

## MIRA INFORM REPORT

Report No. :	523378
Report Date :	10.08.2018

### IDENTIFICATION DETAILS

Name :	FORMOSA ORGANIC CHEMICAL INDUSTRY CO., LTD.
Registered Office :	575 SOI 11, Pattana 1 Road, T. Praeksa, A. Muang, Samutprakarn 10280
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	1990
Com. Reg. No.:	0115533000878
Legal Form :	Private Limited Company
Line of Business :	The Subject is engaged in Manufacturing and Distributing Various Kinds of Industrial Based Chemicals Mainly for Textile, Plastic, Tanning, Lubricant, Cleaning and Rubber Industries. The Products are as follows: 1. Textile Chemical 2. Metallic Stearates 3. Lubricate, Anti-static 4. Others
No. of Employees :	90

### RATING & COMMENTS

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

**MIRA's Rating :** B

Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
Payment Behaviour :	Slow but Correct
Litigation :	Clear

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**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)
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**

FORMOSA ORGANIC CHEMICAL INDUSTRY CO., LTD.

## **COMPANY SUMMARY**

BUSINESS ADDRESS : 575 SOI 11, PATTANA 1 ROAD,  
T. PRAEKSA, A. MUANG, SAMUTPRAKARN 10280,  
THAILAND  
TELEPHONE : [66] 2324-0066-8, 2709-3016-9  
FAX : [66] 2324-0353, 2709-4488  
E-MAIL ADDRESS : info@formosachem.com  
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS  
ESTABLISHED : 1990  
REGISTRATION / TAX ID NO. : 0115533000878  
CAPITAL REGISTERED : BHT. 5,000,000  
CAPITAL PAID-UP : BHT. 5,000,000  
SHAREHOLDER'S PROPORTION : THAI : 90.00%  
CHINESE : 10.00%  
FISCAL YEAR CLOSING DATE : DECEMBER 31  
LEGAL STATUS : PRIVATE LIMITED COMPANY  
EXECUTIVE : MS. CHANNISA WANGPWAPAK, THAI  
MANAGING DIRECTOR  
NO. OF STAFF : 90  
LINES OF BUSINESS : INDUSTRIAL CHEMICALS  
MANUFACTURER, DISTRIBUTOR AND EXPORTER

## **CORPORATE PROFILE**

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

## **HISTORY**

The subject was established on February 28, 1990 as a private limited company under the registered name FORMOSA ORGANIC CHEMICAL INDUSTRY CO., LTD. by Thai and Chinese groups, in order to manufacture and distribute wide range of industrial chemicals to both local and overseas markets. It currently employs 90 staff.

The subject achieved the ISO 9001 : 2000 certificate for the quality standard system by RWTUV on October 31, 2002.

The subject's registered address is 575 Soi 11 Pattana 1 Rd., T. Praeksa, A. Muang, Samutprakarn 10280, and this is the company's current operation address.

## **THE BOARD OF DIRECTORS**

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Deejanatr Wangpwapak	Thai	86
Mrs. Nonthiya Wangpwapak	Thai	75
Ms. Channisa Wangpwapak	Thai	49
Ms. Nartlavii Wangpwapak	Thai	52

## **AUTHORIZED PERSON**

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

## **MANAGEMENT**

Ms. Channisa Wangpwapak is the Managing Director.  
She is Thai nationality with the age of 49 years old.

Ms. Nartlavii Wangpwapak is the Deputy Managing Director and Factory Manager.  
She is Thai nationality with the age of 52 years old.

## **BUSINESS OPERATIONS**

The subject is engaged in manufacturing and distributing various kinds of industrial based chemicals mainly for textile, plastic, tanning, lubricant, cleaning and rubber industries. The products are as follows:

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1. Textile Chemical

Texturizing oil, sizing agent-air jet, sizing agent-water jet, sizing agent-compound, sizing oil, sizing additives, acrylic binder for pigment printing, thickeners and emulsifier for pigment printing, scouring agents, dyeing and fixing agent, non-silicone softeners, silicone softeners, acrylic emulsion co-polymer for non-woven, acrylic coating for taffeta, wax emulsions [PE, PP], flocculants, etc.

2. Metallic Stearates

Aluminium stearate, ammonium stearate, barium stearate, calcium stearate, lithium stearate, magnesium stearate, sodium stearate and zinc stearate

3. Lubricate, Anti-static

Butyl stearate, glycerol mono-stearate [GMS-45%], ethylene bis stearamide

4. Others

## **PURCHASE**

70% of raw material is purchased from local suppliers, the remaining 30% is imported from Germany, United Kingdom, Republic of China, Japan and Taiwan.

## **MAJOR SUPPLIER**

Thai-MC Company Limited : Thailand

## **SALES**

80% of the products is sold locally to manufacturers, wholesalers and end-users.

## **EXPORT [COUNTRY]**

20% of the products is exported to Japan, Korea, Singapore, Indonesia, Malaysia, India, Republic of China, Vietnam and Taiwan.

## **SUBSIDIARY AND AFFILIATED COMPANY**

The subject is not found to have any subsidiary nor affiliated company here in Thailand.

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## **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 to for 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 L/C at sight and T/T.  
Exports are against T/T.

## **BANKING**

Kasikornbank Public Company Limited  
[Head Office : 1 Kasikorn Lane, Rajburana Rd., Rajburana, Bangkok 10140]

Bangkok Bank Public Company Limited

## **EMPLOYMENT**

The subject employs approximately 90 staff.

## **LOCATION DETAILS**

The premise is owned for administrative office, factory and warehouse on 12,800 square meters at the heading address. It is located in Bangpoo Industrial Estate, Samutprakarn province.

## **COMMENT**

Despite an increase in sales or service income in 2017 comparing to the previous year, it obtained another year of net loss. Moreover, it has accumulated a retained earning (deficit) and total shareholders' equity (deficit) which could more or less affect on normal operation, financial liquidity flow and expansion in the future. Therefore, any credit amount should be treated on a secured basis.

## **FINANCIAL INFORMATION**

The capital was registered at Bht. 10,000,000 divided into 100,000 shares of Bht. 100 each with fully paid.

On April 2, 2003, the capital was decreased to Bht. 8,000,000 divided into 80,000 shares of Bht. 100 each.

On October 10, 2005, the capital was decreased to Bht. 5,000,000 divided into 50,000 shares of Bht. 100 each with fully paid.

## **THE SHAREHOLDERS LISTED WERE**

: [as at April 30, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Ms. Channisa Wangpwapak Nationality : Thai Address : 93 Pattanakarn 14 Rd., Suanluang, Bangkok 10250	17,500	35.00
Mr. Deejanatr Wangpwapak Nationality : Thai Address : 93 Pattanakarn 14 Rd., Suanluang, Bangkok 10250	15,000	30.00
Ms. Nartlavii Wangpwapak Nationality : Thai Address : 93 Pattanakarn 14 Rd., Suanluang, Bangkok 10250	10,000	20.00
Mr. Wang, Jee Chow Nationality : Chinese Address : 93 Pattanakarn 14 Rd., Suanluang, Bangkok 10250	5,000	10.00
Mrs. Nonthiya Wangpwapak Nationality : Thai Address : 93 Pattanakarn 14 Rd., Suanluang,	2,500	5.00

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Bangkok 10250

**Total Shareholders : 5**

**Share Structure [as at April 30, 2018]**

Nationality	Shareholders	No. of Share	% Shares
Thai	4	45,000	90.00
Foreign - Chinese	1	5,000	10.00
Total	5	50,000	100.00

## **NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO**

Mr. Supat Upanigkit No. 1542

### **FORMOSA ORGANIC CHEMICAL INDUSTRY CO., LTD.**

## **FINANCIALS**

### **BALANCE SHEET [BAHT]**

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

#### **ASSETS**

<b>Current Assets</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash and Cash Equivalents	559,053.05	2,165,837.69	737,693.48
Short-term Investment	459,176.15	455,121.02	331,600.00
Trade Accounts and Other Receivable	33,027,684.31	35,148,186.27	38,831,029.08
Inventories	77,284,167.86	55,076,995.14	56,892,311.53
Other Current Assets	1,134,547.34	4,485,033.62	6,541,917.45
<b>Total Current Assets</b>	<b>112,464,628.71</b>	<b>97,331,173.74</b>	<b>103,334,551.54</b>
Property, Plant and Equipment	35,999,561.61	41,837,536.09	37,055,809.77
Intangible Assets	27,219.22	40,798.82	15,706.39
Other Non-current Assets	986,025.88	1,262,442.66	4,644,755.17

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<b>Total Assets</b>	<b>149,477,435.42</b>	<b>140,471,951.31</b>	<b>145,050,822.87</b>
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**LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]**

<b>Current Liabilities</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Bank Overdraft and Short-term Loan			
From Financial Institutions	113,293,681.51	111,623,735.99	118,426,973.43
Trade Accounts and Other Payable	15,275,064.72	22,554,996.91	15,997,030.91
Current Portion of Long-term Liabilities	1,299,720.00	1,299,720.00	1,299,720.00
Short-term Loans	18,500,000.00	-	-
Accrued Income Tax	71,284.32	30,652.40	-
Other Current Liabilities	140,323.32	274,746.32	130,243.57
<b>Total Current Liabilities</b>	<b>148,580,073.87</b>	<b>135,783,851.62</b>	<b>135,853,967.91</b>
Long-term Loan	162,752.54	139,752.97	139,752.97
Other Non-current Liabilities	2,382,820.00	3,682,540.00	4,982,260.00
<b>Total Liabilities</b>	<b>151,125,646.41</b>	<b>139,606,144.59</b>	<b>140,975,980.88</b>
<b>Shareholders' Equity</b>			
Share capital : Baht 100 par value authorized, and issued share capital 50,000 shares	5,000,000.00	5,000,000.00	5,000,000.00
Capital Paid	5,000,000.00	5,000,000.00	5,000,000.00
Retained Earning -Unappropriated [Deficit]	[6,648,210.99]	[4,134,193.28]	[925,158.01]
<b>Total Shareholders' Equity</b>	<b>[1,648,210.99]</b>	<b>865,806.72</b>	<b>4,074,841.99</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>149,477,435.42</b>	<b>140,471,951.31</b>	<b>145,050,822.87</b>

**PROFIT & LOSS ACCOUNT**

<b>Revenue</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Sales or Services Income	165,260,168.07	154,635,150.81	178,341,848.11
Other Income	642,914.97	757,380.85	4,401,128.13
<b>Total Revenues</b>	<b>165,903,083.04</b>	<b>155,392,531.66</b>	<b>182,742,976.24</b>
<b>Expenses</b>			
Cost of Goods Sold or Services	148,878,047.17	135,939,997.39	160,921,936.57

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Selling Expenses	3,668,526.93	3,542,931.00	6,071,338.83
Administrative Expenses	13,029,495.87	17,720,155.66	17,377,381.08
<b>Total Expenses</b>	<b>165,576,069.97</b>	<b>157,203,084.05</b>	<b>184,370,656.48</b>
Profit /[Loss] before Financial Cost and Income Tax	327,013.07	[1,810,552.39]	[1,627,680.24]
Financial Cost	[1,420,225.57]	[1,358,852.25]	[1,804,355.80]
Profit /[Loss] before Income Tax	[1,093,212.50]	[3,169,404.64]	[3,432,036.04]
Income Tax	[79,794.27]	[39,630.63]	-
<b>Net Profit / [Loss]</b>	<b>[1,173,006.77]</b>	<b>[3,209,035.27]</b>	<b>[3,432,036.04]</b>

**FORMOSA ORGANIC CHEMICAL INDUSTRY CO., LTD.**

**FINANCIAL ANALYSIS**

ITEM	UNIT	2017	2016	2015
<b>LIQUIDITY RATIO</b>				
CURRENT RATIO	TIMES	0.76	0.72	0.76
QUICK RATIO	TIMES	0.23	0.28	0.29
<b>ACTIVITY RATIO</b>				
FIXED ASSETS TURNOVER	TIMES	4.59	3.70	4.81
TOTAL ASSETS TURNOVER	TIMES	1.11	1.10	1.23
INVENTORY CONVERSION PERIOD	DAYS	189.48	147.88	129.04
INVENTORY TURNOVER	TIMES	1.93	2.47	2.83
RECEIVABLES CONVERSION PERIOD	DAYS	72.95	82.96	79.47
RECEIVABLES TURNOVER	TIMES	5.00	4.40	4.59
PAYABLES CONVERSION PERIOD	DAYS	37.45	60.56	36.28
CASH CONVERSION CYCLE	DAYS	224.97	170.29	172.23
<b>PROFITABILITY RATIO</b>				
COST OF GOODS SOLD	%	90.09	87.91	90.23
SELLING & ADMINISTRATION	%	10.10	13.75	13.15
INTEREST	%	0.86	0.88	1.01
GROSS PROFIT MARGIN	%	10.30	12.58	12.24
NET PROFIT MARGIN BEFORE EX. ITEM	%	0.20	(1.17)	(0.91)
NET PROFIT MARGIN	%	(0.71)	(2.08)	(1.92)
RETURN ON EQUITY	%	-	(370.64)	(84.23)
RETURN ON ASSET	%	(0.78)	(2.28)	(2.37)
EARNING PER SHARE	BAHT	(23.46)	(64.18)	(68.64)
<b>LEVERAGE RATIO</b>				
DEBT RATIO	TIMES	1.01	0.99	0.97
DEBT TO EQUITY RATIO	TIMES	(91.69)	161.24	34.60
TIME INTEREST EARNED	TIMES	0.23	(1.33)	(0.90)

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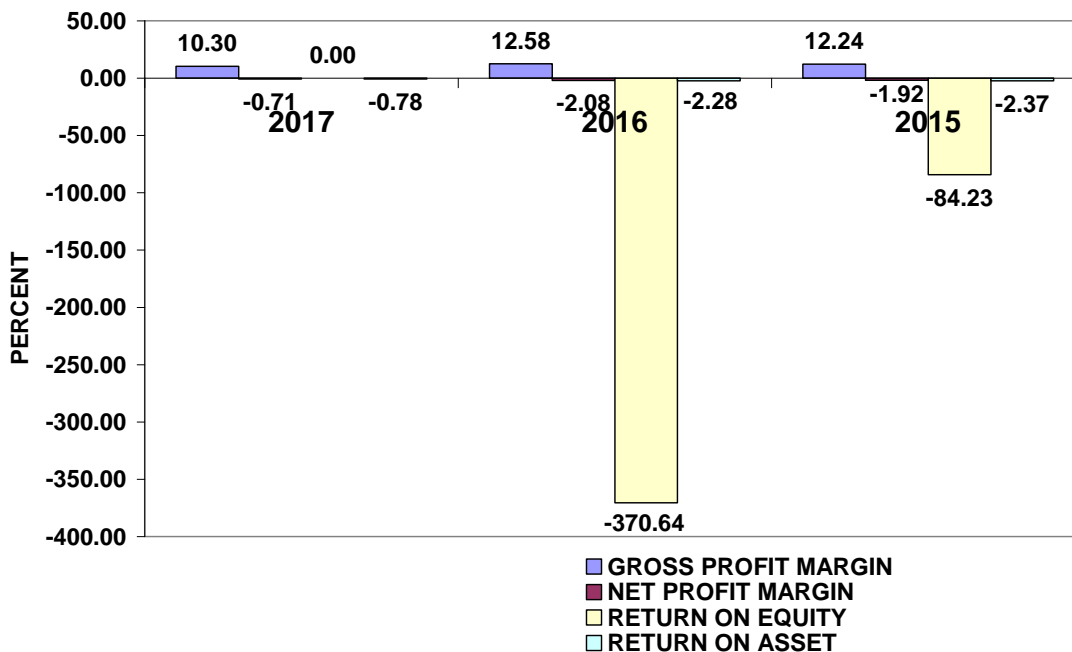
**ANNUAL GROWTH**

SALES GROWTH	%	6.87	(13.29)
OPERATING PROFIT	%	(118.06)	11.24
NET PROFIT	%	63.45	6.50
FIXED ASSETS	%	(13.95)	12.90
TOTAL ASSETS	%	6.41	(3.16)

**ANNUAL GROWTH : SATISFACTORY**

An annual sales growth is 6.87%. Sales Income has increased from THB 154,635,150.81 in 2016 to THB 165,260,168.07 in 2017. While net profit has increased from THB -3,209,035.27 in 2016 to THB -1,173,006.77 in 2017. And total assets has increased from THB 140,471,951.31 in 2016 to THB 149,477,435.42 in 2017.

**PROFITABILITY : RISKY**



**PROFITABILITY RATIO**

Gross Profit Margin	10.30	Satisfactory	Industrial Average	15.96
Net Profit Margin	(0.71)	Deteriorated	Industrial Average	4.24
Return on Assets	(0.78)	Deteriorated	Industrial Average	5.99
Return on Equity	-		Industrial Average	12.82

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

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additional expenses and future savings. The company's figure is 10.3%. 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.

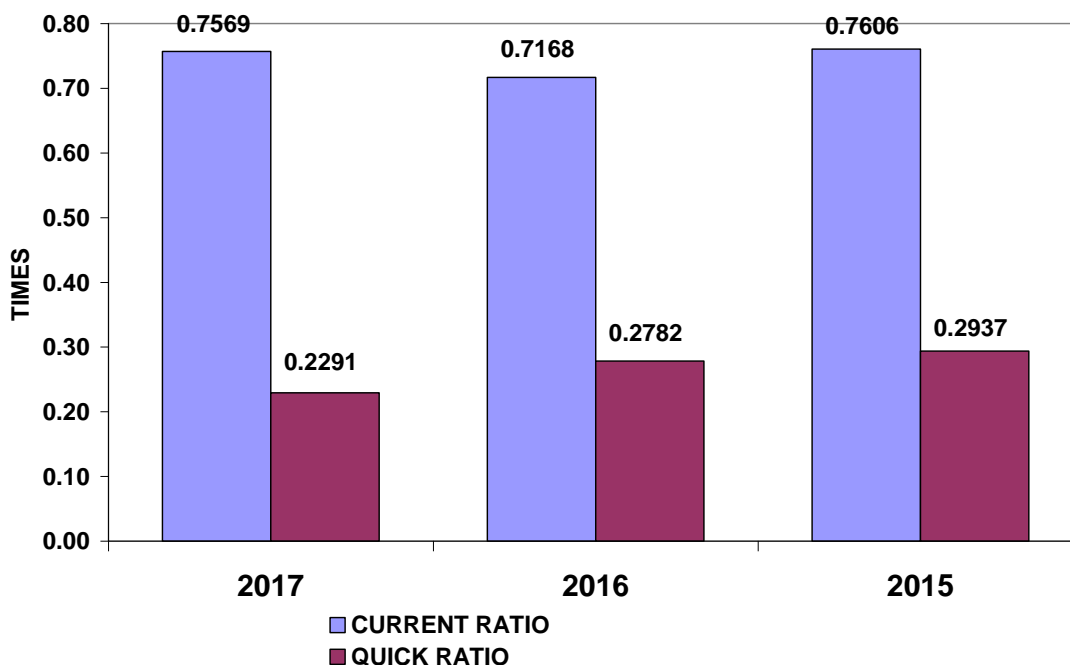
Net Profit Margin is the indicator of the company's efficiency in that net profit takes into consideration all expenses of the company. A low profit margin indicates a low margin of safety, higher risk that a decline in sales will erase profits and result in a net loss. The company's figure is -0.71%. When compared with the industry average, the ratio of the company was lower.

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. When compared with the industry average, it was lower, the company's figure is -0.78%.

**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	0.76	Risky	Industrial Average	1.43
Quick Ratio	0.23			
Cash Conversion Cycle	224.97			

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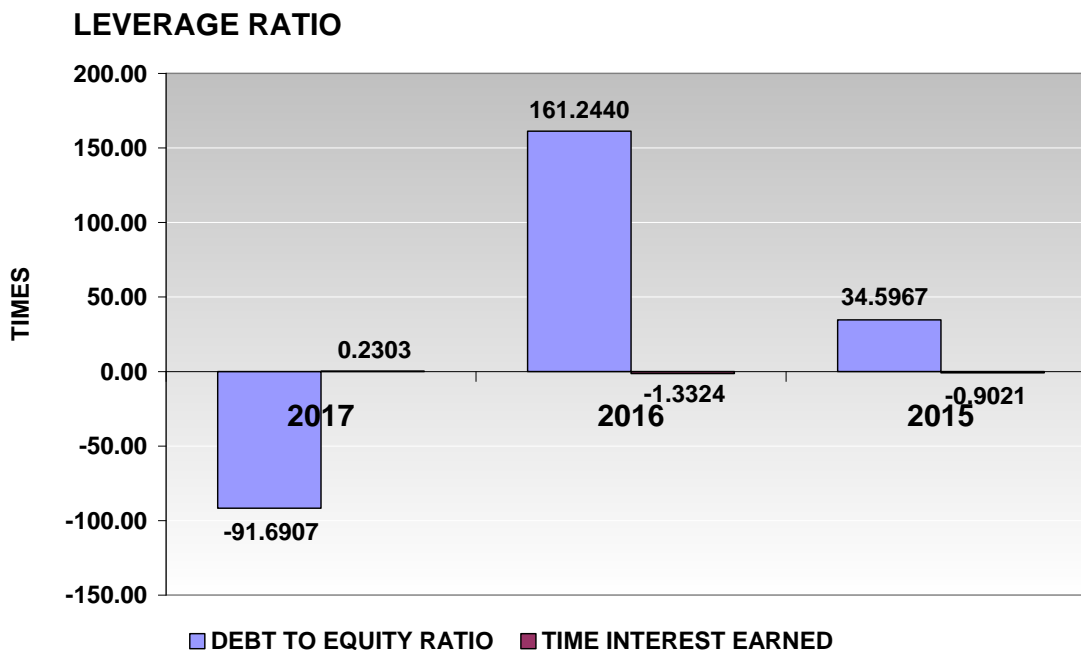
The Current Ratio is to ascertain whether a company's short-term assets are readily available to pay off its short-term liabilities. The company's figure is 0.76 times in 2017, increase from 0.72 times, then the company may not be efficiently using its current assets. When compared with the industry 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 0.23 times in 2017, decrease from 0.28 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 225 days.

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

**LEVERAGE : RISKY**



**LEVERAGE RATIO**

Debt Ratio	1.01	Risky	Industrial Average	0.54
Debt to Equity Ratio	(91.69)	Risky	Industrial Average	1.16
Times Interest Earned	0.23	Risky	Industrial Average	-

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The company's Account Receivable Ratio is calculated as 5.00 and 4.40 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 increased from 2016. This would suggest the company had good performance 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 148 days at the end of 2016 to 189 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 2.47 times in year 2016 to 1.93 times in year 2017.

The company's Total Asset Turnover is calculated as 1.11 times and 1.1 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	Downtrend
Inventory Turnover	Downtrend
Receivables Turnover	Downtrend

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.80
UK Pound	1	INR 90.58
Euro	1	INR 80.45
THB	1	INR 2.08

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

**INFORMATION DETAILS**

Analysis Done by :	VIV
Report Prepared by :	PRN

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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)