

## MIRA INFORM REPORT

|               |            |
|---------------|------------|
| Report No. :  | 525188     |
| Report Date : | 17.08.2018 |

### IDENTIFICATION DETAILS

|                         |  |
|-------------------------|--|
| Name :                  | SCG PERFORMANCE CHEMICALS CO., LTD.  |
| Registered Office :     | 1 <sup>st</sup> Floor, 26 Building, 1 Siam Cement Road, Bangsue, Bangkok 10800   |
| Country :               | Thailand   |
| Financials (as on) :    | 31.12.2017   |
| Date of Incorporation : | 01.06.2008   |
| Com. Reg. No.:          | 0105551069531  |
| Legal Form :            | Private Limited Company  |
| Line of Business :      | The Subject is engaged in Exporting and Distributing Petrochemical Specialized in Polyolefin Products, such as Polyethylene [PE], Polypropylene [PP], High Density Polyethylene [HDPE], Medium Density Polyethylene [MDPE], Low Density Polyethylene [LDPE], Linear Low Density Polyethylene [LLDPE], as well as Masterbatch and Polyethylene Wax for various industries such as Plastic & Rubber Products, Flexible Packaging, Wires & Cables, Medical Equipment and Automotive Parts Industries. |
| No. of Employees :      | 180  |

**RATING & COMMENTS**

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

**MIRA's Rating :**

A

| Credit Rating | Explanation     | Rating Comments   |
|---------------|-----------------|---|
| A             | Acceptable Risk | Business dealings permissible with moderate risk of default |

|                            |              |
|----------------------------|--------------|
| <b>Status :</b>            | Satisfactory |
| <b>Payment Behaviour :</b> | Slow         |
| <b>Litigation :</b>        | Clear        |

**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<br>(31.12.2017) | Current Rating<br>(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**

The US has the most technologically powerful economy in the world, with a per capita GDP of \$59,500. US firms are at or near the forefront in technological advances, especially in computers, pharmaceuticals, and medical, aerospace, and military equipment; however, their advantage has narrowed since the end of World War II. Based on a comparison of GDP measured at purchasing power parity conversion rates, the US economy in 2014, having stood as the largest in the world for more than a century, slipped into second place behind China, which has more than tripled the US growth rate for each year of the past four decades.

In the US, private individuals and business firms make most of the decisions, and the federal and state governments buy needed goods and services predominantly in the private marketplace. US business firms enjoy greater flexibility than their counterparts in Western Europe and Japan in decisions to expand capital plant, to lay off surplus workers, and to develop new products. At the same time, businesses face higher barriers to enter their rivals' home markets than foreign firms face entering US markets.

Long-term problems for the US include stagnation of wages for lower-income families, inadequate investment in deteriorating infrastructure, rapidly rising medical and pension costs of an aging population, energy shortages, and sizable current account and budget deficits.

The onrush of technology has been a driving factor in the gradual development of a "two-tier" labor market in which those at the bottom lack the education and the professional/technical skills of those at the top and, more and more, fail to get comparable pay raises, health insurance coverage, and other benefits. But the globalization of trade, and especially the rise of low-wage producers such as China, has put additional downward pressure on wages and upward pressure on the return to capital. Since 1975, practically all the gains in household income have gone to the top 20% of households. Since 1996, dividends and capital gains have grown faster than wages or any other category of after-tax income.

Imported oil accounts for more than 50% of US consumption and oil has a major impact on the overall health of the economy. Crude oil prices doubled between 2001 and 2006, the year home prices peaked; higher gasoline prices ate into consumers' budgets and many individuals fell behind in their mortgage payments. Oil prices climbed another 50% between 2006 and 2008, and bank foreclosures more than doubled in the same period. Besides dampening the housing market, soaring oil prices caused a drop in the value of the dollar and a deterioration in the US merchandise trade deficit, which peaked at \$840 billion in 2008. Because the US economy is energy-intensive, falling oil prices since 2013 have alleviated many of the problems the earlier increases had created.

The sub-prime mortgage crisis, falling home prices, investment bank failures, tight credit, and the global economic downturn pushed the US into a recession by mid-2008. GDP contracted until the third quarter of 2009, the deepest and longest downturn since the Great Depression. To help stabilize financial markets, the US Congress established a \$700 billion Troubled Asset Relief Program in October 2008. The government used some of these funds to purchase equity in US banks and industrial corporations, much of which had been returned to the government by early 2011. In January 2009, Congress passed and former President Barack OBAMA signed a bill providing an additional \$787 billion fiscal stimulus to be used over 10 years - two-thirds on additional spending and one-third on tax cuts - to create jobs and to help the economy recover. In 2010 and 2011, the federal budget deficit reached nearly 9% of GDP. In 2012, the Federal Government reduced the growth of spending and the deficit shrank to 7.6% of GDP. US revenues from taxes and other sources are lower, as a percentage of GDP, than those of most other countries.

Wars in Iraq and Afghanistan required major shifts in national resources from civilian to military purposes and contributed to the growth of the budget deficit and public debt. Through FY 2018, the direct costs of the wars will have totaled more than \$1.9 trillion, according to US Government figures.

In March 2010, former President OBAMA signed into law the Patient Protection and Affordable Care Act (ACA), a health insurance reform that was designed to extend coverage to an additional 32 million Americans by 2016,

through private health insurance for the general population and Medicaid for the impoverished. Total spending on healthcare - public plus private - rose from 9.0% of GDP in 1980 to 17.9% in 2010.

In July 2010, the former president signed the DODD-FRANK Wall Street Reform and Consumer Protection Act, a law designed to promote financial stability by protecting consumers from financial abuses, ending taxpayer bailouts of financial firms, dealing with troubled banks that are "too big to fail," and improving accountability and transparency in the financial system - in particular, by requiring certain financial derivatives to be traded in markets that are subject to government regulation and oversight.

The Federal Reserve Board (Fed) announced plans in December 2012 to purchase \$85 billion per month of mortgage-backed and Treasury securities in an effort to hold down long-term interest rates, and to keep short-term rates near zero until unemployment dropped below 6.5% or inflation rose above 2.5%. The Fed ended its purchases during the summer of 2014, after the unemployment rate dropped to 6.2%, inflation stood at 1.7%, and public debt fell below 74% of GDP. In December 2015, the Fed raised its target for the benchmark federal funds rate by 0.25%, the first increase since the recession began. With continued low growth, the Fed opted to raise rates several times since then, and in December 2017, the target rate stood at 1.5%.

In December 2017, Congress passed and President Donald TRUMP signed the Tax Cuts and Jobs Act, which, among its various provisions, reduces the corporate tax rate from 35% to 21%; lowers the individual tax rate for those with the highest incomes from 39.6% to 37%, and by lesser percentages for those at lower income levels; changes many deductions and credits used to calculate taxable income; and eliminates in 2019 the penalty imposed on taxpayers who do not obtain the minimum amount of health insurance required under the ACA. The new taxes took effect on 1 January 2018; the tax cut for corporations are permanent, but those for individuals are scheduled to expire after 2025. The Joint Committee on Taxation (JCT) under the Congressional Budget Office estimates that the new law will reduce tax revenues and increase the federal deficit by about \$1.45 trillion over the 2018-2027 period. This amount would decline if economic growth were to exceed the JCT's estimate.

Source : CIA

## **COMPANY NAME**

SCG PERFORMANCE CHEMICALS CO., LTD.

## **COMPANY SUMMARY**

BUSINESS ADDRESS : 1<sup>st</sup> FLOOR, 26 BUILDING, 1 SIAM CEMENT ROAD,  
BANGSUE, BANGKOK 10800, THAILAND  
TELEPHONE : [66] 2586-4115-7, 2586-1118, 2586-4874, 2586-6883  
FAX : [66] 2586-5488, 2586-3676  
E-MAIL ADDRESS : scgchemicals@scg.com  
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS  
  
ESTABLISHED : 2008  
REGISTRATION / TAX ID NO. : 0105551069531  
CAPITAL REGISTERED : BHT. 5,000,000  
CAPITAL PAID-UP : BHT. 2,500,000  
SHAREHOLDER'S PROPORTION : THAI : 100%  
FISCAL YEAR CLOSING DATE : DECEMBER 31  
LEGAL STATUS : PRIVATE LIMITED COMPANY  
EXECUTIVE : MR. SAKCHAI PATIPARNPREECHAVUD, THAI  
MANAGING DIRECTOR  
  
NO. OF STAFF : 180  
LINES OF BUSINESS : PETROCHEMICAL [OLEFINS]  
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 July 1, 2008 as a private limited company under the registered name SCG PERFORMANCE CHEMICALS CO., LTD., by Thai groups, with the initial business objective to manufacture plastic resin.

On September 29, 2009, the subject was ordered by The Administrative Court for an interim injunction of the plant construction, due to the community protection for health and environment purposes in the Mab Ta Phut Industrial Estate area. Therefore, its business become to distribute and export petrochemical [Olefins] products. The subject currently employs approximately 180 staff.

The subject is a wholly owned subsidiary of SCG Chemicals Co., Ltd., which is a subsidiary of The Siam Cement Public Company Limited, and both are also member of the SCG Group of companies [former : Siam Cement Group].

The subject's registered address is 1st Floor, 26 Building, 1 Siam Cement Rd., Bangsue, Bangkok 10800, and this is the subject's current operation address.

## ***THE BOARD OF DIRECTOR***

| <u>Name</u>                    | <u>Nationality</u> | <u>Age</u> |
|--------------------------------|--------------------|------------|
| Mr. Cholanat Yanaranop         | Thai               | 58         |
| Mr. Sakchai Patiparnpreechavud | Thai               | 50         |
| Mr. Chaovalit Ekabut           | Thai               | 59         |
| Mr. Mongkol Hengrojanasophon   | Thai               | 50         |

## ***AUTHORIZED PERSON***

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

## ***MANAGEMENT***

Mr. Sakchai Patiparnpreechavud is the Managing Director.  
He is Thai nationality with the age of 50 years old.

Mr. Nonthapong Isarapakdee is the Products Manager.  
He is Thai nationality.

Mr. Nitiruk Sirithammapan is the Sales Manager.  
He is Thai nationality.

## **BUSINESS OPERATIONS**

The subject is engaged in exporting and distributing petrochemical specialized in Polyolefin products, such as Polyethylene [PE], Polypropylene [PP], High Density Polyethylene [HDPE], Medium Density Polyethylene [MDPE], Low Density Polyethylene [LDPE], Linear Low Density Polyethylene [LLDPE], as well as Masterbatch and Polyethylene Wax for various industries such as plastic & rubber products, flexible packaging, wires & cables, medical equipment and automotive parts industries.

## **PURCHASE**

100% of the products is purchased from local suppliers.

## **MAJOR SUPPLIERS**

Thai Polypropylene Co., Ltd.  
Thai Polyethylene Co., Ltd.  
Maptaphut Olefins Co., Ltd.  
Rayong Olefins Co., Ltd.  
Thai Plastic and Chemicals Public Company Limited  
IRPC Public Company Limited  
SCG ICO Polymers Co., Ltd.

## **SALES**

85% of the products is exported to Republic of China, Vietnam, Philippines, Myanmar, Japan, Indonesia, India, Malaysia, Hong Kong, Taiwan, New Zealand, Pakistan, Australia, Dubai, Korea, Laos, Russia, Singapore and the countries in Europe, Middle East and Africa, the remaining 15% is sold locally.

## **MAJOR CUSTOMERS**

Pun Pun Play Ground and Toys Co., Ltd. : Thailand  
Dadex Eternit Ltd. : 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 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.  
Exports are against T/T.

## **BANKING**

Bangkok Bank Public Company Limited  
Kasikornbank Public Company Limited  
The Siam Commercial Bank Public Company Limited

## **EMPLOYMENT**

The subject employs approximately 180 staff.

## **LOCATION DETAILS**

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

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**Branches and Warehouses:**

10 I-1 Road, T. Mabtaphut, A. Muang, Rayong 21150  
271 Sukhumvit Road, T. Mabtaphut, A. Muang, Rayong 21150  
14/10 Charoenpattana Road, T. Huaypong, A. Muang, Rayong 21150  
88/4-5 Rayong Highway No. 3191, T. Mabtaphut, A. Muang, Rayong 21150  
29/9 Rayong Highway No. 3191, T. Mabtaphut, A. Muang, Rayong 21150  
112/1 Moo 3, T. Thungsukhla, A. Sriracha, Chonburi 20230

**COMMENT**

Despite an increase in sales or service income in 2017 comparing to the previous year, it obtained a decrease in net profit, mainly caused by higher selling and administrative expenses which eroded the profit margin. Nevertheless, the subject operates a moderate business and remains profitable.

**FINANCIAL INFORMATION**

The capital was registered at Bht. 5,000,000 divided into 50,000 shares of Bht. 100 each, with the current capital paid-up at Bht. 2,500,000 or 50,000 shares of Bht. 50 each.

**THE SHAREHOLDERS LISTED WERE**

: [as at April 27, 2018] at Bht. 2,500,000 of capitalization

| <u>NAME</u>   | <u>HOLDING</u> | <u>%</u> |
|---|----------------|----------|
| SCG Chemicals Co., Ltd.<br>Nationality: Thai<br>Address : 1 Siam Cement Rd., Bangsue,<br>Bangkok                  | 49,998         | 100.00   |
| Mr. Veera Khamwongsa<br>Nationality: Thai<br>Address : 143/161 Rimklongprapa Rd., Bangsue,<br>Bangkok             | 1              | -        |
| Mrs. Veeranuch Sethameteekul<br>Nationality: Thai<br>Address : 40/29 Moo 6, T. Kukot, A. Lamlukka,<br>Pathumthani | 1              | -        |

**Total Shareholders : 3**

**Share Structure [as at April 27, 2018]**

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| Nationality | Shareholders | No. of Share | % Shares |
|-------------|--------------|--------------|----------|
| Thai        | 3            | 50,000       | 100.00   |
| Foreign     | -            | -            | -        |
| Total       | 3            | 50,000       | 100.00   |

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

Ms. Dussanee Yimsuwan No. 10235

**FINANCIALS**

**BALANCE SHEET [BAHT]**

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

**ASSETS**

| Current Assets                      | 2017                 | 2016<br>[Adjusted]   | 2015                 |
|-------------------------------------|----------------------|----------------------|----------------------|
| Cash and Cash Equivalents           | 52,242,406           | 42,089,861           | 162,318,486          |
| Trade Accounts and Other Receivable | 4,835,709,256        | 3,809,950,434        | 3,094,007,900        |
| Inventories                         | 424,655,178          | 394,923,359          | 366,788,604          |
| Other Current Assets                | -                    | -                    | 25,051,745           |
| <b>Total Current Assets</b>         | <b>5,312,606,840</b> | <b>4,246,963,654</b> | <b>3,648,166,735</b> |
| Other Long-term Investment          | 124,954              | 121,000              | 116,914              |
| Property, Plant and Equipment       | 4,270,823            | 7,906,464            | 9,524,942            |
| Intangible Assets                   | 1,075,745            | 535,889              | 202,576              |
| Other Non-current Assets            | 32,944,327           | 38,124,743           | 43,305,160           |
| <b>Total Assets</b>                 | <b>5,351,022,689</b> | <b>4,293,651,750</b> | <b>3,701,316,327</b> |

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**LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]**

| <b>Current Liabilities</b>   | <b>2017</b>          | <b>2016<br/>[Adjusted]</b> | <b>2015</b>          |
|--|----------------------|----------------------------|----------------------|
| Trade Accounts and Other Payable   | 4,215,597,186        | 3,815,742,705              | 2,692,244,375        |
| Short-term Loan  | 881,447,195          | 176,733,890                | 937,765,420          |
| Accrued Income Tax   | 26,086,622           | 30,976,568                 | 5,826,513            |
| Other Current Liabilities  | -                    | -                          | 2,158,969            |
| <b>Total Current Liabilities</b>   | <b>5,123,131,003</b> | <b>4,023,453,163</b>       | <b>3,637,995,277</b> |
| Deferred Income Tax Liabilities  | 1,706,634            | 4,867,902                  | 5,548,731            |
| Provision for Employee Benefits  | 30,703,473           | 22,350,745                 | 15,014,389           |
| <b>Total Liabilities</b>   | <b>5,155,541,110</b> | <b>4,050,671,810</b>       | <b>3,658,558,397</b> |
| <b>Shareholders' Equity</b>  |                      |                            |                      |
| Share capital : Baht 100 par value<br>Authorized and issued share capital<br>50,000 shares | 5,000,000            | 5,000,000                  | 5,000,000            |
| Capital Paid   | 2,500,000            | 2,500,000                  | 2,500,000            |
| Retained Earning : [Deficit]   |                      |                            |                      |
| Appropriated statutory reserve   | 500,000              | 500,000                    | 500,000              |
| Unappropriated   | 192,454,625          | 239,952,950                | 39,734,209           |
| Other Components of Equity   | 26,954               | 26,990                     | 23,721               |
| <b>Total Shareholders' Equity</b>  | <b>195,481,579</b>   | <b>242,979,940</b>         | <b>42,757,930</b>    |
| <b>Total Liabilities and Shareholders' Equity</b>  | <b>5,351,022,689</b> | <b>4,293,651,750</b>       | <b>3,701,316,327</b> |

**PROFIT & LOSS ACCOUNT**

| <b>Revenue</b>                 | <b>2017</b>           | <b>2016<br/>[Adjusted]</b> | <b>2015</b>           |
|--------------------------------|-----------------------|----------------------------|-----------------------|
| Sales or Services Income       | 46,819,067,758        | 38,986,232,979             | 34,153,523,756        |
| Interest Income                | -                     | -                          | 64,299                |
| Other Income                   | 109,788,603           | 86,912,179                 | 13,494,913            |
| <b>Total Revenues</b>          | <b>46,928,856,361</b> | <b>39,073,145,158</b>      | <b>34,167,082,968</b> |
| <b>Expenses</b>                |                       |                            |                       |
| Cost of Goods Sold or Services | 45,164,328,501        | 37,568,533,741             | 32,855,537,223        |
| Selling Expenses               | 1,001,502,704         | 739,044,107                | 602,046,305           |

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**SCG PERFORMANCE CHEMICALS CO., LTD. - 525188**

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|  |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|
| Administrative Expenses                            | 499,129,145           | 454,070,003           | 575,611,231           |
| Other Expenses                                     | -                     | -                     | 55,344,827            |
| <b>Total Expenses</b>                              | <b>46,664,960,350</b> | <b>38,761,647,851</b> | <b>34,088,539,586</b> |
| Profit / [Loss] before Financial Cost & Income Tax | 263,896,011           | 311,497,307           | 78,543,382            |
| Financial Cost                                     | [40,655,259]          | [19,966,716]          | [34,025,395]          |
| Profit/ [Loss] before Income tax                   | 223,240,752           | 291,530,591           | 44,517,987            |
| Expenses [Income] Income Tax                       | [35,739,077]          | [56,311,850]          | [7,300,248]           |
| <b>Net Profit / [Loss]</b>                         | <b>187,501,675</b>    | <b>235,218,741</b>    | <b>37,217,739</b>     |

FINANCIAL ANALYSIS

| ITEM                              | UNIT  | 2017      | 2016     | 2015     |
|-----------------------------------|-------|-----------|----------|----------|
| <b>LIQUIDITY RATIO</b>            |       |           |          |          |
| CURRENT RATIO                     | TIMES | 1.04      | 1.06     | 1.00     |
| QUICK RATIO                       | TIMES | 0.95      | 0.96     | 0.90     |
| <b>ACTIVITY RATIO</b>             |       |           |          |          |
| FIXED ASSETS TURNOVER             | TIMES | 10,962.54 | 4,930.93 | 3,585.69 |
| TOTAL ASSETS TURNOVER             | TIMES | 8.75      | 9.08     | 9.23     |
| INVENTORY CONVERSION PERIOD       | DAYS  | 3.43      | 3.84     | 4.07     |
| INVENTORY TURNOVER                | TIMES | 106.36    | 95.13    | 89.58    |
| RECEIVABLES CONVERSION PERIOD     | DAYS  | 37.70     | 35.67    | 33.07    |
| RECEIVABLES TURNOVER              | TIMES | 9.68      | 10.23    | 11.04    |
| PAYABLES CONVERSION PERIOD        | DAYS  | 34.07     | 37.07    | 29.91    |
| CASH CONVERSION CYCLE             | DAYS  | 7.06      | 2.43     | 7.23     |
| <b>PROFITABILITY RATIO</b>        |       |           |          |          |
| COST OF GOODS SOLD                | %     | 96.47     | 96.36    | 96.20    |
| SELLING & ADMINISTRATION          | %     | 3.21      | 3.06     | 3.45     |
| INTEREST                          | %     | 0.09      | 0.05     | 0.10     |
| GROSS PROFIT MARGIN               | %     | 3.77      | 3.86     | 3.84     |
| NET PROFIT MARGIN BEFORE EX. ITEM | %     | 0.56      | 0.80     | 0.23     |
| NET PROFIT MARGIN                 | %     | 0.40      | 0.60     | 0.11     |
| RETURN ON EQUITY                  | %     | 95.92     | 96.81    | 87.04    |
| RETURN ON ASSET                   | %     | 3.50      | 5.48     | 1.01     |
| EARNING PER SHARE                 | BAHT  | 7,500.07  | 9,408.75 | 1,488.71 |
| <b>LEVERAGE RATIO</b>             |       |           |          |          |
| DEBT RATIO                        | TIMES | 0.96      | 0.94     | 0.99     |
| DEBT TO EQUITY RATIO              | TIMES | 26.37     | 16.67    | 85.56    |
| TIME INTEREST EARNED              | TIMES | 6.49      | 15.60    | 2.31     |

**ANNUAL GROWTH**

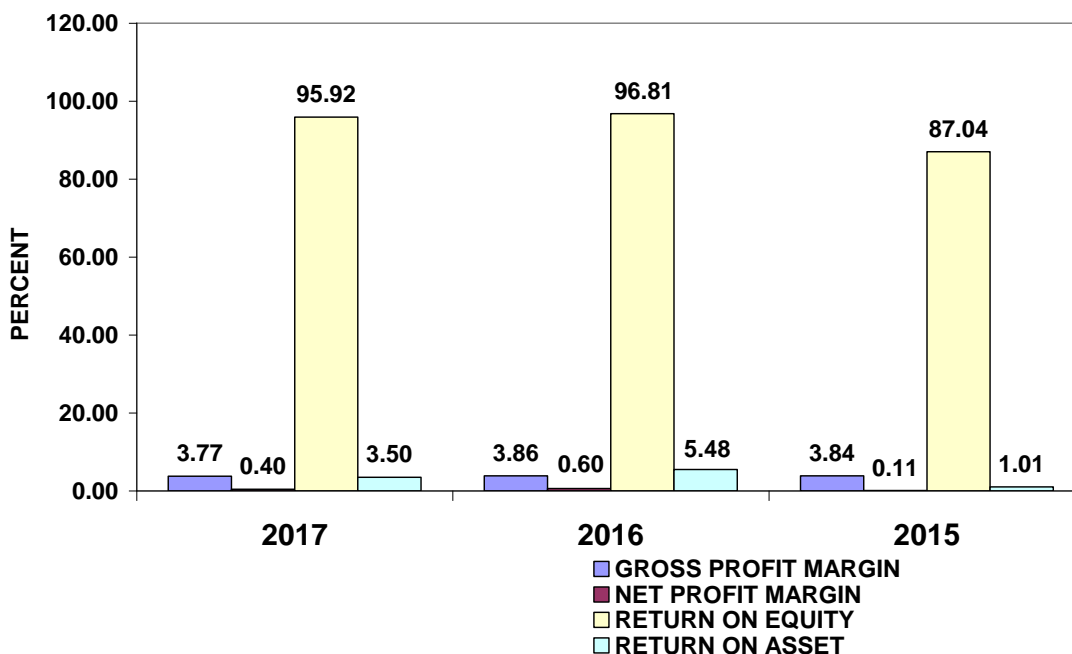
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|                  |   |         |         |
|------------------|---|---------|---------|
| SALES GROWTH     | % | 20.09   | 14.15   |
| OPERATING PROFIT | % | (15.28) | 296.59  |
| NET PROFIT       | % | (20.29) | 532.01  |
| FIXED ASSETS     | % | (45.98) | (16.99) |
| TOTAL ASSETS     | % | 24.63   | 16.00   |

## **ANNUAL GROWTH : ACCEPTABLE**

An annual sales growth is 20.09%. Sales Income has increased from THB 38,986,232,979.00 in 2016 to THB 46,819,067,758.00 in 2017. While net profit has decreased from THB 235,218,741.00 in 2016 to THB 187,501,675.00 in 2017. And total assets has increased from THB 4,293,651,750.00 in 2016 to THB 5,351,022,689.00 in 2017.

### **PROFITABILITY : SATISFACTORY**



## **PROFITABILITY RATIO**

|                     |       |              |                    |       |
|---------------------|-------|--------------|--------------------|-------|
| Gross Profit Margin | 3.77  | Deteriorated | Industrial Average | 56.90 |
| Net Profit Margin   | 0.40  | Acceptable   | Industrial Average | 0.87  |
| Return on Assets    | 3.50  | Satisfactory | Industrial Average | 4.46  |
| Return on Equity    | 95.92 | Impressive   | Industrial Average | 15.56 |

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 3.77%. 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 0.4%. When compared with the industry average, the ratio of the company was lower.

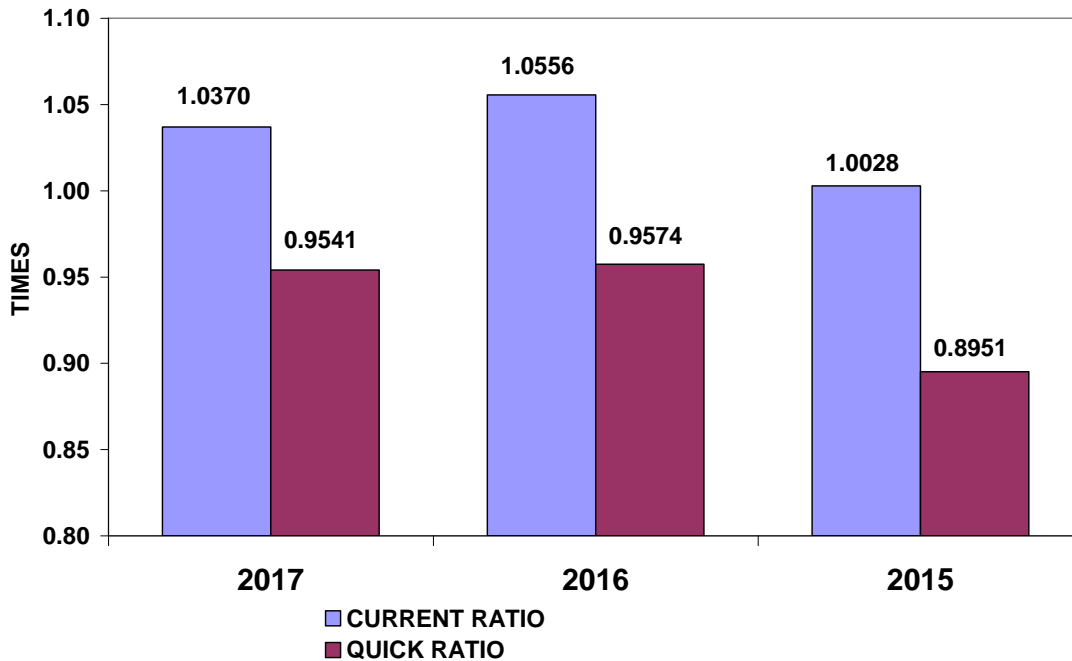
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is 3.5%.

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 95.92%, 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 : SATISFACTORY



## **LIQUIDITY RATIO**

|                       |      |              |                    |      |
|-----------------------|------|--------------|--------------------|------|
| Current Ratio         | 1.04 | Satisfactory | Industrial Average | 1.28 |
| Quick Ratio           | 0.95 |              |                    |      |
| Cash Conversion Cycle | 7.06 |              |                    |      |

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 1.04 times in 2017, decrease from 1.06 times, then it is generally considered to have good short-term financial strength. 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 0.95 times in 2017, decrease from 0.96 times, by excluding inventory, the company may have problems meeting current liabilities.

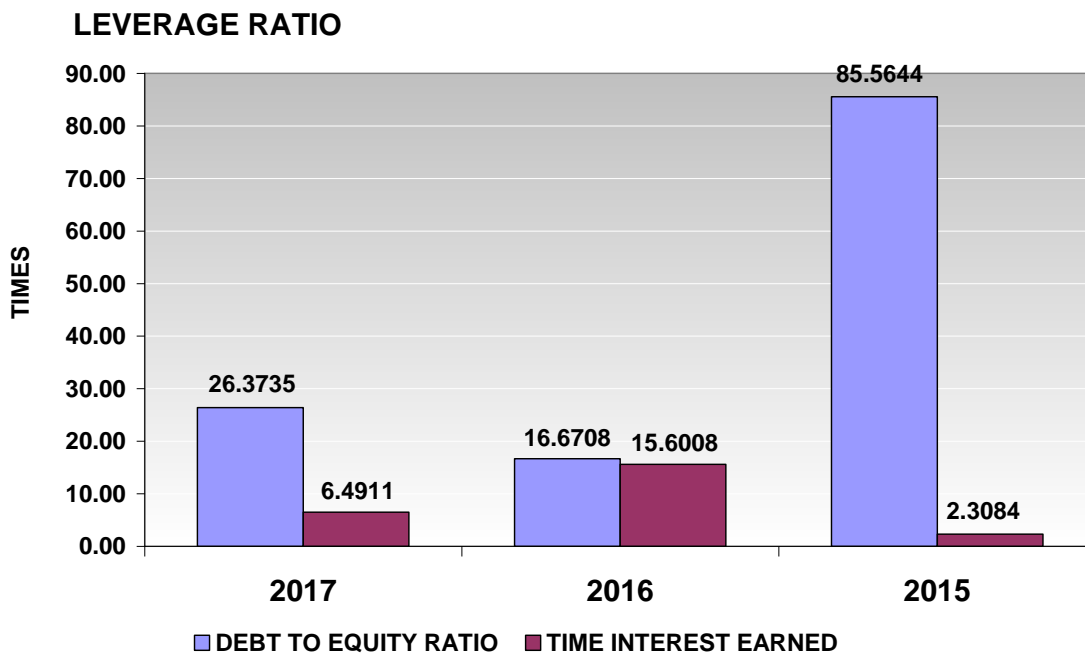
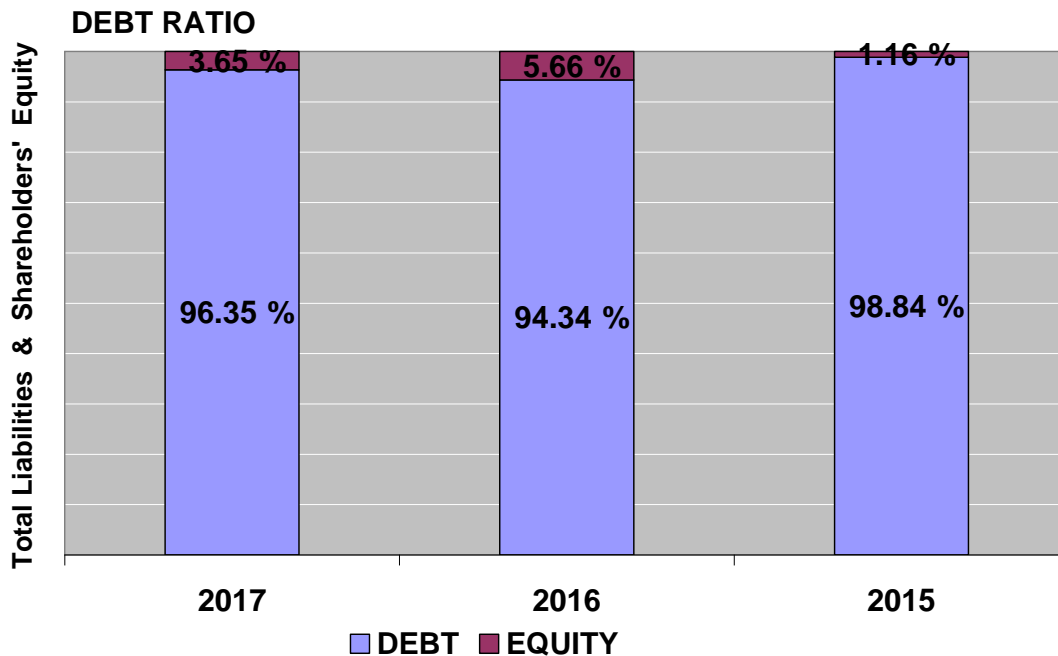
The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 8 days.

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

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Current Ratio                      Uptrend

**LEVERAGE : ACCEPTABLE**



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## LEVERAGE RATIO

|                       |       |            |                    |      |
|-----------------------|-------|------------|--------------------|------|
| Debt Ratio            | 0.96  | Acceptable | Industrial Average | 0.70 |
| Debt to Equity Ratio  | 26.37 | Risky      | Industrial Average | 2.31 |
| Times Interest Earned | 6.49  | 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.

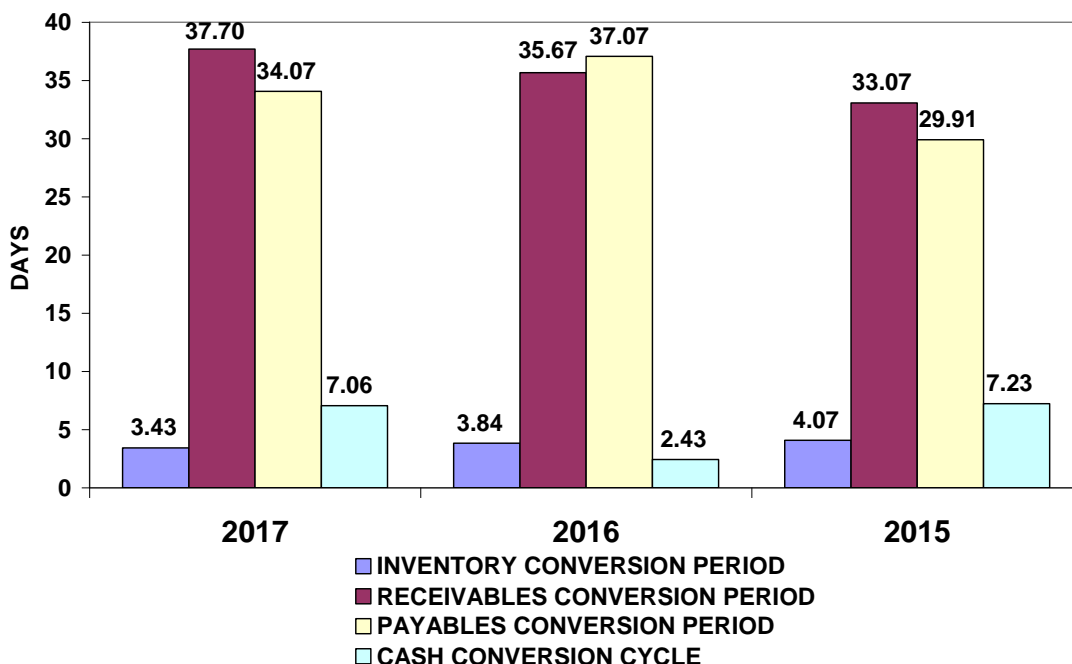
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 6.5 higher than 1, so the company can pay interest expenses on outstanding debt.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.96 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



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## **ACTIVITY RATIO**

|                               |           |            |                    |       |
|-------------------------------|-----------|------------|--------------------|-------|
| Fixed Assets Turnover         | 10,962.54 | Impressive | Industrial Average | -     |
| Total Assets Turnover         | 8.75      | Impressive | Industrial Average | 5.13  |
| Inventory Conversion Period   | 3.43      |            |                    |       |
| Inventory Turnover            | 106.36    | Impressive | Industrial Average | 22.73 |
| Receivables Conversion Period | 37.70     |            |                    |       |
| Receivables Turnover          | 9.68      | Impressive | Industrial Average | 6.66  |
| Payables Conversion Period    | 34.07     |            |                    |       |

The company's Account Receivable Ratio is calculated as 9.68 and 10.23 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 4 days at the end of 2016 to 3 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 95.13 times in year 2016 to 106.36 times in year 2017.

The company's Total Asset Turnover is calculated as 8.75 times and 9.08 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 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**

|                             |     |
|-----------------------------|-----|
| <b>Analysis Done by :</b>   | NIY |
| <b>Report Prepared by :</b> | 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)