

MIRA INFORM REPORT

Report No. :	526141
Report Date :	21.08.2018

IDENTIFICATION DETAILS

Name :	ZIG SHENG INDUSTRIAL CO. LTD
Registered Office :	No.60, Dongwanshou Rd., Guishan Dist., Taoyuan City 333
Country :	Taiwan
Financials (as on) :	31.12.2017
Date of Incorporation :	18.08.1969
Com. Reg. No.:	43295237
Legal Form :	Joint Stock Company.
Line of Business :	Subject is engaged in manufacturing of textured yarns, nylon filaments and nylon chips.
No. of Employees :	1450

RATING & COMMENTS

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

MIRA's Rating : A+

Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Taiwan	A1	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

TAIWAN - ECONOMIC OVERVIEW

Taiwan has a dynamic capitalist economy that is driven largely by industrial manufacturing, and especially exports of electronics, machinery, and petrochemicals. This heavy dependence on exports exposes the economy to fluctuations in global demand. Taiwan's diplomatic isolation, low birth rate, rapidly aging population, and increasing competition from China and other Asia Pacific markets are other major long-term challenges.

Following the landmark Economic Cooperation Framework Agreement (ECFA) signed with China in June 2010, Taiwan in July 2013 signed a free trade deal with New Zealand - Taipei's first-ever with a country with which it does not maintain diplomatic relations - and, in November of that year, inked a trade pact with Singapore. However, follow-on components of the ECFA, including a signed agreement on trade in services and negotiations on trade in goods and dispute resolution, have stalled. In early 2014, the government bowed to public demand and proposed a new law governing the oversight of cross-Strait agreements, before any additional deals with China are implemented; the legislature has yet to vote on such legislation, leaving the future of ECFA uncertain. President TSAI since taking office in May 2016 has promoted greater economic integration with South and Southeast Asia through the New Southbound Policy initiative and has also expressed interest in Taiwan joining the Trans-Pacific Partnership as well as bilateral trade deals with partners such as the US. These overtures have likely played a role in increasing Taiwan's total exports, which rose 11% during the first half of 2017, buoyed by strong demand for semiconductors.

Taiwan's total fertility rate of just over one child per woman is among the lowest in the world, raising the prospect of future labor shortages, falling domestic demand, and declining tax revenues. Taiwan's population is aging quickly, with the number of people over 65 expected to account for nearly 20% of the island's total population by 2025.

The island runs a trade surplus with many economies, including China and the US, and its foreign reserves are the world's fifth largest, behind those of China, Japan, Saudi Arabia, and Switzerland. In 2006, China overtook the US to become Taiwan's second-largest source of imports after Japan. China is also the island's number one destination for foreign direct investment. Taiwan since 2009 has gradually loosened rules governing Chinese investment and has also secured greater market access for its investors on the mainland. In August 2012, the Taiwan Central Bank signed a memorandum of understanding (MOU) on cross-Strait currency settlement with its Chinese counterpart. The MOU allows for the direct settlement of Chinese renminbi (RMB) and the New Taiwan dollar across the Strait, which has helped Taiwan develop into a local RMB hub.

Closer economic links with the mainland bring opportunities for Taiwan's economy but also pose challenges as political differences remain unresolved and China's economic growth is slowing. President TSAI's administration has made little progress on the domestic economic issues that loomed large when she was elected, including concerns about stagnant wages, high housing prices, youth unemployment, job security, and financial security in retirement. TSAI has made more progress on boosting trade with South and Southeast Asia, however, which may help insulate Taiwan's economy from a fall in mainland demand should China's growth slow in 2018.

Source : CIA

CONTACT POINTS

Company Name: Zig Sheng Industrial Co., Ltd.
Supplied Name: ZIG SHENG INDUSTRIAL CO. LTD
Trading Address: 2F., No.70, Xining North Road., Datong District, Taipei City 10342, Taiwan
Supplied Address: 2FL 70 SHI NING N.RD TAIPEI
Telephone Number: +886- 2-2555-7151
Fax Number: +886- 2-2559-0101
E-mail: services@zigsheng.com
se@zigsheng.com

Notes: The exact name and address are as above.

COMPANY IDENTIFICATION DETAILS

Registered Name: Zig Sheng Industrial Co., Ltd.
Registered Address: No.60, Dongwanshou Rd., Guishan Dist., Taoyuan City 333, Taiwan
(R.O.C.)
Date of Foundation: 1969-8-18
Registration Number: 43295237
Registry: Department of Commerce, Ministry of Economic Affairs, R.O.C.
Registered Capital: NTD 8,000,000,000 (USD 264,000,000)
(As of 2018.7, 1 NTD = 0.033 USD)
Paid-up Capital: NTD 6,117,633,800 (USD 201,881,915.4)
Legal Representatives: Shoutui Ye
Legal Form: Joint Stock Company
Principal Activities: Manufacturing and sale of textured yarns, nylon filaments and nylon chips.
Staff: About 1,450 Employees
Listed at Stock Exchange: Yes, Stock Symbol: 1455
Date of Last Annual Return: 2016-7-18

HISTORY

Subject was incorporated on 1969-8-18 with registered number 43295237 as Joint Stock Company in Taiwan.

Subject listed on Taiwan Stock Exchange on 1993-10-7.

CORPORATE STRUCTURE

Factories

1

Name: Dayuan Factory

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Address: No.17, Dagong Road, Beigang Village, Dayuan Township, Taoyuan County, Taiwan

Date of Registration: 2011-11-18
Factory Registration Number: 03000780
Factory Manager: Shoutui Ye
Status: In Production
Date of Last Annual Return: 2017-3-13
Major Products: 111 Spinning
185 Man-made fibers

2
Name: Guanyin 4th Factory
Address: No. 2, Ronggong S. Rd., Caoluo Village, Guanyin Xiang, Taoyuan County, Taiwan

Date of Registration: 2014-1-3
Factory Registration Number: 03002105
Factory Manager: Shoutui Ye
Status: In Production
Date of Last Annual Return: 2014-1-3
Major Products: 111 Spinning

3
Name: The 3rd Factory
Address: No. 506, Sec 1, Chenggong Road, Caota Village, Guanyin Township, Taoyuan County, Taiwan

Date of Foundation: 1996-11-1
Date of Registration: 1997-5-12
Factory Registration Number: 99621866
Factory Manager: Shoutui Ye
Status: In Production
Date of Last Annual Return: 2014-10-24
Major Products: 111 Spinning
185 Artificial fiber
184 Synthetic resin, plastic and rubber

4
Name: Guanyin Factory
Address: No. 522, Sec 1, Chenggong Road, Guanyin Industrial Park, Guanyin Township, Taoyuan County, Taiwan

Date of Foundation: 1987-9-1
Date of Registration: 1993-5-11
Factory Registration Number: 99621931
Factory Manager: Shoutui Ye
Status: In Production
Date of Last Annual Return: 2014-12-3
Major Products: 111 Spinning
184 Synthetic resin, plastic and rubber

5
Name: Guishan Factory
Address: No.60 & 61-1, Dongwanshou Rd., Xinling Vil., Gueishan Township, Taoyuan County 33355, Taiwan (R.O.C.)

Date of Foundation: 1969-1-1

Date of Registration: 1970-1-1
Factory Registration Number: 99622071
Factory Manager: Shoutui Ye
Status: In Production
Date of Last Annual Return: 2011-3-28
Major Products: 111 Spinning

Major related company

Name: Suzhou Hong You Sheng Trading Co., Ltd. (literal translation)
Address: Room 1106, 11/F., Yinhuilong Building, No. 8 Suzhou Avenue W., Suzhou Industrial Park, Suzhou City, Jiangsu Province, China
Telephone number: +86-512-62658726
Fax Number: +86-512-62658715

SHAREHOLDERS

Major Shareholders

Name	Subscription Shares
Shoutun Ye	25,692,945
Baihuang Su	49,260,455
Qingfu Su	21,911,572
Zonghao Ye	12,492,312
Yisheng You	1,572,851
Yi Sheng Investment Co., Ltd. (Literal Translation)	19,067,311

Shareholder Information:

Registered Name: Yi Sheng Investment Co., Ltd. (Literal Translation)
Registered Address: 3rd Floor, No.70, Xining North Road, Datong District, Taipei City, Taiwan, R.O.C.
Date of Foundation: 1986-10-23
Registration Number: 22266475
Registry: Taipei City Government
Registered Capital: NTD 208,250,000
Paid-up Capital: NTD 208,250,000
Legal Representatives: Qingyuan Su
Legal Form: Joint Stock Company
Date of Last Annual Return: 2017-10-17

MANAGEMENT INFORMATION

Core Management

Directors

1	Name	Shoutun Ye
	Position	Board Chairman
2	Name	Baihuang Su
	Position	Director
3	Name	Qingfu Su
	Position	Director
4	Name	Zonghao Ye
	Position	Director
5	Name	Yisheng You
	Position	Director
6	Name	Kaiyuan Li
	Position	Independence Director
7	Name	Yulun Ou
	Position	Independence Director
8	Name	Enping Su
	Position	Supervisor
9	Name	Yi Sheng Investment Co., Ltd. (Literal Translation)
	Position	Supervisor
10	Name	Baihuang Su
	Position	Manager
	Date of Appointment	2004-5-27

Personnel Structure

Total Employees About 1,450 Employees

OPERATION INFORMATION

Offices & Factories

Add Headquarters
2F., No.70, Xining North Road., Datong District, Taipei City 10342, Taiwan

Production Information

Subject is engaged in manufacturing of textured yarns, nylon filaments and nylon chips.
Subject obtained the certifications of ISO 9002, ISO 9001, OHSAS 18001, ISO 14064-1, etc.
Subject has factories in Taiwan for production and we obtained the annual production capacities are as follows for reference:

Product	Annual Production Capacity
PA 6 (Nylon 6) Chips	Spinning Grade PA 6 Chip: 120,000 metric tons Engineering Plastic Grade PA 6 Chip: 30,000 metric tons
PA 6 (Nylon 6) Filament	72,000 metric tons
Composite Materials	7,000 metric tons
PET/PA 6 DTY	57,000 metric tons

Purchase Information

The registered activities of subject:

Business Code	Details
--	Agent, price quoting, bidding service, manufacturing, processing, dyeing, printing, import and export of all kinds of cellosilk, artificial cotton silk, nylon yarn
--	Manufacturing and trading of Petroleum chemical fiber raw material
--	Manufacturing and trading of PET bottle and polyester film
--	Manufacturing and trading of petrochemical industry fiber raw materials
ZZ99999	Besides licensed business, all other business items those are not banned or restricted.

Subject's raw materials for production are purchased both at Taiwan and from Mexico, Colombia, etc.
The major suppliers are UNIVEX, S.A., Monomeros Colombo Venezolanos SA, etc.

Sales Information

Subject is engaged in sale of textured yarns, nylon filaments and nylon chips.
It is introduced that the subject also provides compound materials.
The products are mainly applied for manufacturing industries of garment, sports equipment, electrical parts, steam locomotive components, consumer products, etc.
Subject's major customers are Realys Inc., Colombiana De Comercio SA, Policosmos SA (Ecuador), etc.
Subject's sales regions cover Europe, Americas, Africa, Oceania and Southeast Asia, etc.

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The major customers are manufacturers of garments, consumer products, etc.

Major Products

Types	Products
Textured yarns products	Function yarns, high stretch yarns, nylon yarns, multifilament and fancy yarns, etc.
Nylon chips products	Spinning grade nylon chips and engineering plastic grade nylon chips, etc.
Nylon filament products	Fine filament yarns, polyester pre-oriented yarns, oxford yarns and industrial yarns, etc.

Import and export right:

Import right	Yes
Export right	Yes

SETTLEMENTS

Purchase

Domestic Purchase

Products	Raw materials
Payment Terms	T/T, Cash, etc.

Import

Products	Raw materials
Payment Terms	L/C, T/T, etc.

Sales

Domestic Markets

Product	Textured yarns, etc.
Selling Terms	T/T, Cash, etc.

Export

Product	Textured yarns, etc.
Selling Terms	L/C, T/T, etc.

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FINANCIALS

Balance Sheet

Unit: NTD/000

Consolidated	2017-12-31	2016-12-31
Assets		
Current assets		
Cash and cash equivalents		
Total cash and cash equivalents	71,057	74,282
Current financial assets at fair value through profit or loss		
Total current financial assets at fair value through profit or loss	678,191	577,427
Notes receivable, net		
Notes receivable, net	287,439	365,453
Accounts receivable, net		
Accounts receivable, net	2,113,397	1,919,740
Accounts receivable due from related parties, net		
Accounts receivable due from related parties, net	91,302	53,075
Other receivables		
Other receivables, net	51,004	7,256
Current tax assets		
Total current tax assets	0	28
Inventories		
Inventories, manufacturing business		
Inventories, manufacturing business, net	2,505,127	1,736,414
Total inventories	2,505,127	1,736,414
Prepayments		
Total prepayments	56,264	60,335
Other current assets		
Other current financial assets	3,086	0
Other current assets, others	432	75
Total other current assets	3,518	75
Total current assets	5,857,299	4,794,085
Non-current assets		
Non-current financial assets at cost		
Non-current financial assets at cost, net	178,899	170,389
Investments accounted for using equity method		
Investments accounted for using equity method, net	0	0
Property, plant and equipment		
Total property, plant and equipment	5,525,856	5,939,138
Investment property, net		
Investment property, net	440,488	446,888
Intangible assets		
Total intangible assets	1,894	2,811
Deferred tax assets		
	66,874	76,588

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Other non-current assets		
Prepayments for business facilities	3,281	1,718
Guarantee deposits paid	3,291	1,763
Other non-current assets, others		
Total other non-current assets, others	41,346	43,458
Total other non-current assets	47,918	46,939
Total non-current assets	6,261,929	6,682,753
Total assets	12,119,228	11,476,838
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings		
Total short-term borrowings	1,729,000	1,490,000
Short-term notes and bills payable		
Total short-term notes and bills payable	399,883	449,984
Current financial liabilities at fair value through profit or loss		
Total current financial liabilities at fair value through profit or loss	606	0
Notes payable		
Total notes payable	211,266	308,145
Notes payable to related parties		
Total notes payable to related parties	0	541
Accounts payable		
Total accounts payable	1,237,719	859,579
Accounts payable to related parties		
Total accounts payable to related parties	294	337
Other payables		
Total other payables	362,356	327,204
Current tax liabilities	39,456	3,063
Current provisions		
Total current provisions	23,453	22,592
Other current liabilities		
Advance receipts		
Total advance receipts	55,166	126,636
Other current liabilities, others	794	735
Total other current liabilities	55,960	127,371
Total current liabilities	4,059,993	3,588,816
Non-current liabilities		
Deferred tax liabilities		
Total deferred tax liabilities	137,395	139,163
Other non-current liabilities		
Net defined benefit liability, non-current	135,381	149,653
Guarantee deposits received	23,644	18,964
Total other non-current liabilities	159,025	168,617
Total non-current liabilities	296,420	307,780
Total liabilities	4,356,413	3,896,596
Equity		
Equity attributable to owners of parent		

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Share capital		
Ordinary share	6,117,634	6,117,634
Total capital stock	6,117,634	6,117,634
Capital surplus		
Total capital surplus	360,356	360,356
Retained earnings		
Legal reserve	204,346	183,513
Special reserve	321,614	321,614
Unappropriated retained earnings (accumulated deficit)		
Total unappropriated retained earnings (accumulated deficit)	758,876	597,138
Total retained earnings	1,284,836	1,102,265
Other equity interest		
Exchange differences on translation of foreign financial statements		
Total exchange differences on translation of foreign financial statements	-11	-13
Total other equity interest	-11	-13
Total equity attributable to owners of parent	7,762,815	7,580,242
Total equity	7,762,815	7,580,242
Total liabilities and equity	12,119,228	11,476,838

Profit and Loss Account

Unit: NTD/000		
Consolidated	2017	2016
Operating revenue		
Total operating revenue	14,974,969	13,045,384
Operating costs		
Total operating costs	14,138,477	12,360,620
Gross profit (loss) from operations	836,492	684,764
Gross profit (loss) from operations	836,492	684,764
Operating expenses		
Selling expenses		
Total selling expenses	294,189	278,859
Administrative expenses		
Total administrative expenses	137,006	130,226
Research and development expenses		
Total research and development expenses	84,274	76,486
Total operating expenses	515,469	485,571
Net operating income (loss)	321,023	199,193
Non-operating income and expenses		
Other income		
Total other income	162,325	155,210
Other gains and losses		
Other gains and losses, net	-19,274	-83,547
Finance costs		
Finance costs, net	55,249	15,836

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Total non-operating income and expenses	87,802	55,827
Profit (loss) from continuing operations before tax	408,825	255,020
Tax expense (income)		
Total tax expense (income)	47,510	46,692
Profit (loss) from continuing operations	361,315	208,328
Profit (loss)	361,315	208,328
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		
Gains (losses) on remeasurements of defined benefit plans	4,785	19,195
Components of other comprehensive income that will not be reclassified to profit or loss	4,785	19,195
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	2	-513
Components of other comprehensive income that will be reclassified to profit or loss	2	-513
Other comprehensive income, net	4,787	18,682
Total comprehensive income	366,102	227,010
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	361,315	208,328
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	366,102	227,010

Cash Flows

Unit: NTD/000

Consolidated	2017	2016
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	408,825	255,020
Profit (loss) before tax	408,825	255,020
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	595,968	698,022
Amortization expense	32,309	32,178
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-65,664	75,287
Interest expense	14,541	17,232
Interest income	-609	-384
Dividend income	-41,155	-47,046
Loss (gain) on disposal of property, plan and equipment	4,253	69
Loss (gain) on disposal of investments	-44,692	-37,848
Other adjustments to reconcile profit (loss)	0	-818
Total adjustments to reconcile profit (loss)	494,951	736,692
Changes in operating assets and liabilities		

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Changes in operating assets		
Decrease (increase) in financial assets held for trading	10,198	-188,482
Decrease (increase) in notes receivable	78,014	-78,591
Decrease (increase) in accounts receivable	-193,657	-737,182
Decrease (increase) in accounts receivable due from related parties	-38,227	18,139
Decrease (increase) in other receivable	-43,747	11,439
Decrease (increase) in inventories	-771,418	218,482
Decrease (increase) in prepayments	4,071	-44,772
Decrease (increase) in other current assets	-357	1,331
Total changes in operating assets	-955,123	-799,636
Changes in operating liabilities		
Increase (decrease) in notes payable	-96,879	163,418
Increase (decrease) in notes payable to related parties	-541	541
Increase (decrease) in accounts payable	378,140	91,923
Increase (decrease) in accounts payable to related parties	-43	115
Increase (decrease) in other payable	16,250	24,642
Increase (decrease) in provisions	861	1,551
Increase (decrease) in receipts in advance	-71,470	52,936
Increase (decrease) in other current liabilities	59	-316
Increase (decrease) in net defined benefit liability	-9,487	-73,866
Total changes in operating liabilities	216,890	260,944
Total changes in operating assets and liabilities	-738,233	-538,692
Total adjustments	-243,282	198,000
Cash inflow (outflow) generated from operations	165,543	453,020
Interest received	608	384
Dividends received	41,155	47,046
Interest paid	-14,673	-17,391
Income taxes refund (paid)	-3,143	-8,166
Net cash flows from (used in) operating activities	189,490	474,893
Cash flows from (used in) investing activities		
Acquisition of financial assets at cost	-10,000	0
Proceeds from capital reduction of financial assets at cost	1,490	5,463
Acquisition of property, plant and equipment	-55,446	-103,346
Proceeds from disposal of property, plant and equipment	2,385	461
Increase in refundable deposits	-2,015	-582
Decrease in refundable deposits	487	112
Acquisition of intangible assets	-1,192	-974
Acquisition of investment properties	-12,828	-503
Increase in other financial assets	-3,086	0
Increase in other non-current assets	-28,088	-29,376
Increase in prepayments for business facilities	-94,575	-56,323
Net cash flows from (used in) investing activities	-202,868	-185,068
Cash flows from (used in) financing activities		

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Increase in short-term loans	19,677,460	9,482,000
Decrease in short-term loans	-19,438,460	-8,492,000
Increase in short-term notes and bills payable	9,000,000	11,630,000
Decrease in short-term notes and bills payable	-9,050,000	-11,180,000
Repayments of long-term debt	0	-1,761,000
Increase in guarantee deposits received	6,680	1,500
Decrease in guarantee deposits received	-2,000	-1,500
Cash dividends paid	-183,529	-122,353
Net cash flows from (used in) financing activities	10,151	-443,353
Effect of exchange rate changes on cash and cash equivalents	2	-513
Net increase (decrease) in cash and cash equivalents	-3,225	-154,041
Cash and cash equivalents at beginning of period	74,282	228,323
Cash and cash equivalents at end of period	71,057	74,282
Cash and cash equivalents reported in the statement of financial position	71,057	74,282

Note: Subject didn't submit its individual financial information; we obtained its consolidated financials as follows for reference.

The above financial figures are based on the IFRSs Accounting System.

BANKERS

Subject declined to disclose its bank details; from other source we could not obtain the relevant information, either.

PUBLIC RECORD

Mortgage

No chattel mortgage record of subject has been found within the recent 3 months.

Lawsuit

1

Trial Number: 2008, Taojiansheng, 4
Date of Trial: 2008-1-8
Reason: Service of notice by publication
Plaintiff: Zig Sheng Industrial Co., Ltd.
Defendant: Minglun Industrial Co., Ltd. (Literal Translation)

2

Trial Number: 2008, Taojiansheng, 4
Date of Trial: 2008-3-20

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ZIG SHENG INDUSTRIAL CO. LTD - 526141

PAGE NO. : 16

Reason: Service of notice by publication
Plaintiff: Zig Sheng Industrial Co., Ltd.
Defendant: Minglun Industrial Co., Ltd. (Literal Translation)
Note: The above information is from the database.

SPECIAL NOTE

Interview Details

Department

Sales Department

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.76
UK Pound	1	INR 88.47
Euro	1	INR 79.67
TWD	1	INR 2.27

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

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	TRU

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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)