

MIRA INFORM REPORT

Report No. :	545202
Report Date :	17.12.2018

IDENTIFICATION DETAILS

Name :	RCAN JEWELLERY CO., LTD.
Registered Office :	11 th Floor, Bangkok Gem And Jewellery Tower, 322/14B, 322/15 Surawongse Road, Sipaya, Bangrak, Bangkok 10500
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	31.01.2008
Com. Reg. No.:	0105551013111
Legal Form :	Private Limited Company
Line of Business :	The subject is engaged in importing, distributing and re-exporting various kinds of diamonds, gemstones and precious stones, as well as exporting the local fine jewelry, such as 18k white gold pendant, 18k white gold diamond jewelry with emerald, and 18k white gold necklace, earrings set
No. of Employees :	3

RATING & COMMENTS

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

MIRA's Rating : B

Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
Payment Behaviour :	Slow but Correct
Litigation :	Clear

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NOTES :

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

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
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 AND ADDRESS

RCAN JEWELLERY CO., LTD.

SUMMARY

BUSINESS ADDRESS : 11th FLOOR, BANGKOK GEM AND JEWELLERY TOWER,
322/14B, 322/15 SURAWONGSE ROAD, SIPAYA,
BANGRAK, BANGKOK 10500, THAILAND

TELEPHONE : [66] 2631-7494, 2631-7496, 081 899-8011

FAX : [66] 2631-7497

E-MAIL ADDRESS : rcanjewellerybkk@gmail.com

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 2008

REGISTRATION / TAX ID NO. : 0105551013111

CAPITAL REGISTERED : BHT. 39,000,000

CAPITAL PAID-UP : BHT. 39,000,000

SHARES PROPORTION : THAI : 51.00%
INDIAN : 49.00%

FISCAL YEAR CLOSING DATE : DECEMBER 31

LEGAL STATUS : PRIVATE LIMITED COMPANY

EXECUTIVE : MR. AMIT RASIKLAL GANDHI, INDIAN
MANAGING DIRECTOR

NO. OF STAFF : 3

LINES OF BUSINESS : DIAMONDS, GEMSTONES AND JEWELRY
IMPORTER, DISTRIBUTOR AND EXPORTER

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 January 31, 2008 as a private limited company under the registered name RCAN JEWELLERY CO., LTD., by Thai and Indian groups, in order to operate a jewelry trading business. It currently employs 3 staff.

The subject's registered address was initially at Bangkok Gem and Jewellery Tower,

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322/15 Surawongse Rd., Sipaya, Bangrak, Bangkok 10500.

On February 25, 2009, the subject's registered address was relocated to 2210/30 Narathiwas Ratchanakarin Rd., Chongnonsi, Yannawa, Bangkok 10120.

On August 4, 2014, the registered address was moved to 11th Floor, Bangkok Gem and Jewellery Tower, 322/14B, 322/15 Surawongse Rd., Sipaya, Bangrak, Bangkok 10500, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Amit Rasiklal Gandhi	Indian	44
Mr. Nirav Rasiklal Gandhi	Indian	41

AUTHORIZED PERSON

One of the above directors can sign on behalf of the subject with company's affixed.

MANAGEMENT

Mr. Amit Rasiklal Gandhi is the Managing Director.
He is Indian nationality with the age of 44 years old.

Mr. Nirav Rasiklal Gandhi is the Assistant Managing Director.
He is Indian nationality with the age of 41 years old.

BUSINESS OPERATIONS

The subject is engaged in importing, distributing and re-exporting various kinds of diamonds, gemstones and precious stones, as well as exporting the local fine jewelry, such as 18k white gold pendant, 18k white gold diamond jewelry with emerald, and 18k white gold necklace, earrings set and etc.

PURCHASE

The subject hires local contract manufacture for the production of fine jewelry, while diamonds and gemstones are imported from India, Republic of China and Hong Kong.

SALES [LOCAL]

Most of diamonds and gemstones are sold locally by wholesale to jewelry manufacturers.

EXPORT

100% of local jewelry products, as well as some of diamonds and gemstones are exported and re-exported to India, Japan, Hong Kong, U.S.A., Turkey, Singapore, Republic of China, Russia, Bahrain, Pakistan, Vietnam, United Arab Emirates and other

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Middle East countries.

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 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

Bangkok Bank Public Company Limited

EMPLOYMENT

The subject currently employs 3 staff.

LOCATION DETAILS

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

COMMENT

The subject was formed in 2008 as an importer, distributor and exporter of diamonds, gemstones, precious stones and jewelry products. Despite a decrease in sales or service income in 2017 comparing to the previous year, it obtained higher net profit. Generally, the subject operates a moderate business and remains profitable.

FINANCIAL INFORMATION

The capital was registered at Bht. 4,000,000 divided into 40,000 shares of Bht. 100 each with fully paid.

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The capital was increased later as follows:

Bht. 10,000,000 on June 10, 2009
Bht. 16,000,000 on May 9, 2011
Bht. 35,000,000 on November 2, 2011
Bht. 39,000,000 on September 21, 2017

The latest registered capital was increased to Bht. 39,000,000 divided into 390,000 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>
Mr. Amit Rasiklal Gandhi Nationality: Indian Address : 111/29 Soi Sribampen, Thungmahamek, Sathorn, Bangkok	119,600	30.67
Mr. Nirav Rasiklal Gandhi Nationality: Indian Address : 111/29 Soi Sribampen, Thungmahamek, Sathorn, Bangkok	71,500	18.33
Mr. Kwanchai Yaemduang Nationality: Thai Address : 5/961 Moo 3, Kokfaed, Nongjok, Bangkok	39,780	10.20
Mr. Vorawut Pinakase Nationality: Thai Address : 55 Moo 8, T. Bangseesuraj, A. Bangseesuraj, Mahasarakam	39,780	10.20
Mr. Cholpetch Srivichai Nationality: Thai Address : 111 Moo 7, T. Parnok, A. Muang, Prachuabkirikhan	39,780	10.20
Ms. Bang-on Nuathong Nationality: Thai Address : 9 Moo 13, T. Sarklek, A. Sarklek, Pichit	39,780	10.20
Mr. Narong Rongjong Nationality: Thai Address : 172 Moo 1, T. Banmuang, A. Nernmaprang, Phisanuloke	39,780	10.20

Total Shareholders : 7

Share Structure [as at April 30, 2018]

<u>Nationality</u>	<u>Shareholders</u>	<u>No. of Share</u>	<u>% Shares</u>
Thai	5	198,900	51.00

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Foreign - Indian	2	191,100	49.00
Total	7	390,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Ms. Niramol Kewalee No. 7966

FINANCIAL

BALANCE SHEET [BAHT]

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

ASSETS

Current Assets	2017	2016	2015
Cash and Cash Equivalents	1,421,754.09	4,437,881.97	386,143.77
Trade Accounts and Other Receivable	43,768,906.70	65,809,256.08	54,593,377.51
Short-term Loans	6,200,000.00	-	-
Inventories	235,524,505.29	164,719,343.49	135,997,006.89
Total Current Assets	286,915,166.08	234,966,481.54	190,976,528.17
Property, Plant and Equipment	17,643,160.58	18,499,493.14	19,212,528.01
Other Non-current Assets	149,600.00	144,600.00	139,600.00
Total Assets	304,707,926.66	253,610,574.68	210,328,656.18

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Bank Overdraft and Short-term Loan from Financial Institutions	119,692,334.53	119,478,980.19	87,326,012.59
Trade Accounts and Other Payable	121,934,912.81	77,360,601.29	63,067,442.37
Current Portion of Long-term Loans	1,414,368.14	1,893,714.44	1,804,491.06
Short-term Loans	-	-	4,489,978.66
Accrued Income Tax	621,912.15	769,897.62	997,994.47
Total Current Liabilities	243,663,527.63	199,503,193.54	157,685,919.15
Long-term Loan from Person or Other Company	-	1,414,368.14	3,778,303.45

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Total Liabilities	243,663,527.63	200,917,561.68	161,464,222.60
Shareholders' Equity			
Share capital : Baht 100 par value			
Authorized and issued share capital			
390,000 shares in 2017	39,000,000.00		
350,000 shares in 2016 & 2015		35,000,000.00	35,000,000.00
Capital Paid	39,000,000.00	35,000,000.00	35,000,000.00
Retained Earning - Unappropriated	22,044,399.03	17,693,013.00	13,864,433.58
Total Shareholders' Equity	61,044,399.03	52,693,013.00	48,864,433.58
Total Liabilities and Shareholders' Equity	304,707,926.66	253,610,574.68	210,328,656.18

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales and Services Income	301,894,916.58	331,768,378.66	332,251,714.11
Interest Income	8.26	-	-
Other Income	13,779,390.01	2,369,082.93	2,492,785.79
Total Revenues	315,674,314.85	334,137,461.59	334,744,499.90
Expenses			
Cost of Goods Sold or Services	287,078,938.97	309,881,633.98	305,717,243.33
Selling Expenses	7,276,639.62	4,283,165.98	2,792,354.73
Administrative Expenses	10,407,331.09	9,809,520.28	14,284,229.70
Other Expenses	-	-	1,330,561.93
Total Expenses	304,762,909.68	323,974,320.24	324,124,389.69
Profit / [Loss] before Financial Cost & Income Tax	10,911,405.17	10,163,141.35	10,620,110.21
Financial Cost	[5,238,106.99]	[5,184,664.31]	[4,818,699.77]
Profit / [Loss] before Income Tax	5,673,298.18	4,978,477.04	5,801,410.44
Income Tax	[1,321,912.15]	[1,149,897.62]	[1,411,994.47]
Net Profit / [Loss]	4,351,386.03	3,828,579.42	4,389,415.97

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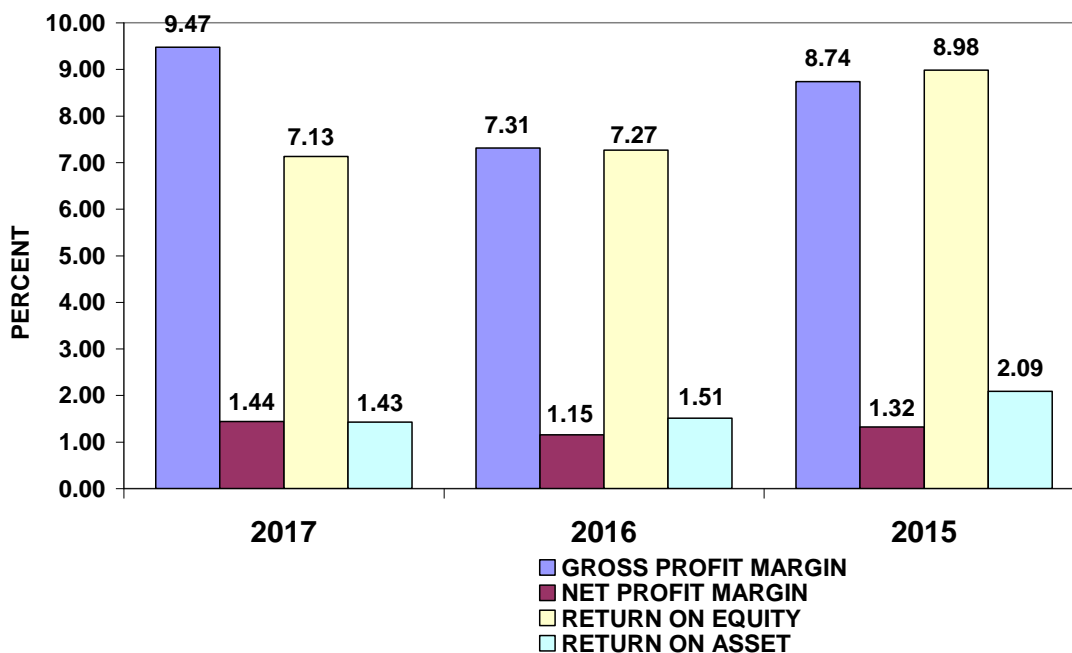
FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	1.18	1.18	1.21
QUICK RATIO	TIMES	0.21	0.35	0.35
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	17.11	17.93	17.29
TOTAL ASSETS TURNOVER	TIMES	0.99	1.31	1.58
INVENTORY CONVERSION PERIOD	DAYS	299.45	194.02	162.37
INVENTORY TURNOVER	TIMES	1.22	1.88	2.25
RECEIVABLES CONVERSION PERIOD	DAYS	52.92	72.40	59.97
RECEIVABLES TURNOVER	TIMES	6.90	5.04	6.09
PAYABLES CONVERSION PERIOD	DAYS	155.03	91.12	75.30
CASH CONVERSION CYCLE	DAYS	197.34	175.30	147.05
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	95.09	93.40	92.01
SELLING & ADMINISTRATION INTEREST	%	5.86	4.25	5.14
GROSS PROFIT MARGIN	%	1.74	1.56	1.45
NET PROFIT MARGIN BEFORE EX. ITEM	%	9.47	7.31	8.74
NET PROFIT MARGIN	%	3.61	3.06	3.20
RETURN ON EQUITY	%	1.44	1.15	1.32
RETURN ON ASSET	%	7.13	7.27	8.98
EARNING PER SHARE	BAHT	1.43	1.51	2.09
		11.16	10.94	12.54
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.80	0.79	0.77
DEBT TO EQUITY RATIO	TIMES	3.99	3.81	3.30
TIME INTEREST EARNED	TIMES	2.08	1.96	2.20
ANNUAL GROWTH				
SALES GROWTH	%	(9.00)	(0.15)	
OPERATING PROFIT	%	7.36	(4.30)	
NET PROFIT	%	13.66	(12.78)	
FIXED ASSETS	%	(4.63)	(3.71)	
TOTAL ASSETS	%	20.15	20.58	

ANNUAL GROWTH : SATISFACTORY

An annual sales growth is -9%. Sales Income has decreased from THB 331,768,378.66 in 2016 to THB 301,894,916.58 in 2017. While net profit has increased from THB 3,828,579.42 in 2016 to THB 4,351,386.03 in 2017. And total assets has increased from THB 253,610,574.68 in 2016 to THB 304,707,926.66 in 2017.

PROFITABILITY : IMPRESSIVE



PROFITABILITY RATIO

Gross Profit Margin	9.47	Acceptable	Industrial Average	32.02
Net Profit Margin	1.44	Impressive	Industrial Average	0.20
Return on Assets	1.43	Impressive	Industrial Average	0.33
Return on Equity	7.13	Impressive	Industrial Average	0.85

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 9.47%. 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

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profits and result in a net loss. Net Profit Margin ratio is 1.44%, higher figure when 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.

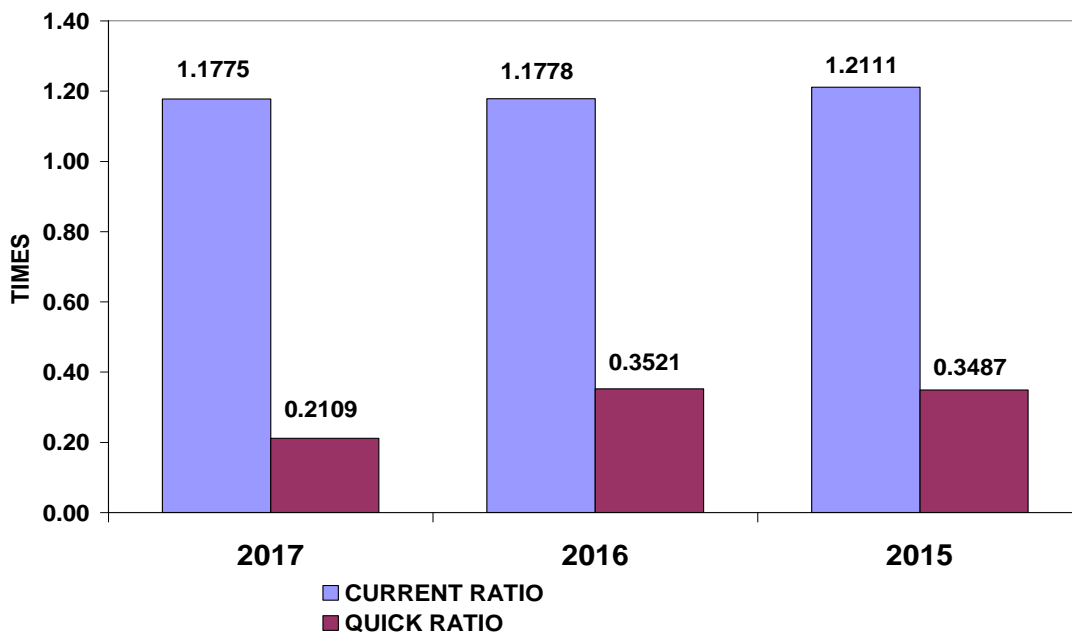
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 1.43%, 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 7.13%, 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 : RISKY



LIQUIDITY RATIO

Current Ratio	1.18	Satisfactory	Industrial Average	1.86
Quick Ratio	0.21			

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Cash Conversion Cycle 197.34

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 1.18 times in 2017, same figure as in 2016, 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.

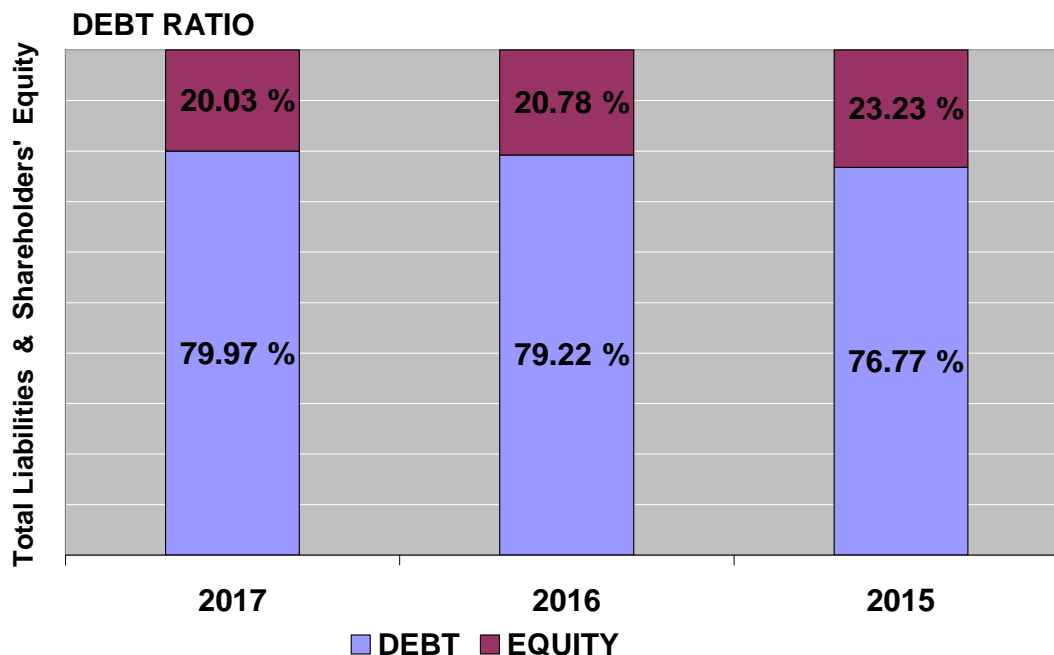
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 0.21 times in 2017, decrease from 0.35 times, then the company has not enough current assets that presumably 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 198 days.

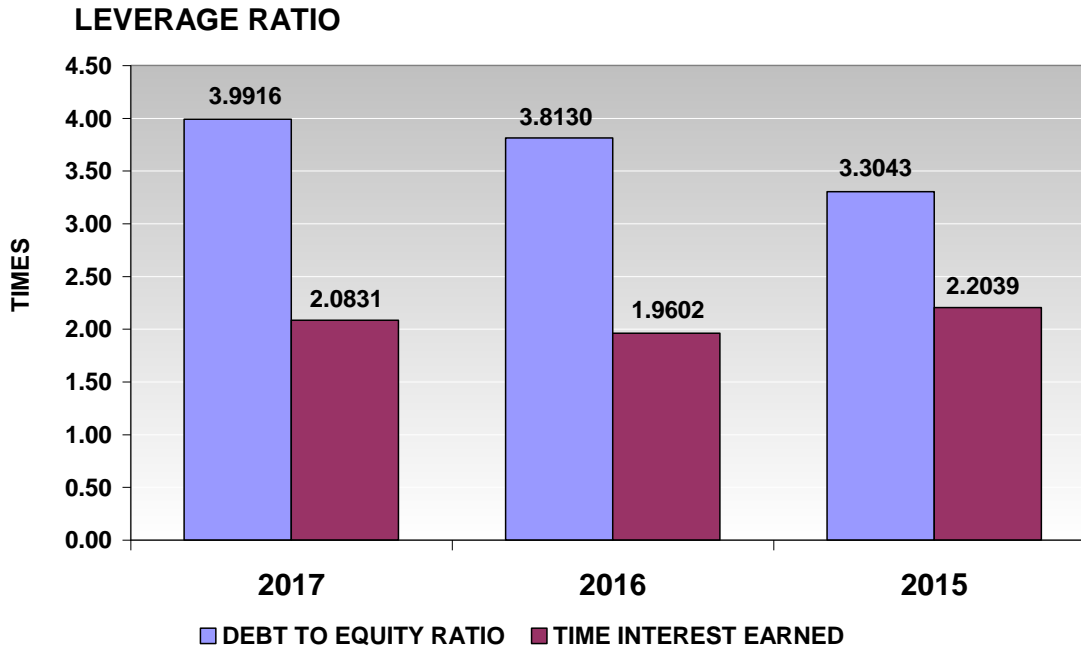
Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

LEVERAGE : ACCEPTABLE



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LEVERAGE RATIO

Debt Ratio	0.80	Acceptable	Industrial Average	0.62
Debt to Equity Ratio	3.99	Risky	Industrial Average	1.61
Times Interest Earned	2.08	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 2.09 higher than 1, so the company can pay interest expenses on outstanding debt.

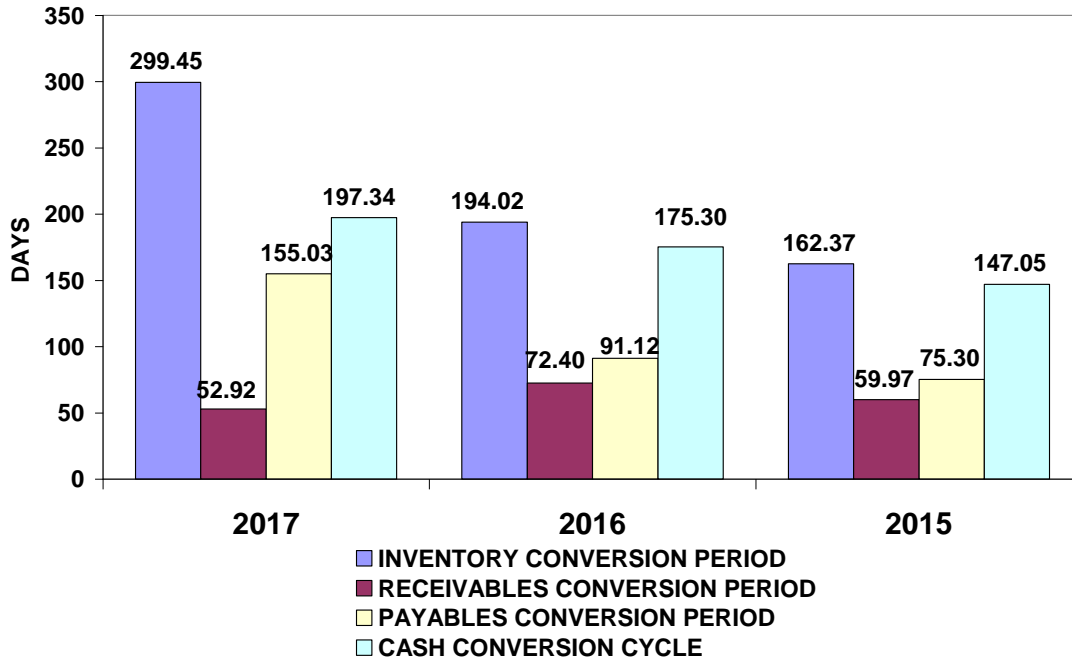
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.8 greater than 0.5, most of the company's assets are financed through debt.

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	17.11	Impressive	Industrial Average	-
Total Assets Turnover	0.99	Satisfactory	Industrial Average	1.70
Inventory Conversion Period	299.45			
Inventory Turnover	1.22	Acceptable	Industrial Average	2.83
Receivables Conversion Period	52.92			
Receivables Turnover	6.90	Impressive	Industrial Average	4.69
Payables Conversion Period	155.03			

The company's Account Receivable Ratio is calculated as 6.90 and 5.04 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.

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 194 days at the end of 2016 to 299 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 1.88 times in year 2016 to 1.22 times in year 2017.

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The company's Total Asset Turnover is calculated as 0.99 times and 1.31 times in 2017 and 2016 respectively. This ratio is determined by dividing total assets into total sales turnover. The ratio measures the activity of the assets and the ability of the firm to generate sales through the use of the assets.

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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 71.74
UK Pound	1	INR 90.58
Euro	1	INR 81.46
THB	1	INR 2.10

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

INFORMATION DETAILS

Analysis Done by :	VIV
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)