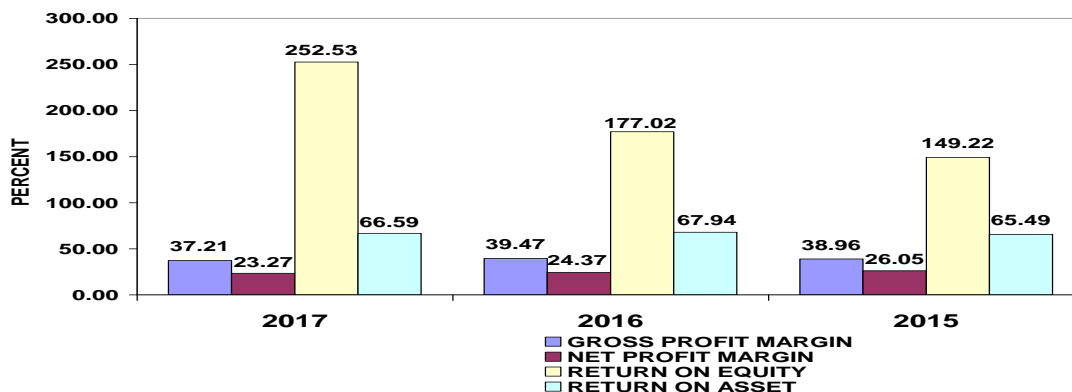
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CASH CONVERSION CYCLE	DAYS	(30.82)	(13.94)	(11.07)
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	62.87	60.61	63.01
SELLING & ADMINISTRATION INTEREST	%	8.07	8.29	8.12
GROSS PROFIT MARGIN	%	37.21	39.47	38.96
NET PROFIT MARGIN BEFORE EX. ITEM	%	28.80	30.68	30.83
NET PROFIT MARGIN	%	23.27	24.37	26.05
RETURN ON EQUITY	%	252.53	177.02	149.22
RETURN ON ASSET	%	66.59	67.94	65.49
EARNING PER SHARE	BAHT	118.56	117.66	120.28
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.74	0.62	0.56
DEBT TO EQUITY RATIO	TIMES	2.79	1.61	1.28
TIME INTEREST EARNED	TIMES	-	-	-
ANNUAL GROWTH				
SALES GROWTH	%	5.53	4.53	
OPERATING PROFIT	%	(0.93)	4.01	
NET PROFIT	%	0.76	(2.18)	
FIXED ASSETS	%	1.24	10.72	
TOTAL ASSETS	%	2.81	(5.71)	

ANNUAL GROWTH : IMPRESSIVE

An annual sales growth is 5.53%. Sales Income has increased from THB 11,537,142,689.00 in 2016 to THB 12,175,329,706.00 in 2017. While net profit has increased from THB 2,812,066,007.00 in 2016 to THB 2,833,494,867.00 in 2017. And total assets has increased from THB 4,138,765,767.00 in 2016 to THB 4,254,917,226.00 in 2017.

PROFITABILITY : EXCELLENT



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PROFITABILITY RATIO

Gross Profit Margin	37.21	Impressive	Industrial Average	23.15
Net Profit Margin	23.27	Impressive	Industrial Average	7.58
Return on Assets	66.59	Impressive	Industrial Average	10.71
Return on Equity	252.53	Impressive	Industrial Average	24.05

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. Gross Profit Margin is 37.21%. When compared with the industry average, the ratio of the company was higher, indicated that company was more profitable than the same industry.

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 23.27%, 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.

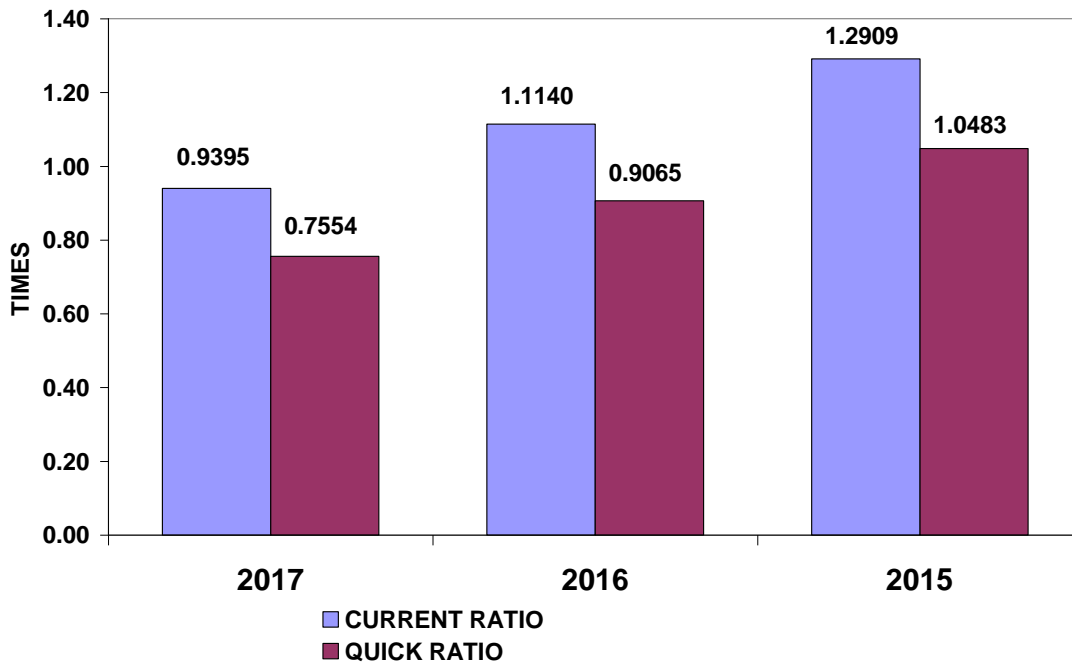
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 66.59%, 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 252.53%, 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	Downtrend
Return on Equity	Downtrend

LIQUIDITY : ACCEPTABLE



LIQUIDITY RATIO

Current Ratio	0.94	Risky	Industrial Average	1.41
Quick Ratio	0.76			
Cash Conversion Cycle	(30.82)			

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 0.94 times in 2017, decrease from 1.11 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.

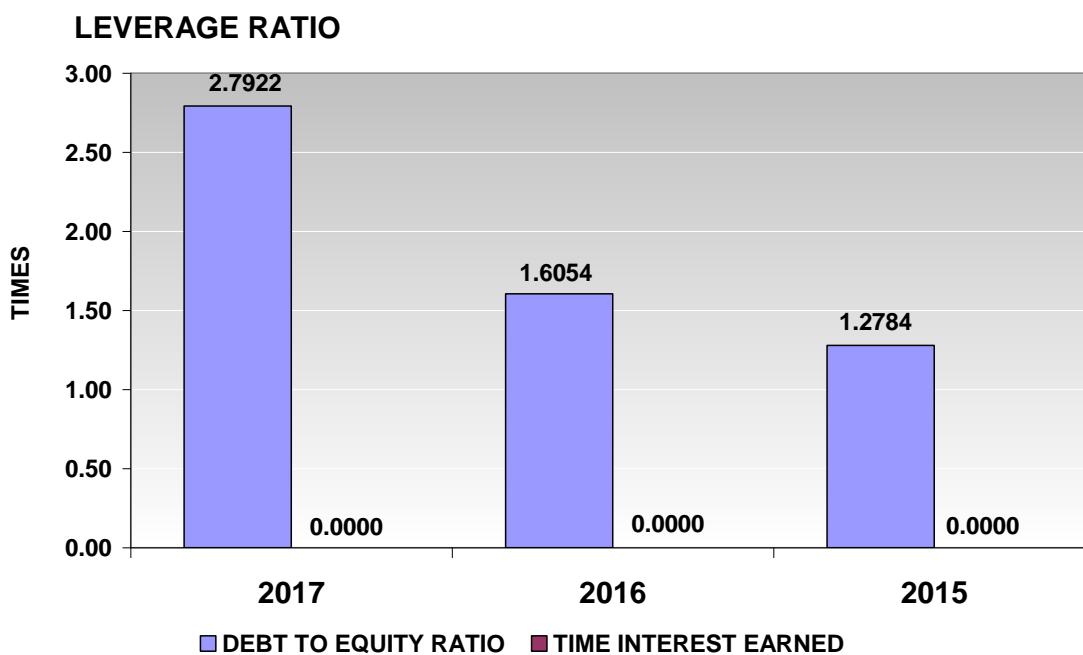
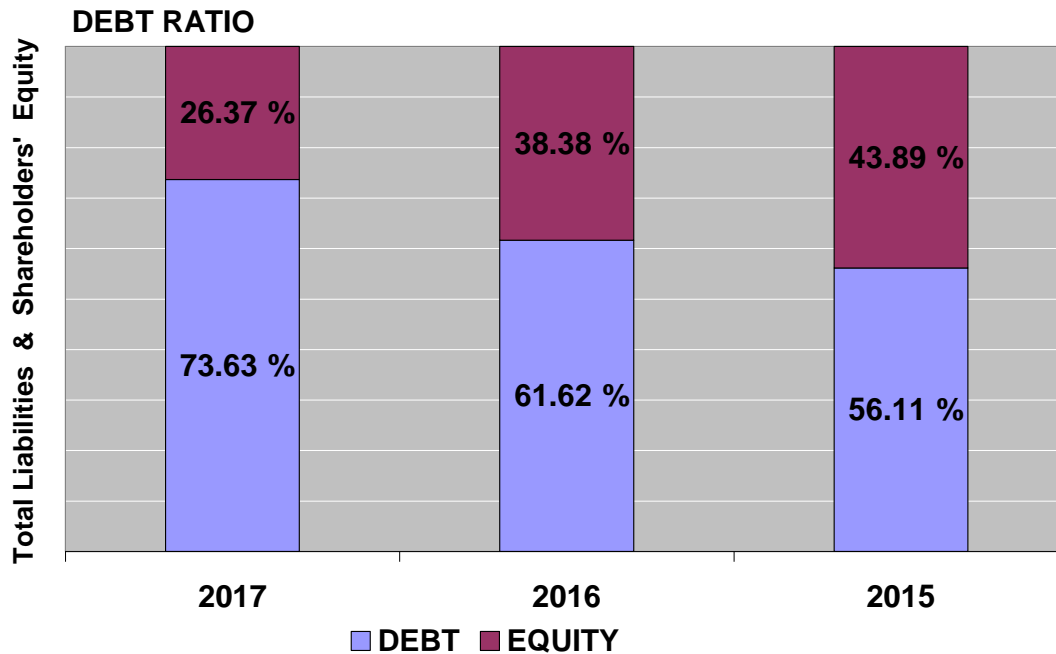
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 0.76 times in 2017, decrease from 0.91 times, then the company has not enough current assets that presumably 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 -31 days.

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

Current Ratio Uptrend

LEVERAGE : RISKY



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LEVERAGE RATIO

Debt Ratio	0.74	Acceptable	Industrial Average	0.55
Debt to Equity Ratio	2.79	Risky	Industrial Average	1.22
Times Interest Earned	-		Industrial Average	-

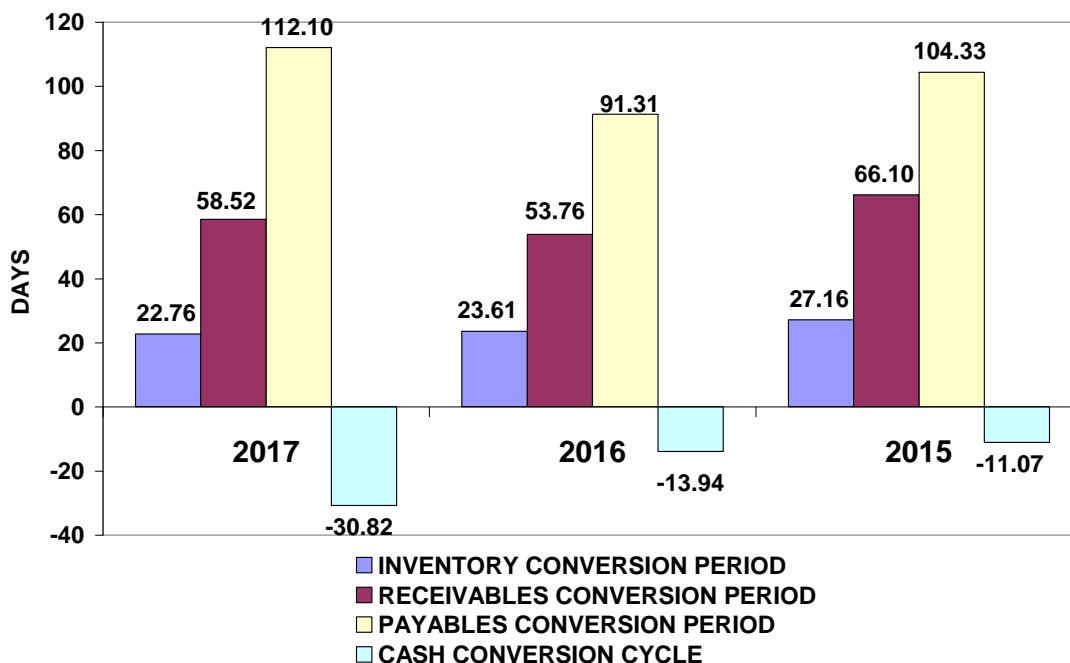
Debt to Equity Ratio a measurement of how much suppliers, lenders, creditors and obligors have committed to the company versus what the shareholders have committed. A higher the percentage means that the company is using less equity and has stronger leverage position.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.74 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

ACTIVITY : EXCELLENT



ACTIVITY RATIO

Fixed Assets Turnover	8.95	Impressive	Industrial Average	-
Total Assets Turnover	2.86	Impressive	Industrial Average	1.41
Inventory Conversion Period	22.76			
Inventory Turnover	16.04	Impressive	Industrial Average	3.82
Receivables Conversion	58.52			

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Period				
Receivables Turnover	6.24	Impressive	Industrial Average	3.90
Payables Conversion	112.10			
Period				

The company's Account Receivable Ratio is calculated as 6.24 and 6.79 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 overtly 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 decreased from 24 days at the end of 2016 to 23 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 15.46 times in year 2016 to 16.04 times in year 2017.

The company's Total Asset Turnover is calculated as 2.86 times and 2.79 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	Downtrend
Receivables Turnover	Uptrend

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.95
UK Pound	1	INR 88.19
Euro	1	INR 79.00
THB	1	INR 2.08

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	POJ

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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)