

MIRA INFORM REPORT

Report No. :	525238
Report Date :	17.08.2018

IDENTIFICATION DETAILS

Name :	LINARIA CHEMICALS (THAILAND) LTD.
Formerly Known As :	LUPIN CHEMICALS (THAILAND) LTD.
Registered Office :	1 st Floor, Cathay House, 8/6 North Sathorn Road, Silom, Bangrak, Bangkok 10500
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	1987
Com. Reg. No.:	0105530000851
Legal Form :	Private Limited Company
Line of Business :	The Subject is engaged in Manufacturing and Distributing Pharmaceutical Chemicals, Specialized in Classical Macrolides and Anti-Tuberculosis Products for Pharmaceutical Productions. The Products are as follows: <ul style="list-style-type: none"> • Antibiotic Products • Anti-tuberculosis Products
No. of Employees :	160

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 :	Slow

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Litigation :	Clear
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NOTES :

Any query related to this report can be made on e-mail : 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

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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

LINARIA CHEMICALS (THAILAND) LTD.
[FORMER : LUPIN CHEMICALS (THAILAND) LTD.]

COMPANY SUMMARY

BUSINESS ADDRESS : 1st FLOOR, CATHAY HOUSE,
8/6 NORTH SATHORN ROAD,
SILOM, BANGRAK,
BANGKOK 10500, THAILAND
TELEPHONE : [66] 2696-8791, 2696-8648
FAX : [66] 2237-2604, 2237-0871
E-MAIL ADDRESS : linaria@linariachem.com
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 1987
REGISTRATION / TAX ID NO. : 0105530000851
CAPITAL REGISTERED : BHT. 200,000,000
CAPITAL PAID-UP : BHT. 200,000,000
SHAREHOLDER'S PROPORTION : THAI : 79.00%
MAURITIUS : 21.00%

FISCAL YEAR CLOSING DATE : DECEMBER 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MR. SHIRISH SHARMA, THAI
MANAGING DIRECTOR

NO. OF STAFF : 160
LINES OF BUSINESS : PHARMACEUTICAL PRODUCTS
MANUFACTURER, EXPORTER AND DISTRIBUTOR

CORPORATE PROFILE

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

HISTORY

The subject was established on January 6, 1987 as a private limited company under the registered name LUPIN CHEMICALS (THAILAND) LTD., originally by a joint venture between Lupin Laboratories, India and GP group of companies, Thailand, in order to manufacture pharmaceutical products for domestic and international markets. The products are strictly manufactured adhering to manufacturing practices [GMP] duty certified by Food and Drug Administration [FDA] of Thailand. On June 26, 2006, subject's name was changed to LINARIA CHEMICALS (THAILAND) LTD. It currently employs approximately 160 staff.

The subject is the largest bulk pharmaceutical manufacturing company in South East Asia. Presently, the subject is a subsidiary of Globex Corporation Ltd., Thailand.

The subject's registered address was initially at GP House, 71 Sap Rd., Siphya, Bangrak, Bangkok 10500.

On September 26, 2005, subject's registered address was relocated to 8th Floor, Cathay House, 8/17-18 North Sathorn Rd., Silom, Bangrak, Bangkok 10500.

On August 15, 2012, the subject's registered address was finally relocated to 1st Floor, Cathay House, 8/6 North Sathorn Rd., Silom, Bangrak, Bangkok 10500, and this is the subject's current operation address.

THE BOARD OF DIRECTORS

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Ms. Nishita Shah	Thai	37
Mr. Shirish Sharma	Thai	50
Mr. Ishaan Shah	Thai	30
Mr. Kirit Shah	Thai	64
Ms. Sameera Shah	Thai	34

AUTHORIZED PERSON

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

MANAGEMENT

Mr. Shirish Sharma is the Managing Director.
He is Thai nationality with the age of 50 years old.

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Mr. Ishaan Shah is the Deputy Managing Director/ Marketing Manager.
He is Thai nationality with the age of 30 years old.

BUSINESS OPERATIONS

The subject is engaged in manufacturing and distributing pharmaceutical chemicals, specialized in classical Macrolides and anti-tuberculosis products for pharmaceutical productions. The products are as follows:

Antibiotic Products

Erythromycin Estolate BP/USP
Erythromycin Stearate BP/USP
Erythromycin Ethylsuccinate BP/USP
Erythromycin Base

Anti-tuberculosis Products

Ethambutol Hydrochloride
Pyrazinamide BP/USP

TRADEMARK

"LINARIA"

PRODUCTION

2,000 tons per annum

PURCHASE

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

MAJOR SUPPLIERS

Abbot Laboratories Inc.	: U.S.A.
Helm AG.	: Germany
Maheco Chemical Co., Ltd.	: Republic of China

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Lupin Ltd. : India
Remex Corporation Ltd. : Japan
BASF (Thai) Ltd. : Thailand

EXPORT

80% of the products is exported mainly to United States of America, and European countries such as United Kingdom, Italy, Germany, and the rest to Asian countries such as Singapore, Malaysia, Vietnam, Taiwan, Republic of China, Japan, Indonesia, Korea and India.

SALES

20% of the products is sold locally by wholesale to manufacturers and end-users.

NAME OF CUSTOMER

Indus Pharma Pvt Limited : Pakistan

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 to IRICO'S DATABASE 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 or on the credits term of 90 days, T/T & D/A.
Exports are against T/T.

BANKING

Bangkok Bank Public Company Limited.
[Head Office : 333 Silom Rd., Silom, Bangrak, Bangkok]

The Siam Commercial Bank Public Company Limited
[Head Office : 9 Ratchgadapisek Rd., Ladyao, Jatujak, Bangkok]

United Overseas Bank (Thai) Public Company Limited
[Head Office : 690 Sukhumvit Rd., Klongton, Klongtoey, Bangkok]

EMPLOYMENT

The subject employs approximately 160 staff.

LOCATION DETAILS

The premise is rented for administrative office at the heading address. Premise is located in a prime commercial area.

Factory and warehouse are located at Bangpoo Industrial Estate, 309 Moo 4, Soi 6 C, Sukhumvit Rd., T. Praeksa, A. Muang, Samutprakarn 10280.
Tel : [66] 2324-0478-80 Fax : [66] 2324-0892

COMMENT

The subject is one of the leading manufacturers of pharmaceutical products for both local and export. Its products have been widely used in international markets as they were met with FDA, in U.S.A. as well as recognition of high quality standard from many countries in Europe and Asia.

As the pioneer producer of pharmaceutical productions, its products range are covered the area of industry's needs. Subject reported a drastic decrease in sales revenues and a net loss in 2017

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comparing to the previous year, caused by slowdown of economy and strong competition in global market. Its business is growing at slow pace.

FINANCIAL INFORMATION

The capital was registered at Bht. 30,000,000 divided into 300,000 shares of Bht. 100 each.

The capital was increased and decreased later as the followings:

Increased was : Bht. 64,000,000 on March 21, 1989
Decreased was : Bht. 40,000,000 on August 25, 1989
Increased was : Bht. 70,000,000 on October 13, 1997
Increased was : Bht. 115,000,000 on February 23, 2007
Increased was : Bht. 200,000,000 on May 25, 2010

The latest registered capital was increased to Bht. 200,000,000 divided into 2,000,000 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>
Globex Corporation Ltd. Nationality: Thai Address : 8/25 North Sathorn Rd., Silom, Bangrak, Bangkok	1,382,497	69.12
Siam Stock Holdings Ltd. Nationality: Mauritius Address : Apex Corporate Service, 6 th Floor, 1 Cybercity Ebene, Mauritius	420,000	21.00
Ms. Nishita Shah Nationality: Thai Address : 25/1 Soi Sukhumvit 13, Klongtoeynua, Wattana, Bangkok	189,778	9.49
Mr. Ishaan Shah Nationality: Thai Address : 25/1 Soi Sukhumvit 13, Klongtoeynua, Wattana, Bangkok	7,720	0.39
Ms. Sameera Shah Nationality: Thai Address : 25/1 Soi Sukhumvit 13, Klongtoeynua, Wattana, Bangkok	5	-

Total Shareholders : 5

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Share Structure [as at April 30, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	4	1,580,000	79.00
Foreign - Mauritius	1	420,000	21.00
Total	5	2,000,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO

Ms. Bongkot Aumsangam No. 3684

FINANCIALS

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	2,690,135	6,895,793	6,231,237
Trade Account Receivable	70,856,640	71,964,089	40,182,604
Other Receivable	557,897	360,483	747,180
Inventories	72,889,818	109,456,480	153,301,677
Other Current Assets	2,402,089	1,255,629	1,062,593
Total Current Assets	149,396,579	189,932,474	201,525,291
Fixed Deposits	2,540,499	-	-
Investment in Subsidiary and Associated Company	5,078,036	5,078,036	5,078,036
Cash at Bank under Restriction	31,073,553	32,694,831	27,411,359
Land Held for Sale	62,873,850	62,873,850	62,873,850
Property, Plant and Equipment	67,013,810	75,238,059	79,436,302
Intangible Assets	7,001,060	9,446,394	11,856,882
Other Non-current Assets	121,160	1,718,523	2,080,317

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Total Assets	325,098,547	376,982,167	390,262,037
Current Liabilities	2017	2016	2015
Bank Overdraft and Short-term Loan from Financial Institution	118,638,931	95,609,840	127,981,841
Trade Account Payable	79,478,124	137,011,636	106,965,953
Other Payable	9,554,820	4,610,365	24,731,462
Short-term Loan from Person or Related Company	39,000,000	44,000,000	44,653,834
Current Portion of Finance Lease Contract Liabilities	1,190,050	1,153,853	1,083,593
Total Current Liabilities	247,861,925	282,385,694	305,416,683
Finance Lease Contract Liabilities	2,108,230	3,298,281	4,452,134
Employee Benefit Obligation	11,788,673	12,509,224	6,515,161
Total Liabilities	261,758,828	298,193,199	316,383,978
Shareholders' Equity			
Share capital : Baht 100 par value authorized, and issued share capital 2,000,000 shares	200,000,000	200,000,000	200,000,000
Capital Paid	200,000,000	200,000,000	200,000,000
Retained Earning -Unappropriated [Deficit]	[136,660,281]	[121,211,032]	[126,121,941]
Total Shareholders' Equity	63,339,719	78,788,968	73,878,059
Total Liabilities and Shareholders' Equity	325,098,547	376,982,167	390,262,037

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales Income	414,867,120	478,527,332	394,750,351
Other Income	16,878,423	18,332,454	443,020
Total Revenues	431,745,543	496,859,786	395,193,371
Expenses			
Cost of Goods Sold	405,457,564	447,401,067	364,820,704
Selling Expenses	14,802,047	10,565,025	18,687,543

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Administrative Expenses	21,127,649	27,579,570	50,714,341
Total Expenses	441,387,260	485,545,662	434,222,588
Profit / Loss] before Financial Cost And Income Tax	[9,641,717]	11,314,124	[39,029,217]
Financial Cost	[5,807,532]	[6,403,215]	[6,138,899]
Profit / [Loss] before Income Tax Income Tax	[15,449,249] -	4,910,909 -	[45,168,116] -
Net Profit / [Loss]	[15,449,249]	4,910,909	[45,168,116]

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	0.60	0.67	0.66
QUICK RATIO	TIMES	0.30	0.28	0.15
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	6.19	6.36	4.97
TOTAL ASSETS TURNOVER	TIMES	1.28	1.27	1.01
INVENTORY CONVERSION PERIOD	DAYS	65.62	89.30	153.38
INVENTORY TURNOVER	TIMES	5.56	4.09	2.38
RECEIVABLES CONVERSION PERIOD	DAYS	62.34	54.89	37.15
RECEIVABLES TURNOVER	TIMES	5.86	6.65	9.82
PAYABLES CONVERSION PERIOD	DAYS	71.55	111.78	107.02
CASH CONVERSION CYCLE	DAYS	56.41	32.41	83.51
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	97.73	93.50	92.42
SELLING & ADMINISTRATION	%	8.66	7.97	17.58
INTEREST	%	1.40	1.34	1.56
GROSS PROFIT MARGIN	%	6.34	10.34	7.69
NET PROFIT MARGIN BEFORE EX. ITEM	%	(2.32)	2.36	(9.89)
NET PROFIT MARGIN	%	(3.72)	1.03	(11.44)
RETURN ON EQUITY	%	(24.39)	6.23	(61.14)
RETURN ON ASSET	%	(4.75)	1.30	(11.57)
EARNING PER SHARE	BAHT	(7.72)	2.46	(22.58)
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.81	0.79	0.81
DEBT TO EQUITY RATIO	TIMES	4.13	3.78	4.28
TIME INTEREST EARNED	TIMES	(1.66)	1.77	(6.36)
ANNUAL GROWTH				
SALES GROWTH	%	(13.30)	21.22	

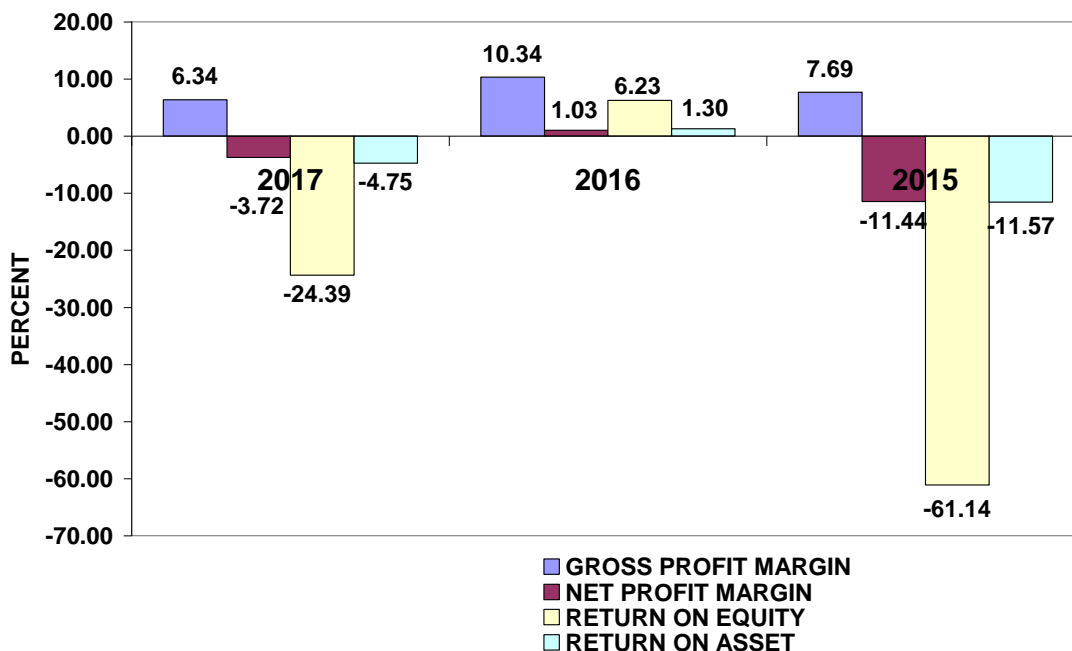
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OPERATING PROFIT	%	(185.22)	(128.99)
NET PROFIT	%	(414.59)	110.87
FIXED ASSETS	%	(10.93)	(5.29)
TOTAL ASSETS	%	(13.76)	(3.40)

ANNUAL GROWTH : RISKY

An annual sales growth is -13.3%. Sales Income has decreased from THB 478,527,332.00 in 2016 to THB 414,867,120.00 in 2017. While net profit has decreased from THB 4,910,909.00 in 2016 to THB -15,449,249.00 in 2017. And total assets has decreased from THB 376,982,167.00 in 2016 to THB 325,098,547.00 in 2017.

PROFITABILITY : ACCEPTABLE



PROFITABILITY RATIO

Gross Profit Margin	6.34	Impressive	Industrial Average	-
Net Profit Margin	(3.72)	Deteriorated	Industrial Average	8.06
Return on Assets	(4.75)	Deteriorated	Industrial Average	6.12
Return on Equity	(24.39)	Deteriorated	Industrial Average	12.16

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 6.34%. When compared with the industry average, the ratio of the company was higher, indicated that company was more profitable than the same industry.

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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 -3.72%. When compared with the industry average, the ratio of the company was lower.

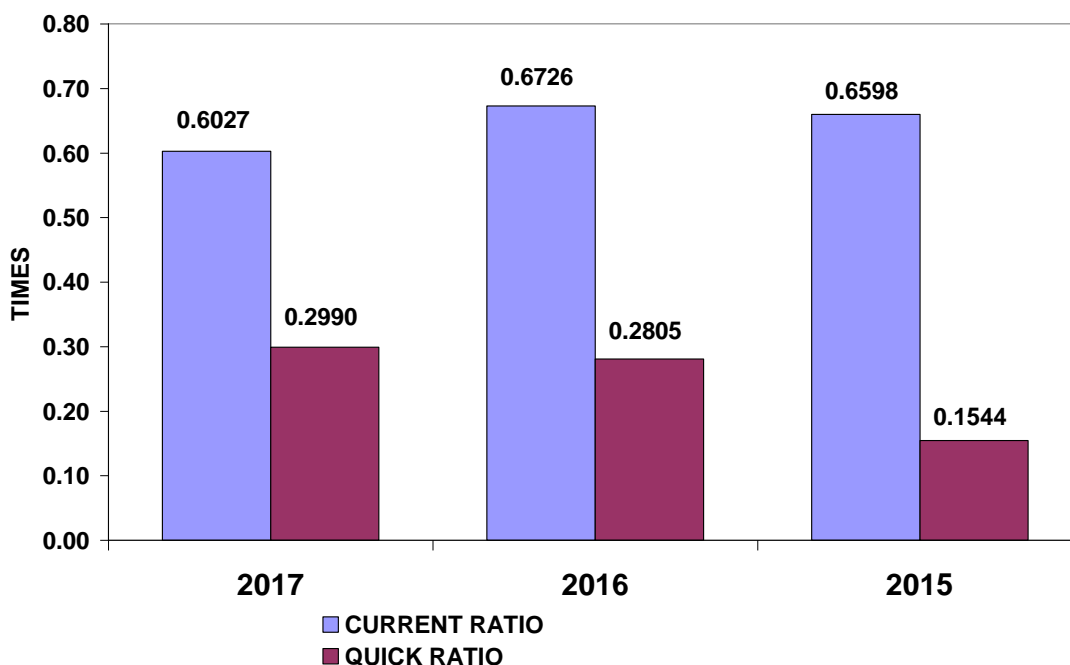
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is -4.75%.

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. When compared with the industry average, it was lower, the company's figure is -24.39%.

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

Return on Assets Downtrend
 Return on Equity Downtrend

LIQUIDITY : RISKY



LIQUIDITY RATIO

Current Ratio	0.60	Risky	Industrial Average	1.87
Quick Ratio	0.30			
Cash Conversion Cycle	56.41			

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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 0.6 times in 2017, decrease from 0.67 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.

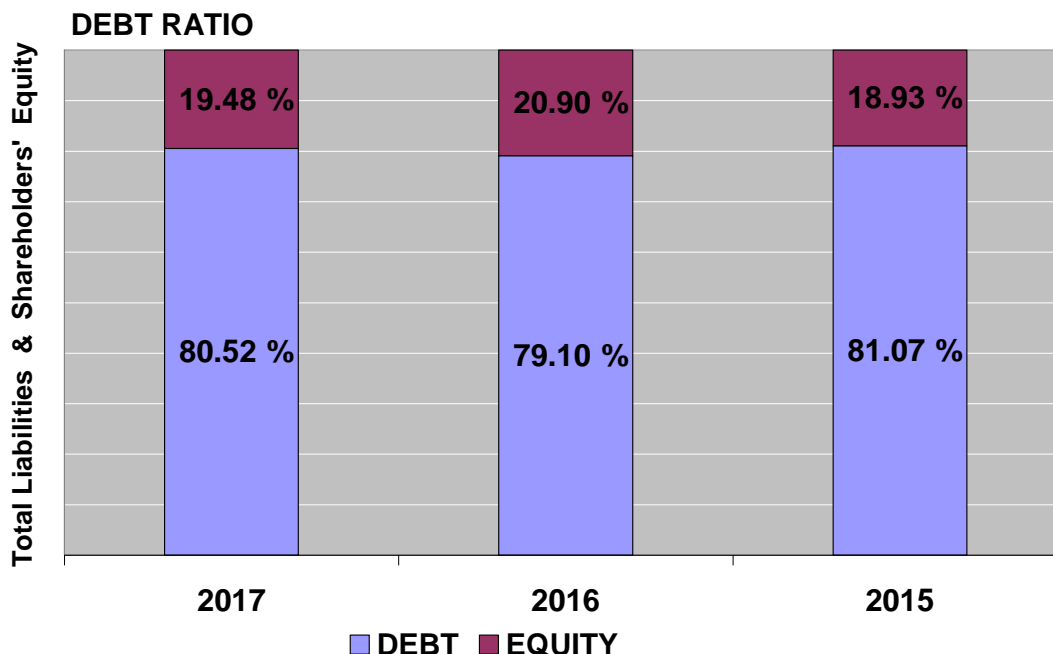
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 0.3 times in 2017, increase from 0.28 times, then the company has not enough current assets that presumably 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 57 days.

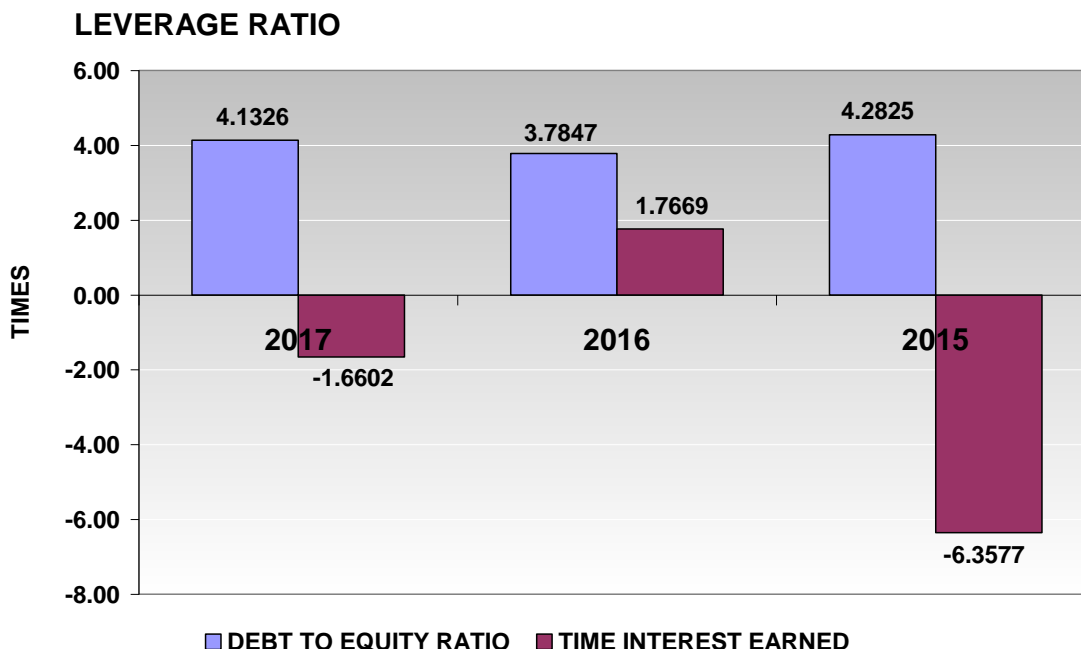
Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

LEVERAGE : RISKY



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LEVERAGE RATIO

Debt Ratio	0.81	Acceptable	Industrial Average	0.47
Debt to Equity Ratio	4.13	Risky	Industrial Average	0.90
Times Interest Earned	(1.66)	Risky	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 -1.67 lower than 1, so the company is not generating enough cash from EBIT to meet its interest obligations.

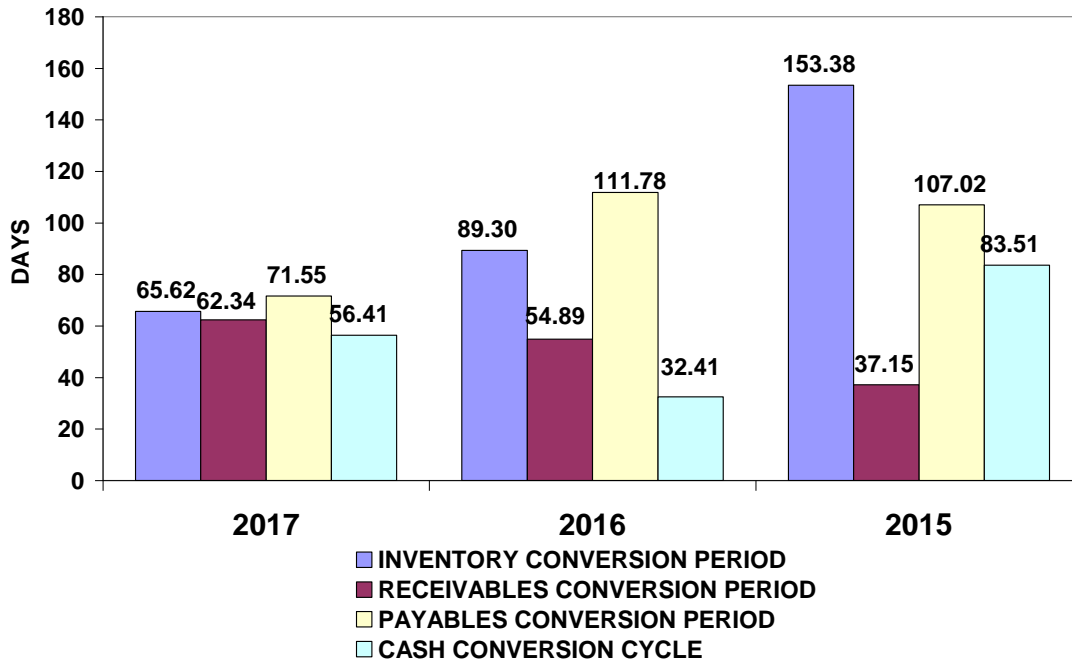
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.81 greater than 0.5, most of the company's assets are financed through debt.

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 : EXCELLENT



ACTIVITY RATIO

Fixed Assets Turnover	6.19	Impressive	Industrial Average	-
Total Assets Turnover	1.28	Impressive	Industrial Average	0.76
Inventory Conversion Period	65.62			
Inventory Turnover	5.56	Impressive	Industrial Average	3.68
Receivables Conversion Period	62.34			
Receivables Turnover	5.86	Impressive	Industrial Average	3.36
Payables Conversion Period	71.55			

The company's Account Receivable Ratio is calculated as 5.86 and 6.65 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 decreased from 89 days at the end of 2016 to 66 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 4.09 times in year 2016 to 5.56 times in year 2017.

The company's Total Asset Turnover is calculated as 1.28 times and 1.27 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.

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

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.23
UK Pound	1	INR 89.37
Euro	1	INR 79.97
BAHT	1	INR 2.11

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

INFORMATION DETAILS

Analysis Done by :	PRI
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)