

MIRA INFORM REPORT

Report No. :	526709
Report Date :	28.08.2018

IDENTIFICATION DETAILS

Name :	KMG INTERNATIONAL COMPANY LIMITED
Registered Office :	127/90 Soi Vibhavadi Rangsit 60 Yaek 18-1-6, Taladbangkhen, Laksi, Bangkok 10210
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	28.01.2010
Com. Reg. No.:	0105553013690
Legal Form :	Private limited company
Line of Business :	Subject is engaged in exporting machinery and spare parts such as steam retort, water spray overpressure retort, washing machine, rotary retort, compact retort and others for food industry, as well as importing and distributing wide range of industrial machinery, tools and components according to customer's orders.
No. of Employees :	5

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 :	No Complaints
Litigation :	Clear

NOTES :

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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

KMG INTERNATIONAL COMPANY LIMITED

SUMMARY

BUSINESS ADDRESS : 127/90 SOI VIBHAVADI RANGSIT 60 YAEK 18-1-6,
TALADBANGKHEN, LAKSI, BANGKOK 10210,
THAILAND

TELEPHONE : [66] 2561-4138-9, 081 926-0726, 089 816-9354

FAX : [66] 2561-4140

E-MAIL ADDRESS : kmgrandpack@kmgrandpack.com

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 2010

REGISTRATION / TAX ID NO. : 0105553013690

CAPITAL REGISTERED : BHT. 10,000,000

CAPITAL PAID-UP : BHT. 10,000,000

SHAREHOLDER'S PROPORTION : THAI : 100%

FISCAL YEAR CLOSING DATE : DECEMBER 31

LEGAL STATUS : PRIVATE LIMITED COMPANY

EXECUTIVE : MS. SUCHADA SUKPHUM, THAI
MANAGING DIRECTOR

NO. OF STAFF : 5

LINES OF BUSINESS : INDUSTRIAL MACHINERY, TOOLS
AND SPARE PARTS
IMPORTER, DISTRIBUTOR AND EXPORTER

CORPORATE PROFILE

OPERATING TREND : STABLE

PRESENT SITUATION : OPERATING NORMALLY

REPUTATION : FAIR WITH NORMAL BUSINESS ENGAGEMENT

MANAGEMENT STANDARD : MANAGEMENT WITH FAIR PERFORMANCE

HISTORY

The subject was established on January 28, 2010 as a private limited company under the registered name KMG INTERNATIONAL COMPANY LIMITED, by Thai group, with the business objective to distribute industrial machinery, tools and spare parts to both domestic and overseas markets. It currently employs 5 staff.

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The subject's registered address was initially located at 19/137 Moo 2, Taladbangkhen, Laksi, Bangkok 10210.

On December 4, 2017, the registered address was relocated to 127/90 Soi Vibhavadi Rangsit 60 Yaek 18-1-6, Taladbangkhen, Laksi, Bangkok 10210, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Ms. Suchada Sukphum	Thai	50

AUTHORIZED PERSON

The above director signs on behalf of the subject with company's affixed.

MANAGEMENT

Ms. Suchada Sukphum is the Managing Director.
She is Thai nationality with the age of 50 years old.

BUSINESS OPERATIONS

The subject's core business is engaged in exporting machinery and spare parts such as steam retort, water spray overpressure retort, washing machine, rotary retort, compact retort and others for food industry, as well as importing and distributing wide range of industrial machinery, tools and components according to customer's orders.

PURCHASE

100% of the exported products are purchased from local suppliers, while industrial machinery, tools and components are purchased from both domestic and overseas suppliers in Republic of China and Taiwan.

MAJOR SUPPLIER

KM Grand Pack Co., Ltd. : Thailand

SALES [LOCAL]

The products are sold locally to manufacturers and end-users.

EXPORT

The local products are exported to Cambodia, Vietnam, India and Laos.

ASSOCIATED COMPANY

KM Grand Pack Co., Ltd.

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Business Type : Manufacturer and distributor of food machinery and spare parts

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 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 T/T.

Exports are against T/T.

BANKING

The Siam Commercial Bank Public Company Limited

EMPLOYMENT

The subject currently employs 5 staff.

LOCATION DETAILS

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

COMMENT

Despite an increase in sales or service income in 2017 comparing to the previous year, the subject obtained a net loss which was mainly caused by higher amount of other expenses which eroded the profit margin. Nevertheless, the subject is still doing a moderate business.

FINANCIAL INFORMATION

The capital was registered at Bht. 1,000,000 divided into 10,000 shares of Bht. 100 each with fully paid.

On October 20, 2017, the registered capital was increased to Bht. 10,000,000 divided into 100,000 shares of Bht. 100 each with fully paid.

THE SHAREHOLDERS LISTED WERE : [as at April 30, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Ms. Suchada Sukphum Nationality: Thai Address : 42/78 Moo 2, Taladbangkhen, Laksi, Bangkok	99,980	99.98
Ms. Nantakarn Senakotchawong Nationality: Thai Address : 12 Soi Kamnanmaen 13 Yaek 6, Bangbon, Bangkok	10	0.01
Ms. Malinee Charoenkitpan Nationality: Thai Address : 609/78 Prachauthit Road, Samsennok, Huaykwang, Bangkok	10	0.01

Total Shareholders : 3

Share Structure [as at April 30, 2018]

<u>Nationality</u>	<u>Shareholders</u>	<u>No. of Share</u>	<u>% Shares</u>
Thai	3	100,000	100.00
Foreign	-	-	-
Total	3	100,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Mr. Songchai Amornrattanapajit No. 9824

FINANCIAL

BALANCE SHEET [BAHT]

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

<u>Current Assets</u>	<u>ASSETS</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	766,733.47	28,554.92	2,443,384.32
Trade Accounts and Other Receivable	2,68,544.76	735,355.77	306,458.08
Other Current Assets	47,025,345.07	51,368,640.90	19,442,268.83
Total Current Assets	47,860,623.30	52,132,551.59	22,192,111.23

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Property, Plant and Equipment	9,014,810.67	13,059.11	16,844.31
Total Assets	59,475,433.97	52,145,610.70	22,208,955.54

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Trade Accounts and Other Payable	26,416,173.89	33,303,924.65	3,040,405.00
Other Current Liabilities	45,996.54	1,150,237.71	2,470,837.94
Total Current Liabilities	26,462,170.43	34,454,162.36	5,511,242.94
Long-term Loan	21,425,592.87	13,458,462.28	13,086,488.26
Total Liabilities	47,887,763.30	47,912,624.64	18,597,731.20
Shareholders' Equity			
Share capital : Baht 100 par value authorized, and issued share capital 100,000 shares in 2017	10,000,000.00		
10,000 shares in 2016 & 2015		1,000,000.00	1,000,000.00
Capital Paid	10,000,000.00	1,000,000.00	1,000,000.00
Retained Earning -Unappropriated [Deficit]	1,587,670.67	3,232,986.06	2,611,224.34
Total Shareholders' Equity	11,587,670.67	4,232,986.06	3,611,224.34
Total Liabilities and Shareholders' Equity	59,475,433.97	52,145,610.70	22,208,955.54

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Services Income	59,470,110.95	57,629,096.37	25,595,301.54
Interest Income	8,689.41	6,024.73	15,156.99
Other Income	682,021.59	879,989.79	1,739,905.40
Total Revenues	60,160,821.95	58,515,110.89	27,350,363.93
Expenses			
Cost of Goods Sold or Services	54,140,500.00	54,828,979.74	23,979,900.00

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KMG INTERNATIONAL COMPANY LIMITED - 526709

PAGE NO. : 9

Selling Expenses	3,189,727.21	1,892,101.18	1,759,733.40
Administrative Expenses	1,203,542.92	1,016,818.13	969,839.89
Other Expenses	3,272,338.74	-	-
Total Expenses	61,806,108.87	57,737,899.05	26,709,473.29
Profit /[Loss] before Financial Cost and Income Tax	[1,645,286.92]	777,211.84	640,890.64
Financial Cost	[28.47]	[1.50]	-
Profit /[Loss] before Income Tax	[1,645,315.39]	777,210.34	640,890.64
Income Tax	-	[155,448.62]	[128,378.65]
Net Profit / [Loss]	[1,645,315.39]	621,761.72	512,511.99

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	1.81	1.51	4.03
QUICK RATIO	TIMES	0.03	0.02	0.50
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	6.60	4,412.94	1,519.52
TOTAL ASSETS TURNOVER	TIMES	1.00	1.11	1.15
INVENTORY CONVERSION PERIOD	DAYS	-	-	-
INVENTORY TURNOVER	TIMES	-	-	-
RECEIVABLES CONVERSION PERIOD	DAYS	0.42	4.66	4.37
RECEIVABLES TURNOVER	TIMES	867.61	78.37	83.52
PAYABLES CONVERSION PERIOD	DAYS	178.09	221.71	46.28
CASH CONVERSION CYCLE	DAYS	(177.67)	(217.05)	(41.91)
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	91.04	95.14	93.69
SELLING & ADMINISTRATION	%	7.39	5.05	10.66
INTEREST	%	0.00	0.00	-
GROSS PROFIT MARGIN	%	10.12	6.40	13.17
NET PROFIT MARGIN BEFORE EX. ITEM	%	(2.77)	1.35	2.50
NET PROFIT MARGIN	%	(2.77)	1.08	2.00
RETURN ON EQUITY	%	(14.20)	14.69	14.19
RETURN ON ASSET	%	(2.77)	1.19	2.31
EARNING PER SHARE	BAHT	(16.45)	62.18	51.25
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.81	0.92	0.84
DEBT TO EQUITY RATIO	TIMES	4.13	11.32	5.15
TIME INTEREST EARNED	TIMES	(57,790.20)	518,141.23	-

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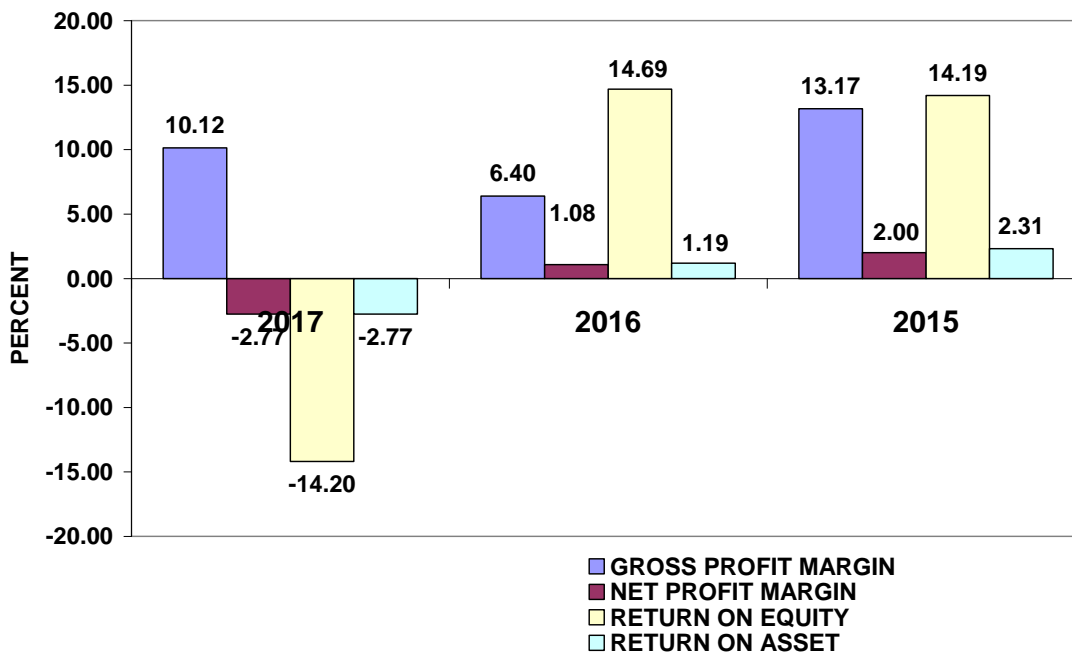
ANNUAL GROWTH

SALES GROWTH	%	3.19	125.15
OPERATING PROFIT	%	(311.69)	21.27
NET PROFIT	%	(364.62)	21.32
FIXED ASSETS	%	68,930.82	(22.47)
TOTAL ASSETS	%	14.06	134.80

ANNUAL GROWTH : SATISFACTORY

An annual sales growth is 3.19%. Sales Income has increased from THB 57,629,096.37 in 2016 to THB 59,470,110.95 in 2017. While net profit has decreased from THB 621,761.72 in 2016 to THB -1,645,315.39 in 2017. And total assets has increased from THB 52,145,610.70 in 2016 to THB 59,475,433.97 in 2017.

PROFITABILITY : RISKY



PROFITABILITY RATIO

Gross Profit Margin	10.12	Satisfactory	Industrial Average	15.98
Net Profit Margin	(2.77)	Deteriorated	Industrial Average	3.72
Return on Assets	(2.77)	Deteriorated	Industrial Average	10.61
Return on Equity	(14.20)	Deteriorated	Industrial Average	27.22

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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 10.12%. 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 -2.77%. When compared with the industry average, the ratio of the company was lower.

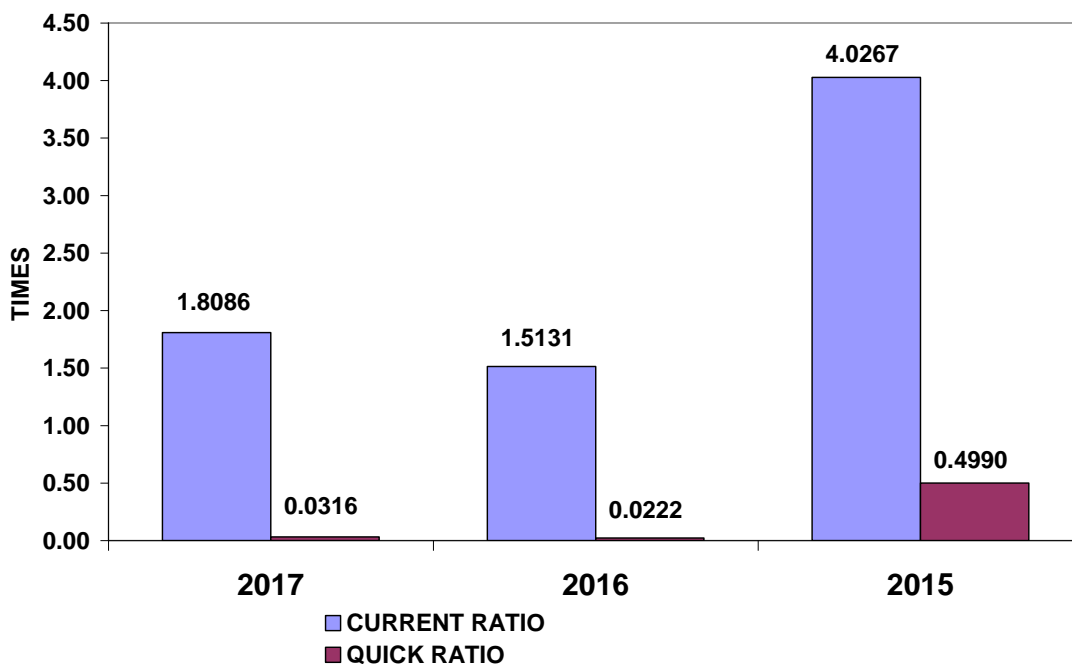
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is -2.77%.

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 -14.2%.

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

Return on Assets Uptrend
Return on Equity Uptrend

LIQUIDITY : SATISFACTORY



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LIQUIDITY RATIO

Current Ratio	1.81	Impressive	Industrial Average	1.48
Quick Ratio	0.03			
Cash Conversion Cycle	(177.67)			

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 1.81 times in 2017, increase from 1.51 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.

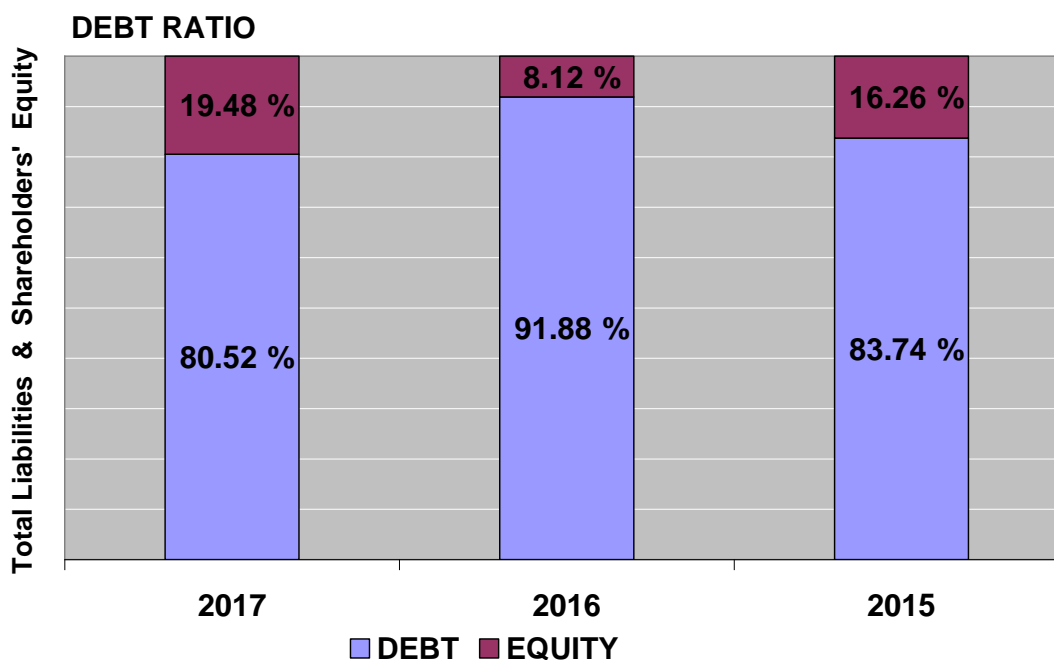
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 0.03 times in 2017, increase from 0.02 times, then the company has not enough current assets that presumably 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 -178 days.

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

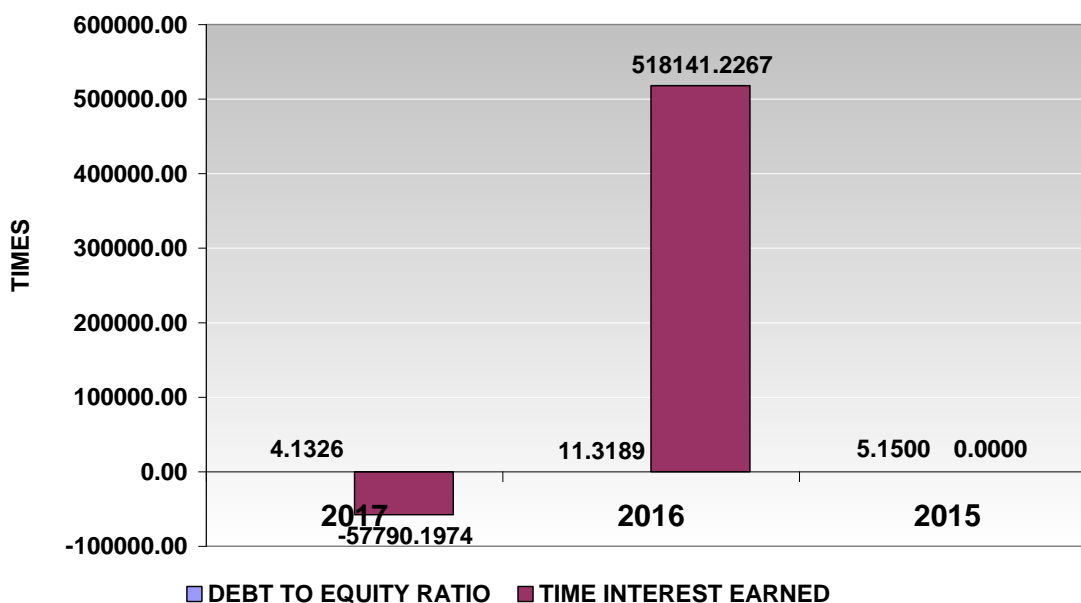
Current Ratio Downtrend

LEVERAGE : RISKY



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LEVERAGE RATIO



LEVERAGE RATIO

Debt Ratio	0.81	Acceptable	Industrial Average	0.62
Debt to Equity Ratio	4.13	Risky	Industrial Average	1.61
Times Interest Earned	(57,790.20)	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 -57790.2 lower than 1, so the company is not generating enough cash from EBIT to meet its interest obligations.

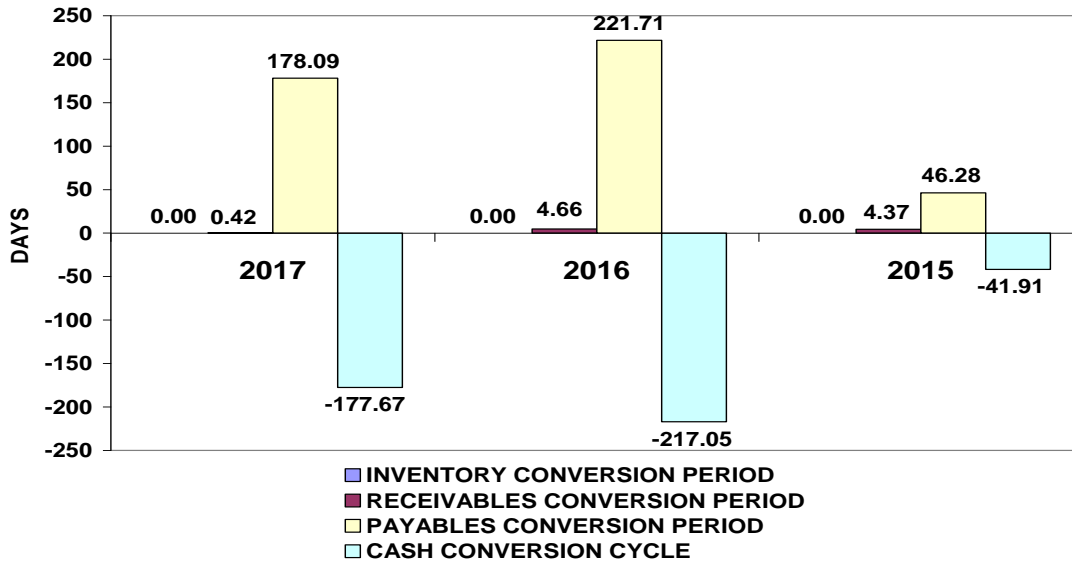
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.81 greater than 0.5, most of the company's assets are financed through debt.

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

Debt Ratio	Uptrend
Times Interest Earned	Stable

ACTIVITY : IMPRESSIVE

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ACTIVITY RATIO

Fixed Assets Turnover	6.60	Impressive	Industrial Average	-
Total Assets Turnover	1.00	Acceptable	Industrial Average	2.85
Inventory Conversion Period	-			
Inventory Turnover	-		Industrial Average	9.12
Receivables Conversion Period	0.42			
Receivables Turnover	867.61	Impressive	Industrial Average	8.68
Payables Conversion Period	178.09			

The company's Account Receivable Ratio is calculated as 867.61 and 78.37 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 increased from 2016. This would suggest the company had good performance in the management of its debt collections.

The company's Total Asset Turnover is calculated as 1 times and 1.11 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

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.04
UK Pound	1	INR 89.95
Euro	1	INR 81.30
THB	1	INR 2.16

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)