

## MIRA INFORM REPORT

<b>Report No. :</b>	545451
<b>Report Date :</b>	20.12.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	FORMICA CRYSTAL SYSTEMS CO., LTD.
<b>Registered Office :</b>	213/8 Moo 3, Sukhumvit Road, T. Tungsookhla, A. Sriracha, Chonburi 20230
<b>Country :</b>	Thailand
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	27.08.2013
<b>Com. Reg. No.:</b>	0205556027941
<b>Legal Form :</b>	Private Limited Company
<b>Line of Business :</b>	The subject is engaged in manufacturing, distributing and exporting synthetic and created color stones. The products are Perfect Colored Gemstone-Imitation under "SIAMITE" brand and Advanced Glass-Ceramic Materials under "NANOCRYSTAL" brand for jewelry industry, with the production capacity of 90-100 tons per annum.
<b>No. of Employees :</b>	130

### RATING & COMMENTS

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

**MIRA's Rating :** A

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

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Slow but correct
<b>Litigation :</b>	Clear

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**NOTES :**

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

**ECGC Country Risk Classification List**

Country Name	Previous Rating (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**

FORMICA CRYSTAL SYSTEMS CO., LTD.

## **SUMMARY**

**BUSINESS ADDRESS** : 213/8 MOO 3, SUKHUMVIT ROAD, T.  
TUNGSUKHLA, A. SRIRACHA, CHONBURI 20230, THAILAND  
**TELEPHONE** : [66] 33 006-221-2  
**FAX** : [66] 33 006-223  
**E-MAIL ADDRESS** : formica@nanogem.com  
**REGISTRATION ADDRESS** : SAME AS BUSINESS ADDRESS  
**ESTABLISHED** : 2013  
**REGISTRATION / TAX ID NO.** : 0205556027941  
**CAPITAL REGISTERED** : BHT. 10,000,000  
**CAPITAL PAID-UP** : BHT. 10,000,000  
**SHARES PROPORTION** : RUSSIAN : 100%  
**FISCAL YEAR CLOSING DATE** : DECEMBER 31  
**LEGAL STATUS** : PRIVATE LIMITED COMPANY  
**EXECUTIVE** : MR. LEVON AVAKYAN, RUSSIAN  
MANAGING DIRECTOR  
**NO. OF STAFF** : 130  
**LINES OF BUSINESS** : SYNTHETIC AND CREATED COLOR STONES  
MANUFACTURER, EXPORTER AND DISTRIBUTOR

## **CORPORATE PROFILE**

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

## **HISTORY**

The subject was established on August 27, 2013 as a private limited company under the registered name FORMICA CRYSTAL SYSTEMS CO., LTD., by Russian group, with the business objective to manufacture synthetic and created color stones for both local and overseas markets. It currently employs approximately 130 staff.

The subject's registered address is 213/8 Moo 3, Sukhumvit Road, T. Tungsukhla, A. Sriracha, Chonburi 20230, and this is the subject's current operation address.

## **THE BOARD OF DIRECTOR**

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<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Karen Avakyan	Russian	61
Mr. Levon Avakyan	Russian	63
Mr. Hrant Arakelyan	Russian	32

#### **AUTHORIZED PERSON**

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

#### **MANAGEMENT**

**Mr. Levon Avakyan** is the Managing Director.  
He is Russian nationality with the age of 63 years old.

**Mr. Hrant Arakelyan** is the Deputy Managing Director / Commercial Director.  
He is Russian nationality with the age of 32 years old.

#### **BUSINESS OPERATIONS**

The subject is engaged in manufacturing, distributing and exporting synthetic and created color stones. The products are Perfect Colored Gemstone-Imitation under "SIAMITE" brand and Advanced Glass-Ceramic Materials under "NANOCRYSTAL" brand for jewelry industry, with the production capacity of 90-100 tons per annum.

#### **PURCHASE**

Raw materials are purchased from suppliers both domestic and overseas in Republic of China, Russia, India and Vietnam.

#### **SALES [LOCAL]**

50% of the products is sold locally by wholesale to traders and jewelry manufacturers through Formica (TH) Co., Ltd.

#### **EXPORT**

50% of the products is exported directly to Republic of China, Russia, U.S.A., Japan and the country in Europe.

#### **ASSOCIATED COMPANY**

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**Formica (TH) Co., Ltd.**

Business Type : Importer and distributor of gemstones and jewelry products

**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

The Siam Commercial Bank Public Company Limited

**EMPLOYMENT**

The subject currently employs approximately 130 staff.

**LOCATION DETAILS**

The premise is owned for administrative office, factory and warehouse at the heading address. Premise is located in provincial.

Branch is located at 213/14-15 Moo 3, Sukhumvit Road, T. Tungsukhla, A. Sriracha, Chonburi 20230.

**COMMENT**

The subject's operating performance in 2017 was slowdown from a decrease in both sales or service income and net profit comparing to the previous year, mainly caused by slow consumption of the products from both local and overseas markets in the past year. Nevertheless, its business remains strong and profitable.

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**FINANCIAL INFORMATION**

The capital was registered at Bht. 5,000,000 divided into 50,000 shares of Bht. 100 each with fully paid.

On June 13, 2014, 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>
<b>Mr. Karen Avakyan</b> Nationality: Russian Address : 213/8 Moo 3, Sukhumvit Road, T. Tungsookhla, A. Sriracha, Chonburi	51,000	51.00
<b>Mr. Armen Avakyan</b> Nationality: Russian Address : 213/8 Moo 3, Sukhumvit Road, T. Tungsookhla, A. Sriracha, Chonburi	44,000	44.00
<b>Mr. Levon Avakyan</b> Nationality: Russian Address : 213/8 Moo 3, Sukhumvit Road, T. Tungsookhla, A. Sriracha, Chonburi	5,000	5.00

**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	-	-	-
Foreign-Russian	3	100,000	100.00
<b>Total</b>	<b>3</b>	<b>100,000</b>	<b>100.00</b>

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

Mr. Vorachet Vanitsuksombat No. 10191

**BALANCE SHEET (BAHT)**

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

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**ASSETS**

<b>Current Assets</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash and Cash Equivalents	57,106,379.59	74,264,910.40	10,002,529.33
Trade Accounts and Other Receivable	13,293,074.75	31,531,465.67	21,570,407.35
Inventories	91,682,087.88	73,383,232.78	52,635,212.11
Other Current Assets	897,298.58	5,980,566.64	3,743,885.30
<b>Total Current Assets</b>	<b>162,978,840.80</b>	<b>185,160,175.49</b>	<b>87,952,034.09</b>
Property, Plant and Equipment	37,882,948.13	31,435,177.83	31,774,097.37
Other Non-current Assets	5,420,990.00	5,408,190.00	5,098,990.00
<b>Total Assets</b>	<b>206,282,778.93</b>	<b>222,003,543.32</b>	<b>124,825,121.46</b>

**LIABILITIES & SHAREHOLDERS' EQUITY (BAHT)**

<b>Current Liabilities</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Trade Accounts and Other Payable	7,072,973.62	18,256,891.76	15,635,654.30
Current Portion of Long-term Liabilities	-	-	219,112.98
Short-term Loans	-	-	9,000,000.00
Other Current Liabilities	1,096,283.39	988,578.95	354,429.56
<b>Total Current Liabilities</b>	<b>8,169,257.01</b>	<b>19,245,470.71</b>	<b>25,209,196.84</b>
Long-term Loans	-	-	377,422.27
<b>Total Liabilities</b>	<b>8,169,257.01</b>	<b>19,245,470.71</b>	<b>25,586,619.11</b>
<b>Shareholders' Equity</b>			
Share capital : Baht 100 par value authorized, and issued share capital 100,000 shares	10,000,000.00	10,000,000.00	10,000,000.00
Capital Paid	10,000,000.00	10,000,000.00	10,000,000.00
Retained Earning -Unappropriated (Deficit)	187,113,521.92	192,758,072.61	89,238,502.35
<b>Total Shareholders' Equity</b>	<b>198,113,521.92</b>	<b>202,758,072.61</b>	<b>99,238,502.35</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>206,282,778.93</b>	<b>222,003,543.32</b>	<b>124,825,121.46</b>

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**PROFIT & LOSS ACCOUNT**

<b>Revenue</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Sales or Services Income	113,465,880.06	192,492,844.50	157,305,015.66
Other Income	1,588,302.94	3,931,350.92	3,746,923.76
<b>Total Revenues</b>	<b>115,054,183.00</b>	<b>196,424,195.42</b>	<b>161,051,939.42</b>
<b>Expenses</b>			
Cost of Goods Sold or Services	52,501,970.07	47,525,203.29	-
Selling Expenses	2,826,325.62	3,443,438.00	-
Administrative Expenses	28,665,880.00	41,105,393.31	-
Change in Finished Goods and Work in Progress	-	-	40,334,222.06
Employees Benefits Expenses	-	-	15,506,865.17
Depreciation and Amortization	-	-	2,525,050.62
Other Expenses	-	-	1,112,759.88
<b>Total Expenses</b>	<b>83,994,175.69</b>	<b>92,074,034.60</b>	<b>59,478,897.73</b>
Profit /[Loss] before Financial Cost and Income Tax	31,060,007.31	104,350,160.82	101,573,041.69
Financial Cost	-	[34,898.75]	[423,824.10]
Profit /[Loss] before Income Tax Income Tax	31,060,007.31 [3,704,558.00]	104,315,262.07 [795,691.81]	101,149,217.59 -
<b>Net Profit / [Loss]</b>	<b>27,355,449.31</b>	<b>103,519,570.26</b>	<b>101,149,217.59</b>

**FINANCIAL ANALYSIS**

<b>ITEM</b>	<b>UNIT</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>LIQUIDITY RATIO</b>				
CURRENT RATIO	TIMES	19.95	9.62	3.49
QUICK RATIO	TIMES	8.62	5.50	1.25
<b>ACTIVITY RATIO</b>				
FIXED ASSETS TURNOVER	TIMES	3.00	6.12	4.95
TOTAL ASSETS TURNOVER	TIMES	0.55	0.87	1.26
INVENTORY CONVERSION PERIOD	DAYS	637.38	563.59	476.32
INVENTORY TURNOVER	TIMES	0.57	0.65	0.77
RECEIVABLES CONVERSION PERIOD	DAYS	42.76	59.79	50.05
RECEIVABLES TURNOVER	TIMES	8.54	6.10	7.29
PAYABLES CONVERSION PERIOD	DAYS	49.17	140.22	141.49
CASH CONVERSION CYCLE	DAYS	630.97	483.17	384.87

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**PROFITABILITY RATIO**

COST OF GOODS SOLD	%	46.27	24.69	25.64
SELLING & ADMINISTRATION	%	27.75	23.14	11.46
INTEREST	%	-	0.02	0.27
GROSS PROFIT MARGIN	%	55.13	77.35	76.74
NET PROFIT MARGIN BEFORE EX. ITEM	%	27.37	54.21	64.57
NET PROFIT MARGIN	%	24.11	53.78	64.30
RETURN ON EQUITY	%	13.81	51.06	101.93
RETURN ON ASSET	%	13.26	46.63	81.03
EARNING PER SHARE	BAHT	273.55	1,035.20	1,011.49

**LEVERAGE RATIO**

DEBT RATIO	TIMES	0.04	0.09	0.20
DEBT TO EQUITY RATIO	TIMES	0.04	0.09	0.26
TIME INTEREST EARNED	TIMES	-	2,990.08	239.66

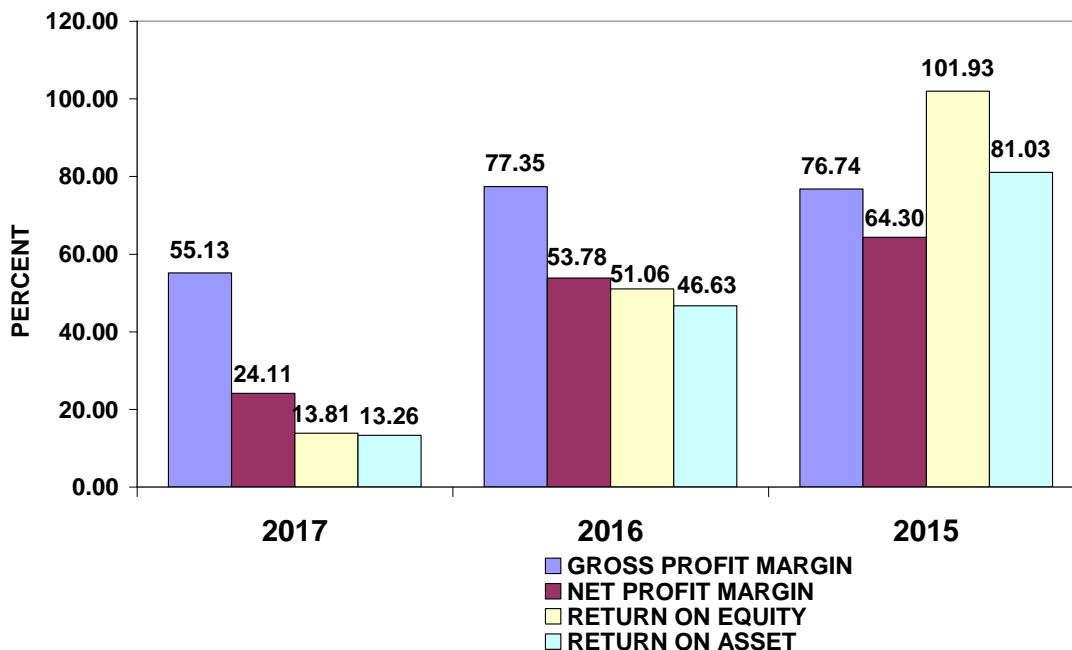
**ANNUAL GROWTH**

SALES GROWTH	%	(41.05)	22.37
OPERATING PROFIT	%	(70.23)	2.73
NET PROFIT	%	(73.57)	2.34
FIXED ASSETS	%	20.51	(1.07)
TOTAL ASSETS	%	(7.08)	77.85

**ANNUAL GROWTH : RISKY**

An annual sales growth is -41.05%. Sales Income has decreased from THB 192,492,844.50 in 2016 to THB 113,465,880.06 in 2017. While net profit has decreased from THB 103,519,570.26 in 2016 to THB 27,355,449.31 in 2017. And total assets has decreased from THB 222,003,543.32 in 2016 to THB 206,282,778.93 in 2017.

**PROFITABILITY : EXCELLENT**



**PROFITABILITY RATIO**

Gross Profit Margin	55.13	Impressive	Industrial Average	32.02
Net Profit Margin	24.11	Impressive	Industrial Average	0.20
Return on Assets	13.26	Impressive	Industrial Average	0.33
Return on Equity	13.81	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. Gross Profit Margin is 55.13%. 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 profits and result in a net loss. Net Profit Margin ratio is 24.11%, 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 13.26%, 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.

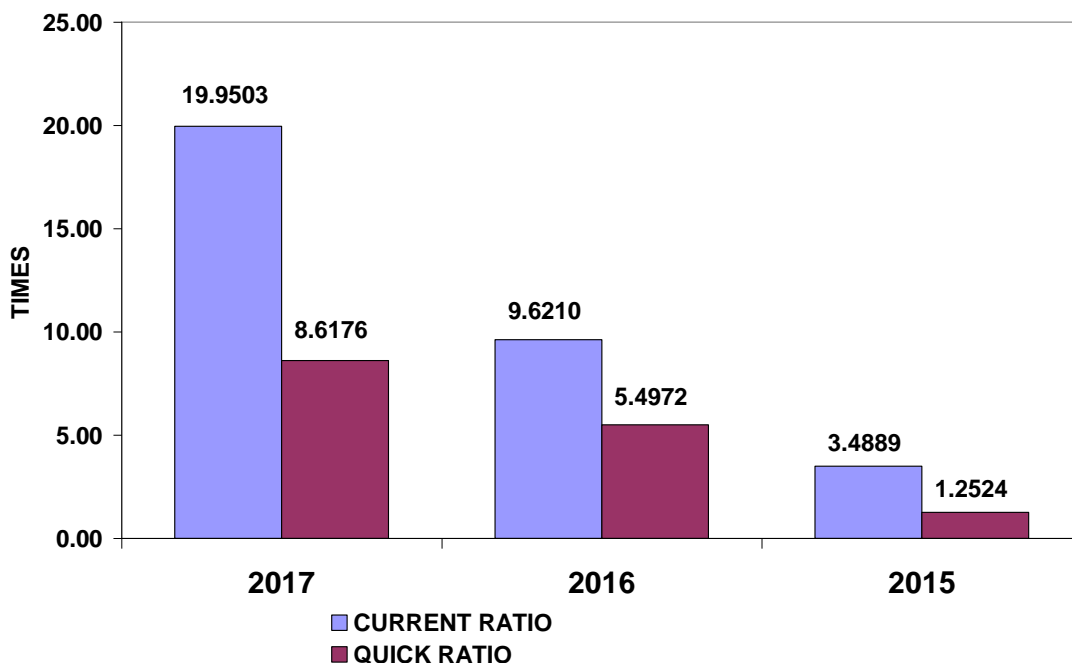
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Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. Return on Equity ratio is 13.81%, higher figure 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	19.95	Impressive	Industrial Average	1.86
Quick Ratio	8.62			
Cash Conversion Cycle	630.97			

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 19.95 times in 2017, increase from 9.62 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.

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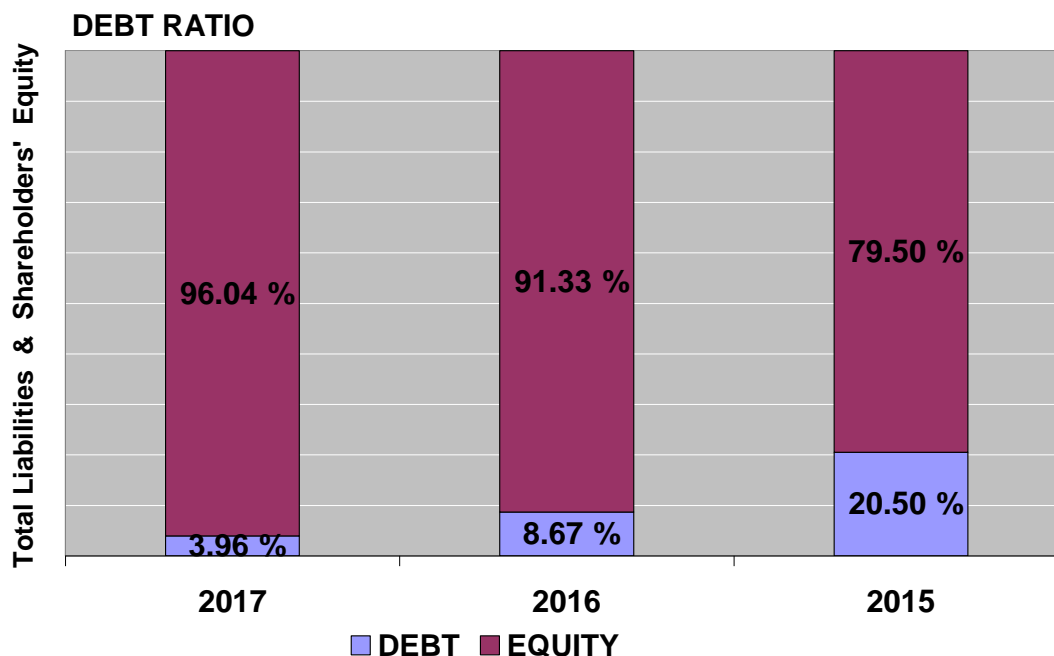
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 8.62 times in 2017, increase from 5.5 times, although excluding inventory so the company still have good short-term financial strength.

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 631 days.

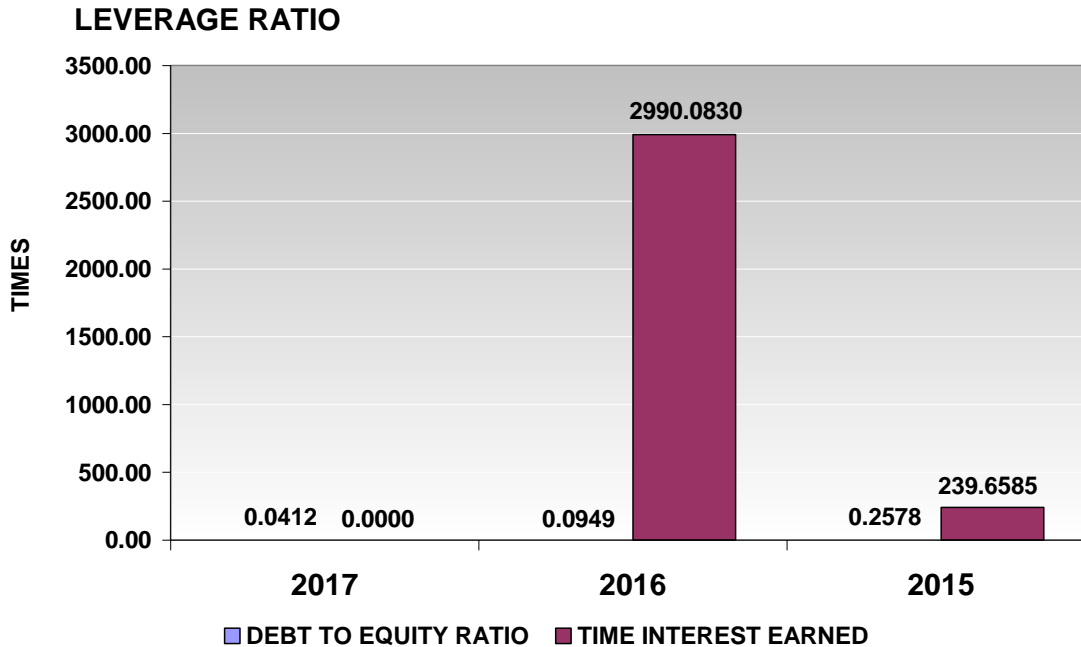
**Trend of the average competitors in the same industry for last 5 years**

Current Ratio                      Uptrend

**LEVERAGE : EXCELLENT**



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**LEVERAGE RATIO**

Debt Ratio	0.04	Impressive	Industrial Average	0.62
Debt to Equity Ratio	0.04	Impressive	Industrial Average	1.61
Times Interest Earned	-		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.

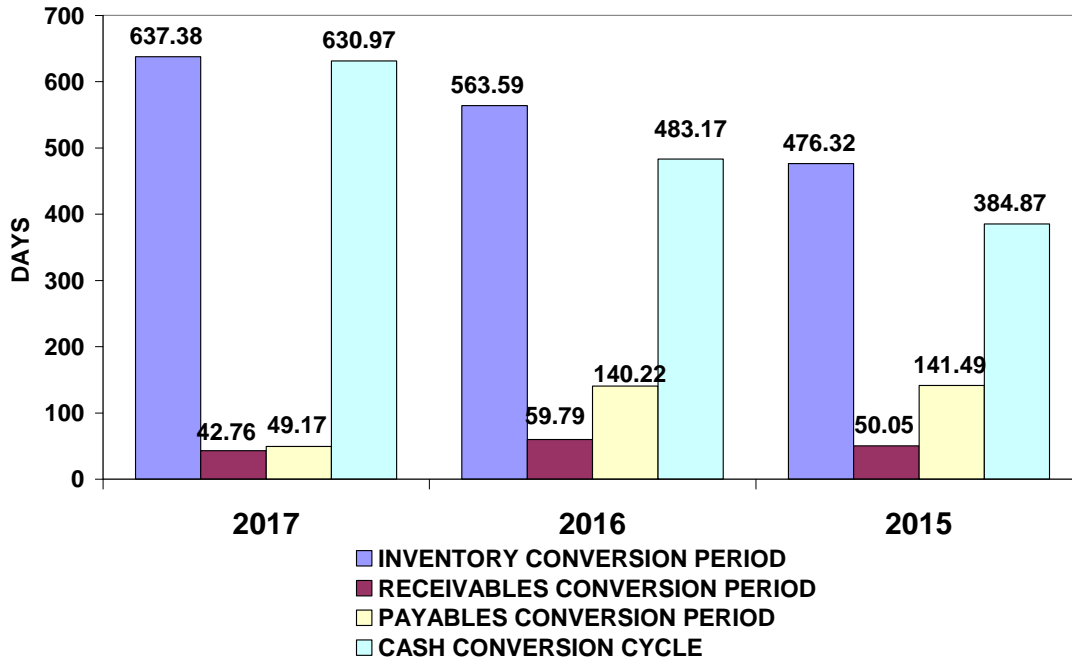
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.04 less than 0.5, most of the company's assets are financed through equity.

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

Debt Ratio	Uptrend
Times Interest Earned	Stable

**ACTIVITY : SATISFACTORY**

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**ACTIVITY RATIO**

Fixed Assets Turnover	3.00	Impressive	Industrial Average	-
Total Assets Turnover	0.55	Acceptable	Industrial Average	1.70
Inventory Conversion Period	637.38			
Inventory Turnover	0.57	Deteriorated	Industrial Average	2.83
Receivables Conversion Period	42.76			
Receivables Turnover	8.54	Impressive	Industrial Average	4.69
Payables Conversion Period	49.17			

The company's Account Receivable Ratio is calculated as 8.54 and 6.10 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 564 days at the end of 2016 to 637 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 0.65 times in year 2016 to 0.57 times in year 2017.

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The company's Total Asset Turnover is calculated as 0.55 times and 0.87 times in 2017 and 2016 respectively. This ratio is determined by dividing total assets into total sales turnover. The ratio measures the activity of the assets and the ability of the firm to generate sales through the use of the assets.

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

Fixed Assets Turnover	Stable
Total Assets Turnover	Uptrend
Inventory Turnover	Uptrend
Receivables Turnover	Uptrend

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.11
UK Pound	1	INR 88.74
Euro	1	INR 79.82
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>	VIVR
<b>Report Prepared by :</b>	TPT

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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)