

## MIRA INFORM REPORT

<b>Report No. :</b>	526148
<b>Report Date :</b>	27.08.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	NATIONAL STARCH AND CHEMICAL (THAILAND) LTD.
<b>Registered Office :</b>	11 <sup>th</sup> Floor, Bangna Tower C, 40/14 Moo 12, Bangna-Trad Road, Bangkaew, Bangplee, Samutprakarn 10540
<b>Country :</b>	Thailand
<b>Date of Incorporation :</b>	01.07.2003
<b>Com. Reg. No.:</b>	0115546005547
<b>Legal Form :</b>	Private Limited Company
<b>Line of Business :</b>	Manufacturer, Distributor and Exporter of Modified Starch.
<b>No. of Employees :</b>	650

### RATING & COMMENTS

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

<b>MIRA's Rating :</b>	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Regular
<b>Litigation :</b>	Clear

#### NOTES:

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

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Thailand	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

**THAILAND - ECONOMIC OVERVIEW**

With a relatively well-developed infrastructure, a free-enterprise economy, and generally pro-investment policies, Thailand is highly dependent on international trade, with exports accounting for about two-thirds of GDP. Thailand's exports include electronics, agricultural commodities, automobiles and parts, and processed foods. The industry and service sectors produce about 90% of GDP. The agricultural sector, comprised mostly of small-scale farms, contributes only 10% of GDP but employs about one-third of the labor force. Thailand has attracted an estimated 3.0-4.5 million migrant workers, mostly from neighboring countries.

Over the last few decades, Thailand has reduced poverty substantially. In 2013, the Thai Government implemented a nationwide 300 baht (roughly \$10) per day minimum wage policy and deployed new tax reforms designed to lower rates on middle-income earners.

Thailand's economy is recovering from slow growth during the years since the 2014 coup. Thailand's economic fundamentals are sound, with low inflation, low unemployment, and reasonable public and external debt levels. Tourism and government spending - mostly on infrastructure and short-term stimulus measures - have helped to boost the economy, and The Bank of Thailand has been supportive, with several interest rate reductions. Over the longer-term, household debt levels, political uncertainty, and an aging population pose risks to growth.

Source : CIA

## **COMPANY NAME**

**NATIONALSTARCH AND CHEMICAL (THAILAND) LTD.**

## **SUMMARY**

**BUSINESS ADDRESS** : 11<sup>th</sup> FLOOR, BANGNA TOWER C,  
40/14 MOO 12, BANGNA-TRAD ROAD,  
BANGKAEW, BANGPLEE,  
SAMUTPRAKARN 10540, THAILAND

**TELEPHONE** : [66] 2312-0530-45, 2725-0200  
**FAX** : [66] 2312-0258-9, 2312-0547, 2751-9014  
**E-MAIL ADDRESS** : boonmee.wattanaruangrong@ingredion.com  
**REGISTRATION ADDRESS** : SAME AS BUSINESS ADDRESS

**ESTABLISHED** : 2003  
**REGISTRATION/TAX ID NO.** : 0115546005547  
**CAPITAL REGISTERED** : BHT. 2,915,208,300  
**CAPITAL PAID-UP** : BHT. 2,915,208,300  
**SHAREHOLDER'S PROPORTION** : THAI : 100%  
**FISCAL YEAR CLOSING DATE** : DECEMBER 31  
**LEGAL STATUS** : PRIVATE LIMITED COMPANY  
**EXECUTIVE** : MR. RISHANDRAN PILLAY, SOUTH AFRICAN  
CHIEF EXECUTIVE OFFICER

**NO. OF STAFF** : 650  
**LINES OF BUSINESS** : MODIFIED STARCH  
MANUFACTURER, DISTRIBUTOR AND EXPORTER

## **CORPORATE PROFILE**

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

## **HISTORY**

The subject was established on July 1, 2003 as a private limited company under the registered name NATIONAL STARCH AND CHEMICAL (THAILAND) LTD. by a merger between National Starch & Chemical (Thailand) Ltd., the registered no. 0105499000882 and National Adhesives Ltd., the registered no. 0105513005025, with the business objective to manufacture and market modified starch to both domestic and international markets. It currently employs 650 staff.

At present, the subject is a wholly owned subsidiary of Ingredion (Thailand) Company Limited, which is a member of Ingredion Incorporated, in U.S.A.

The subject's registered address is 11<sup>th</sup> Floor, Bangna Tower C, 40/14 Moo 12, Bangna-Trad Rd., Bangkaew, Bangplee, Samutprakarn 10540, and this is the subject's current business address.

## **THE BOARD OF DIRECTORS**

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Rishandran Pillay	South African	52
Mrs. Valdirene Bastos Licht	Brazilian	51
Mrs. Elmer Joseph Nido Yanga	American	44
Mr. Phairote Chowtivicha	Thai	44
Mr. Richard John O'Shanna	American	61

## **AUTHORIZED PERSON**

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

## **MANAGEMENT**

**Mr. Rishandran Pillay** is the Chief Executive Officer.  
He is South African nationality with the age of 52 years old.

**Mr. Phairote Chowtivicha** is the Senior Business Development Manager.  
He is Thai nationality.

**Mr. Santhad Saensuk** is the Factory Manager [Rayong Factory].  
He is Thai nationality.

**Mr. Kovit Larpchit** is the Factory Manager [Karasin Factory].

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He is Thai nationality.

**Ms. Mukda Jirawatanaphalin** is the Human Resources Manager.  
She is Thai nationality.

## ***BUSINESS OPERATION***

The subject's activity is a manufacturer and distributor of modified starch, a key ingredient for foods & beverage, gloves/condom, paper, corrugating, textile, gypsum, building materials, cosmetics, adhesives, personal cares, pharmaceutical, and pharmaceuticals productions.

Tapioca starch is extracted from cassava root and goes through a process of drying, packaging and inspection. With modern technology and expertise, it is converted into a valuable specialty resource. Cassava is processed into a large variety of vital components used in a range of items essential to daily lives.

### **Food Products**

National Starch's range of over 200 specialty food starches provides key processing, texture, flavour and marketing advantages for a wide range of consumer products. They are used for:

- thickening sauces.
- creating creaminess and viscosity in dairy products.
- enhancing softness in drinks and thin sauces.
- providing expansion in snack foods.
- ensuring crispiness and adhesion in battered foods.
- providing an alternative to expensive ingredients such as gum arabic, casement and gelatine.
- binding meat and seafood products.
- encapsulation in spray-dried flavours and creamers.
- providing a high source of dietary fiber in noodles, baked food, health beverages and cereals.

### **Health Care**

In the health care and pharmaceutical industries, the subject produces wide range of specialty starches which have been used as:

- carriers, binders and disintegrants in tablets and capsules.
- coating for tablets
- thickeners in liquid dosage medicants
- dusting powder for surgical gloves.

### **Industrial Applications**

National Starch's range of specialty starches are used in a variety of industrial applications, such as paper-making corrugating, tissues, textiles and biodegradable packaging. They are used for :

- increasing strength and productivity in paper production.
- improving printability and strength for paper and board, such as food packaging and office paper.
- providing water resistance, strength and improved productivity in corrugated boxes.
- enhancing softness and bulk in tissues.
- producing biodegradable, starch - based packaging and loose - fill materials.

**MAJOR BRANDS**

“INGREDION”

**PRODUCTION CAPACITY**

120,000 tons/year [Rayong Factory]

150,000 tons/year [Kalasin Factory]

**PURCHASE**

80% of raw materials such as cassava roots are purchased from over 5,000 local planters, the remaining 20% including chemical are imported from Japan, Germany, Republic of China, India, Vietnam, Cambodia, Taiwan and Brazil.

**MAJOR SUPPLIERS**

Dow Chemical Thailand Ltd.	: Thailand
BASF (Thai) Ltd.	: Thailand
Thai-MC Company Limited	: Thailand

**SALES**

80% of the products is exported to Australia, U.S.A., New Zealand, Germany, Malaysia, Republic of China, Singapore, Columbia, Hong Kong, Japan, Canada, Myanmar, Korea, Vietnam, Pakistan, Russia, Uruguay, Argentina, Mexico, Brazil, Chile, Ecuador, Ukraine, U.K., Kenya, South Africa, Indonesia, India, Bangladesh, Sri Lanka, Nigeria, Panama, Taiwan and the countries in Europe, the remaining 20% is sold locally to manufacturers and wholesalers.

**MAJOR CUSTOMERS**

<u>Company</u>	<u>Country</u>
Medigloves Ltd.	: Thailand
Safeskin Corporation (Thailand) Ltd.	: Thailand
Ansell (Thailand) Ltd.	: Thailand
Thai Paper Products Co., Ltd.	: Thailand
Kraft Foods Company	: U.S.A.
Ingredion Incorporated	: U.S.A.
Johnson & Johnson Medical Mfg. Sdn. Bhd.	: Malaysia
Bunge Defiance Pty., Ltd.	: Australia
Carter Holt Harvey Penrose Mill	: New Zealand

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Alpina Productalimentos SA. : Columbia  
Food & Cosmetic Systems Co., Ltd. : Thailand

## ***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 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 T/T.  
Exports are against L/C at sight or T/T.

## ***BUSINESS TRANSACTION***

In term of sales, the products are sold to local customers by cash & credit with the maximum credit given at 30-60 days, and to overseas customers by L/C and T/T. The subject is not found to have problem on its account receivable.

## ***BANKING***

### **The Siam Commercial Bank Public Company Limited**

[Head Office : 9 Ratchadapisek Rd., Ladyao, Jatujak, Bangkok 10900]

[Kalasin Branch : Muang, Kalasin Province]

### **Citibank N.A.**

[Bangkok Office: 127 South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120]

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Kasikornbank Public Company Limited

Bangkok Bank Public Company Limited

## ***EMPLOYMENT***

The subject employs 650 staff. [office staff and factory workers]

## ***LOCATION DETAILS***

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

Factories are located at the following addresses:

- 1) 202 Moo 12, Sukhumvit Rd., Km. 275, T. Thungkuarykin, A. Klang, Rayong 21110  
Tel: [66] 38 669-171-4 Fax: [66] 38 669-020, Area: 400,000 sq.m.
- 2) 41 Moo 7, Theenanon Rd., T. Najaraya, A. Muang, Kalasin 46000  
Tel: [66] 43 812-061 Fax : [66] 43 813-227, Area: 1,280,000 sq.m.

### **Warehouse:**

- 18/8 Moo 4, Bangna-Trad Rd., K.M. 23, Bangsaothong, Samutprakarn 10540
- 112/2 Moo 3, T. Thungsukhla, A. Sriracha, Chonburi 20230
- 45 Moo 11, T. Banglen, A. Banglen, Nakhonpathom 73130
- 105 Moo 11, T. Banglen, A. Banglen, Nakhonpathom 73130

## ***COMMENT***

The subject's operating performance in 2017 was moderate with an increase in sales and net profit comparing to the previous year. Generally, overall consumption has gradually improved from the industrial sector, which had resulted to a better performance.

Moreover, the continue growing in food and beverage industries from both domestic and overseas has strong potential for starch industry. The subject is also developing operation system to be modern and efficiency in order to have the company's edge in the competition.

## ***FINANCIAL INFORMATION***

The capital was registered at Bht. 264,500,000 divided into 2,645,000 shares of Bht. 100 each with fully paid.

The capital was increased later as follows:

Bht. 413,800,000 on May 30, 2013  
Bht. 606,800,000 on August 26, 2014  
Bht. 719,800,000 on December 19, 2016  
Bht. 2,915,208,300 on December 14, 2017

The latest registered capital was increased to Bht. 2,915,208,300 divided into 29,152,083 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>
<b>Ingredion (Thailand) Company Limited</b> Nationality: Thai Address : 40/14 Moo 12, Bangna-Trad Rd., Bangkaew, Bangplee, Samutprakarn	29,152,081	100.00
<b>Ingredion Incorporated</b> Nationality: American Address : 5 Westbrook Corporate Center, Westchester, Illinois, U.S.A.	1	-
<b>Brunob II B.V.</b> Nationality: Dutch Address : Herikerbergweg 238 Luna Arena, Amsterdam Zuidoost, Noord-Holland, 1101 CM	1	-

**Total Shareholders : 3**

## ***SHARE STRUCTURE***

[As at April 30, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	1	29,152,081	100.00
Foreign	2	2	-

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**Total 3 29,152,083 100.00**

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

Ms. Dusanee Yimsuwan No. 10235

***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	224,685,185	434,046,501	1,117,726,890
Trade Accounts and Other Receivable	1,119,015,340	1,068,552,870	1,051,960,420
Inventories	738,721,658	468,127,734	539,179,061
Other Current Assets	62,032,760	56,185,238	47,025,261
<b>Total Current Assets</b>	<b>2,144,454,943</b>	<b>2,026,912,343</b>	<b>2,755,891,632</b>
Long-term Lending	-	-	1,055,106,000
Property, Plant and Equipment	2,737,056,470	2,392,346,746	1,984,390,228
Intangible Assets	433,264,471	10,333,624	14,204,977
Other Non-current Assets	2,359,482	3,186,159	3,095,183
<b>Total Assets</b>	<b>5,317,135,366</b>	<b>4,432,778,872</b>	<b>5,812,688,020</b>

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

<b>Current Liabilities</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Bank Overdraft and Short-term Loans from Financial Institutions	385,000,000.00	-	-
Trade Accounts and Other Payable	1,264,538,039	1,140,668,588	843,297,871
Accrued Income Tax	64,124,982	31,885,596	26,144,162
Other Current Liabilities	43,353,866	39,036,324	43,147,287
<b>Total Current Liabilities</b>	<b>1,757,016,887</b>	<b>1,211,590,508</b>	<b>912,589,320</b>

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***NATIONAL STARCH AND CHEMICAL (THAILAND) LTD. - 526148*** ***PAGE NO. : 12***

Long-term Loan	-	2,332,805,461	3,146,672,208
Provision for Employees' Benefit	89,564,337	80,438,634	87,461,156
<b>Total Liabilities</b>	<b>1,846,581,224</b>	<b>3,624,834,603</b>	<b>4,146,722,684</b>
<b>Shareholders' Equity</b>			
Share capital, Bht. 100 par value authorized, and issued share capital 29,152,083 shares in 2017	2,915,208,300		
7,198,000 shares in 2016		719,800,000	
6,068,000 shares in 2015			606,800,000
Capital Paid	2,915,208,300	719,800,000	606,800,000
Premium on Shares Capital	3,026,510	3,026,510	3,026,510
Retained Earnings : [Deficit]			
Appropriated for statutory reserve	71,980,000	71,980,000	60,680,000
Unappropriated	480,339,332	13,137,759	995,458,826
<b>Total Shareholders' Equity</b>	<b>3,470,554,142</b>	<b>807,944,269</b>	<b>1,665,965,336</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>5,317,135,366</b>	<b>4,432,778,872</b>	<b>5,812,688,020</b>

***PROFIT & LOSS ACCOUNT***

Revenue	2017	2016	2015
Sales or Services Income	7,753,615,567	7,650,023,884	7,509,709,034
Interest Income	1,288,442	47,011,277	60,636,039
Other Income	356,480,448	70,980,537	26,010,927
<b>Total Revenues</b>	<b>8,111,384,457</b>	<b>7,768,015,698</b>	<b>7,596,356,000</b>
<b>Expenses</b>			
Cost of Goods Sold or Services	6,138,743,550	5,899,108,669	5,944,493,561
Selling Expenses	354,507,140	308,890,959	208,192,993
Administrative Expenses	923,651,095	975,721,012	521,010,438
Other Expenses	-	-	216,979,827
<b>Total Expenses</b>	<b>7,416,901,785</b>	<b>7,183,720,640</b>	<b>6,890,676,819</b>
Profit/[Loss] before Financial Cost and Income Tax	694,482,672	584,295,058	705,679,181
Financial Cost	[107,531,532]	[137,592,721]	[141,215,334]

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**NATIONAL STARCH AND CHEMICAL (THAILAND) LTD. - 526148**

**PAGE NO. : 13**

Profit/[Loss] before Income Tax	586,951,140	446,702,337	564,463,847
Income Tax	[119,749,567]	[94,899,404]	[109,670,306]
<b>Net Profit/[Loss]</b>	<b>467,201,573</b>	<b>351,802,933</b>	<b>454,793,541</b>

**FINANCIAL ANALYSIS**

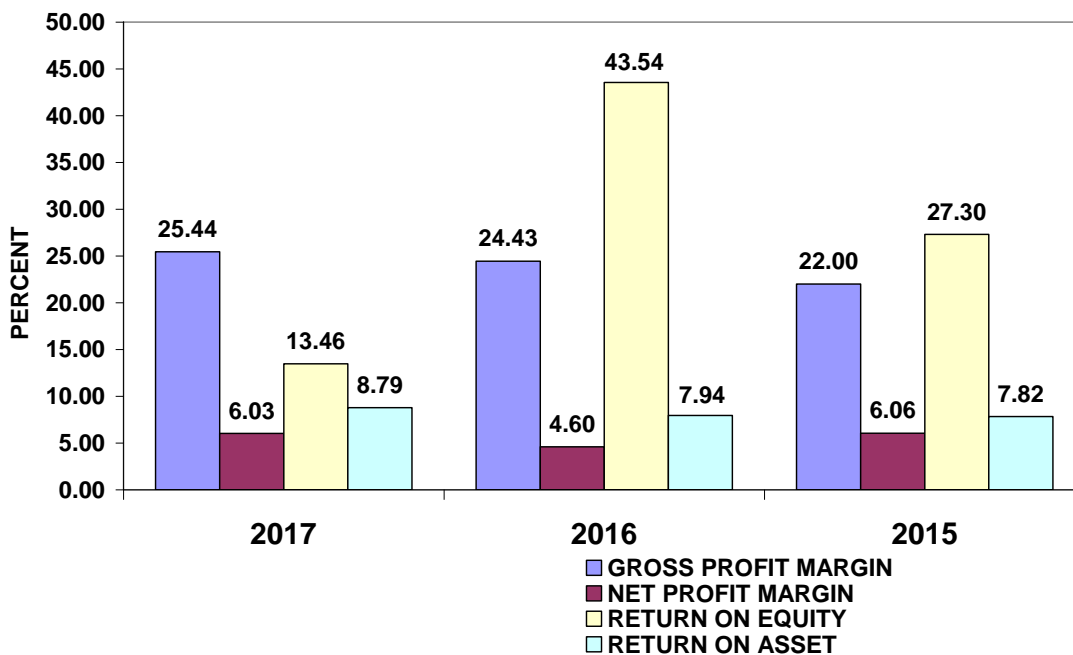
ITEM	UNIT	2017	2016	2015
<b>LIQUIDITY RATIO</b>				
CURRENT RATIO	TIMES	1.22	1.67	3.02
QUICK RATIO	TIMES	0.76	1.24	2.38
<b>ACTIVITY RATIO</b>				
FIXED ASSETS TURNOVER	TIMES	2.83	3.20	3.78
TOTAL ASSETS TURNOVER	TIMES	1.46	1.73	1.29
INVENTORY CONVERSION PERIOD	DAYS	43.92	28.96	33.11
INVENTORY TURNOVER	TIMES	8.31	12.60	11.03
RECEIVABLES CONVERSION PERIOD	DAYS	52.68	50.98	51.13
RECEIVABLES TURNOVER	TIMES	6.93	7.16	7.14
PAYABLES CONVERSION PERIOD	DAYS	75.19	70.58	51.78
CASH CONVERSION CYCLE	DAYS	21.41	9.37	32.46
<b>PROFITABILITY RATIO</b>				
COST OF GOODS SOLD	%	79.17	77.11	79.16
SELLING & ADMINISTRATION INTEREST	%	16.48	16.79	9.71
GROSS PROFIT MARGIN	%	1.39	1.80	1.88
NET PROFIT MARGIN BEFORE EX. ITEM	%	25.44	24.43	22.00
NET PROFIT MARGIN	%	8.96	7.64	9.40
RETURN ON EQUITY	%	6.03	4.60	6.06
RETURN ON ASSET	%	13.46	43.54	27.30
EARNING PER SHARE	BAHT	8.79	7.94	7.82
<b>LEVERAGE RATIO</b>				
DEBT RATIO	TIMES	0.35	0.82	0.71
DEBT TO EQUITY RATIO	TIMES	0.53	4.49	2.49
TIME INTEREST EARNED	TIMES	6.46	4.25	5.00
<b>ANNUAL GROWTH</b>				
SALES GROWTH	%	1.35	1.87	
OPERATING PROFIT	%	18.86	(17.20)	
NET PROFIT	%	32.80	(22.65)	
FIXED ASSETS	%	14.41	20.56	
TOTAL ASSETS	%	19.95	(23.74)	

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**ANNUAL GROWTH: EXCELLENT**

An annual sales growth is 1.35%. Sales Income has increased from THB 7,650,023,884.00 in 2016 to THB 7,753,615,567.00 in 2017. While net profit has increased from THB 351,802,933.00 in 2016 to THB 467,201,573.00 in 2017. And total assets has increased from THB 4,432,778,872.00 in 2016 to THB 5,317,135,366.00 in 2017.

**PROFITABILITY : EXCELLENT**



**PROFITABILITY RATIO**

Gross Profit Margin	25.44	Impressive	Industrial Average	3.86
Net Profit Margin	6.03	Impressive	Industrial Average	2.37
Return on Assets	8.79	Impressive	Industrial Average	2.60
Return on Equity	13.46	Impressive	Industrial Average	5.92

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 25.44%. When compared with the industry average, the ratio of the company was higher, indicated that company was more profitable than the same industry.

Net Profit Margin is the indicator of the company's efficiency in that net profit takes into consideration all expenses of the company. A low profit margin indicates a low margin of safety, higher risk that a decline in sales will erase

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profits and result in a net loss. The company's figure is 6.03% compared with those of its average competitors in the same industry, indicated that business was an efficient operator in a dominant position within its industry.

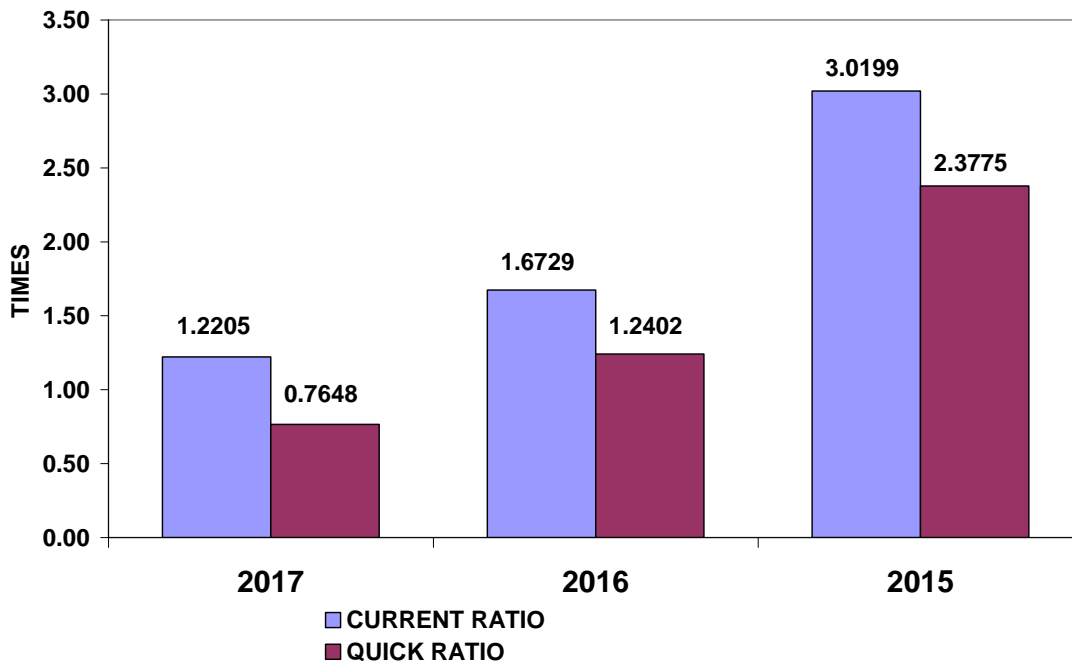
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 8.79%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient profit in a dominant position within its industry.

Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. Return on Equity ratio is 13.46%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient profit in a dominant position within its industry.

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

Return on Assets                      Downtrend  
 Return on Equity                    Downtrend

**LIQUIDITY : SATISFACTORY**



**LIQUIDITY RATIO**

Current Ratio	1.22	Impressive	Industrial Average	0.87
Quick Ratio	0.76			
Cash Conversion Cycle	21.41			

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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 1.22 times in 2017, decrease from 1.67 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 higher, indicated that company was an efficient operator in a dominant position within its industry.

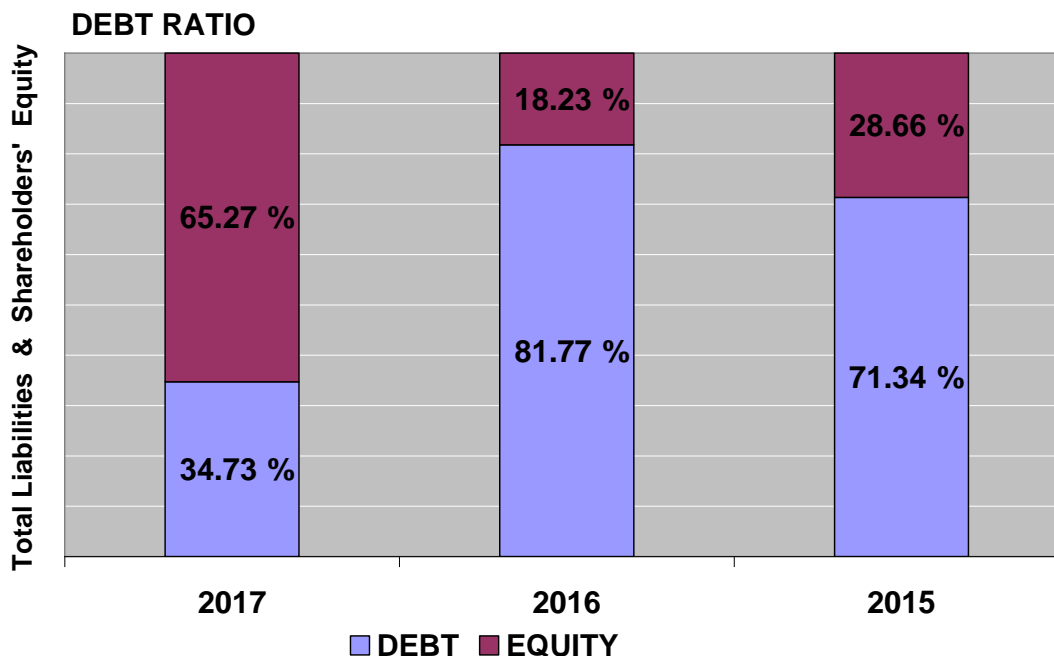
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 0.76 times in 2017, decrease from 1.24 times, then the company has not enough current assets that presumably 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 22 days.

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

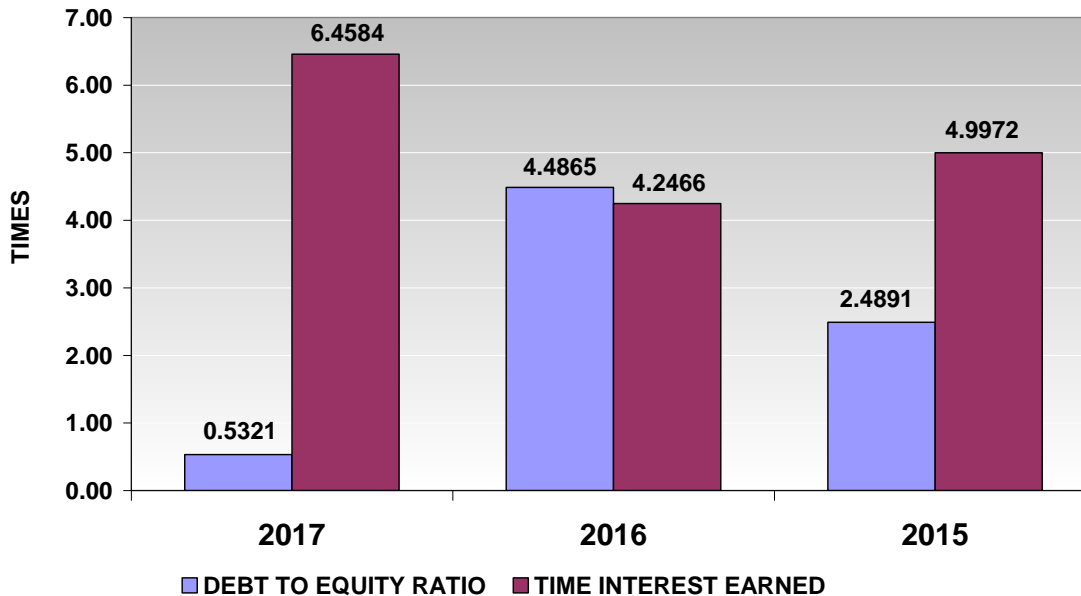
Current Ratio                      Downtrend

**LEVERAGE: EXCELLENT**



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**LEVERAGE RATIO**



**LEVERAGE RATIO**

Debt Ratio	0.35	Impressive	Industrial Average	0.55
Debt to Equity Ratio	0.53	Impressive	Industrial Average	1.23
Times Interest Earned	6.46	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 lower the percentage means that the company is using less leverage and has a stronger equity position.

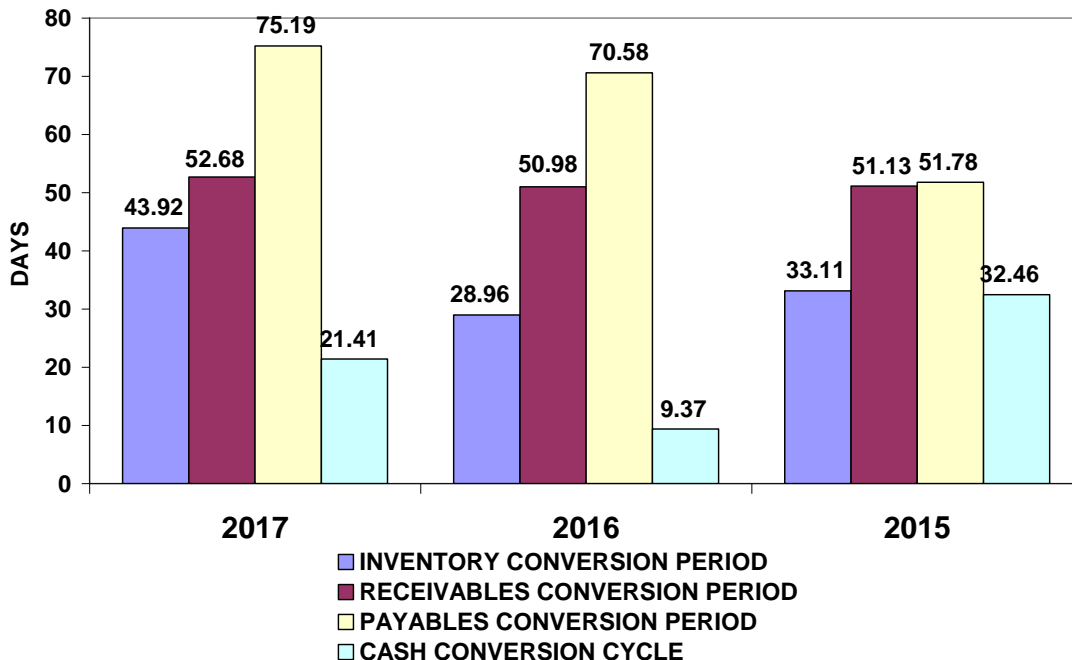
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 6.46 higher than 1, so the company can pay interest expenses on outstanding debt.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.35 less than 0.5, most of the company's assets are financed through equity.

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

Debt Ratio	Downtrend
Times Interest Earned	Stable

**ACTIVITY: IMPRESSIVE**



**ACTIVITY RATIO**

Fixed Assets Turnover	2.83	Impressive	Industrial Average	-
Total Assets Turnover	1.46	Impressive	Industrial Average	1.10
Inventory Conversion Period	43.92			
Inventory Turnover	8.31	Impressive	Industrial Average	5.82
Receivables Conversion Period	52.68			
Receivables Turnover	6.93	Satisfactory	Industrial Average	7.23
Payables Conversion Period	75.19			

The company's Account Receivable Ratio is calculated as 6.93 and 7.16 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 increased from 29 days at the end of 2016 to 44 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 12.6 times in year 2016 to 8.31 times in year 2017.

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The company's Total Asset Turnover is calculated as 1.46 times and 1.73 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	Uptrend

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.14
UK Pound	1	INR 89.97
Euro	1	INR 81.17
Thai Baht	1	INR 2.15

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	PRI
<b>Report Prepared by :</b>	NIT

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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)