

MIRA INFORM REPORT

Report No. :	520082
Report Date :	18.07.2018

IDENTIFICATION DETAILS

Name :	THAIHUAWEI BATTERY CO., LTD
Registered Office :	88/1-3 Moo 8, Hemaraj Industrial Estate, T. Bowin, A. Sriracha, Chonburi 20230
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	18.11.2013
Com. Reg. No.:	0105556184207
Legal Form :	Private Limited Company
Line of Business :	Subject is engaged in manufacturing, distributing and exporting various kinds of batteries such as motorcycle battery, value regulated battery and energy storage battery.
No. of Employees :	290

RATING & COMMENTS

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

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

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

NOTES :

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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

THAIHUAWEI BATTERY CO., LTD.

SUMMARY

BUSINESS ADDRESS : 88/1-3 MOO 8, HEMARAJ INDUSTRIAL ESTATE,
T. BOWIN, A. SRIRACHA, CHONBURI 20230,
THAILAND

TELEPHONE : [66] 38 111-299, 098 265-9559

FAX : [66] 38 111-266

E-MAIL ADDRESS : info@thaihuaweibattery.com

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 2013

REGISTRATION /TAX ID NO. : 0105556184207

CAPITAL REGISTERED : BHT. 400,000,000

CAPITAL PAID-UP : BHT. 400,000,000

SHAREHOLDER'S PROPORTION : FOREIGN : 100%

FISCAL YEAR CLOSING DATE : DECEMBER 31

LEGAL STATUS : PRIVATE LIMITED COMPANY

EXECUTIVE : MR. JAROON JARURATCHATANON, THAI
MANAGING DIRECTOR

NO. OF STAFF : 290

LINES OF BUSINESS : INDUSTRIAL BATTERIES
MANUFACTURER, 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 November 18, 2013 as a private limited company under the registered name THAIHUAWEI BATTERY CO., LTD., by Hong Kong and Chinese groups, with the business objective to manufacture a wide range of batteries to both domestic and overseas markets. It currently employs 290 staff.

The subject is a subsidiary of Huawei Power Source (Hong Kong) Co., Ltd.

The subject's registered address is 88/1-3 Moo 8, Hemaraj Industrial Estate, T. Bowin, A. Sriracha, Chonburi 20230, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

Name		Nationality	Age
Mr. Jaron Jaruratchatanon	[x]	Thai	41
Ms. You Shizhu	[x]	Chinese	28
Mrs. Sun Mingju	[x]	Chinese	36
Mr. Zhuang Wenkai		Chinese	45

AUTHORIZED PERSON

1. Two of the above directors can jointly sign on behalf of the subject with company's affixed.
2. In case of financial and juristic acts with amount over Bht. 1,000,000, two of the mentioned directors [x] can jointly sign on behalf of the subject with company's affixed.

MANAGEMENT

Mr. Jaron Jaruratchatanon is the Managing Director.
He is Thai nationality with the age of 41 years old.

Ms. You Shizhu is the Deputy Managing Director.
She is Chinese nationality with the age of 28 years old.

BUSINESS OPERATIONS

The subject is engaged in manufacturing, distributing and exporting various kinds of batteries such as motorcycle battery, value regulated battery and energy storage battery.

BRAND NAMES

“THAIHUAWEI” and “OUTDO”

PURCHASE

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

MAJOR SUPPLIER

Zhangzhou Huawei Power Supply Technology Co., Ltd. : Republic of China

SALES

80% of the products is sold locally to traders, manufacturers and end-users, the remaining 20% is exported to Republic of China, Indonesia, Malaysia, Vietnam, Laos, Cambodia, Taiwan and India.

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 IRICO'S DATABASE 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 T/T.
Exports are against T/T.

BANKING

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Bangkok Bank Public Company Limited

EMPLOYMENT

The subject currently employs 290 staff.

LOCATION DETAILS

The premise is owned for administrative office, factory and warehouse on 48,000 square meters plots of land, at the heading address. Premise is located in provincial/ industrial area.

COMMENT

Despite an increase in sales or service income in 2017 comparing to the previous year, it obtained a decrease in net profit which was mainly caused by a sharp increase in administrative expenses which eroded the profit margin. Nevertheless, the subject's business is growing steadily in line with an increase in consumption of the products from related industries.

FINANCIAL INFORMATION

The capital was registered at Bht. 200,000,000 divided into 2,000,000 shares of Bht. 100 each with fully paid.

In 2017, the registered capital was increased to Bht. 400,000,000 divided into 4,000,000 shares of Bht. 100 each with fully paid.

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

NAME	HOLDING	%
Huawei Power Source (Hong Kong) Co., Ltd. Nationality: Hong Kong Address : De Wings Road, Zhangzhou, Tsuen Wan, ONT, Hong Kong	3,400,000	85.00
Zhangzhou Huawei Power Supply Technology Co., Ltd. Nationality: Chinese Address : Industrial District of Lieyu Town, Yunxiao, Zhangzhou, Republic of China	500,000	12.50
Zhangzhou Outdo Plastic Products Co., Ltd. Nationality: Chinese Address : Industrial District of Lieyu Town, Yunxiao,	100,000	2.50

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Zhangzhou, Republic of China

Total Shareholders : 3

Share Structure [as at April 30, 2018]

Nationality	Shareholders	No. of Shares	% Shares
Thai	-	-	-
Foreign	3	4,000,000	100.00
Total	3	4,000,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Ms. Pornpaka Paisittanakorn No. 7571

THAIHUAWEI BATTERY CO., LTD.

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	28,011,962.64	5,202,810.04	446,109.87
Trade Accounts and Other Receivable	146,285,544.13	130,490,853.56	29,215,360.84
Inventories	202,072,999.21	86,780,756.67	12,871,652.37
Other Current Assets	66,687,546.11	136,800,802.26	87,599,310.38
Total Current Assets	443,058,052.09	359,275,222.53	130,132,433.46
Property, Plant and Equipment	520,006,908.69	495,334,079.47	456,096,442.04
Intangible Assets	315,931.53	402,489.33	35,125.34
Other Non-current Assets	254,800.00	254,800.00	3,702,930.72
Total Assets	963,635,692.31	855,266,591.33	589,966,931.56

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Bank Overdraft and Short-term Loan			
From Financial Institutions	91,274,311.78	30,656,754.69	-
Trade Accounts and Other Payable	53,226,340.71	20,038,728.04	14,626,915.25
Accrued Income Tax	1,674,418.48	-	-
Total Current Liabilities	146,175,070.97	50,695,482.73	14,626,915.25
Long-term Loan	358,759,256.90	604,649,365.26	393,520,287.24
Other Non-current Liabilities	249,859.85	249,859.85	-
Total Liabilities	505,184,187.72	655,594,707.81	408,147,202.49
Shareholders' Equity			
Share capital : Baht 100 par value authorized, and issued share capital			
4,000,000 shares in 2017	400,000,000.00		
2,000,000 shares in 2016 & 2015		200,000,000.00	200,000,000.00
Capital Paid	400,000,000.00	200,000,000.00	200,000,000.00
Retained Earning -Unappropriated [Deficit]	58,451,504.59	[328,116.51]	[18,180,270.93]
Total Shareholders' Equity	458,451,504.59	199,671,883.49	181,819,729.07
Total Liabilities and Shareholders' Equity	963,635,692.31	855,266,591.33	589,966,931.56
PROFIT & LOSS ACCOUNT			
Revenue	2017	2016	2015
Sales or Services Income	577,039,492.78	320,251,847.99	8,652,756.38
Other Income	26,576,431.77	167,075.12	6,716,731.07
Total Revenues	603,615,924.55	320,418,923.11	15,369,487.45
Expenses			
Cost of Goods Sold or Services	534,887,977.11	281,770,795.13	22,727,619.58
Selling Expenses	6,843,160.36	3,071,719.08	223,008.26
Administrative Expenses	41,185,803.12	16,978,022.93	8,608,102.85
Total Expenses	582,916,940.59	301,820,537.14	31,558,730.69

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Profit /[Loss] before Financial Cost and Income Tax	20,698,983.96	18,598,385.97	[16,189,243.24]
Financial Cost	[1,848,454.13]	[746,231.55]	[2.06]
Profit /[Loss] before Income Tax Income Tax	18,850,529.83 [2,219,185.05]	17,852,154.42 -	[16,189,245.30] -
Net Profit / [Loss]	16,631,344.78	17,852,154.42	[16,189,245.30]

THAIHUAWEI BATTERY CO., LTD.

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	3.03	7.09	8.90
QUICK RATIO	TIMES	1.19	2.68	2.03
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	1.11	0.65	0.02
TOTAL ASSETS TURNOVER	TIMES	0.60	0.37	0.01
INVENTORY CONVERSION PERIOD	DAYS	137.89	112.41	206.72
INVENTORY TURNOVER	TIMES	2.65	3.25	1.77
RECEIVABLES CONVERSION PERIOD	DAYS	92.53	148.72	1,232.39
RECEIVABLES TURNOVER	TIMES	3.94	2.45	0.30
PAYABLES CONVERSION PERIOD	DAYS	36.32	25.96	234.90
CASH CONVERSION CYCLE	DAYS	194.10	235.18	1,204.21
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	92.70	87.98	262.66
SELLING & ADMINISTRATION INTEREST	%	8.32 0.32	6.26 0.23	102.06 0.00
GROSS PROFIT MARGIN	%	11.91	12.07	(85.04)
NET PROFIT MARGIN BEFORE EX. ITEM	%	3.59	5.81	(187.10)
NET PROFIT MARGIN	%	2.88	5.57	(187.10)
RETURN ON EQUITY	%	3.63	8.94	(8.90)
RETURN ON ASSET	%	1.73	2.09	(2.74)
EARNING PER SHARE	BAHT	4.16	8.93	(8.09)
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.52	0.77	0.69
DEBT TO EQUITY RATIO	TIMES	1.10	3.28	2.24
TIME INTEREST EARNED	TIMES	11.20	24.92	(7,858,855.94)

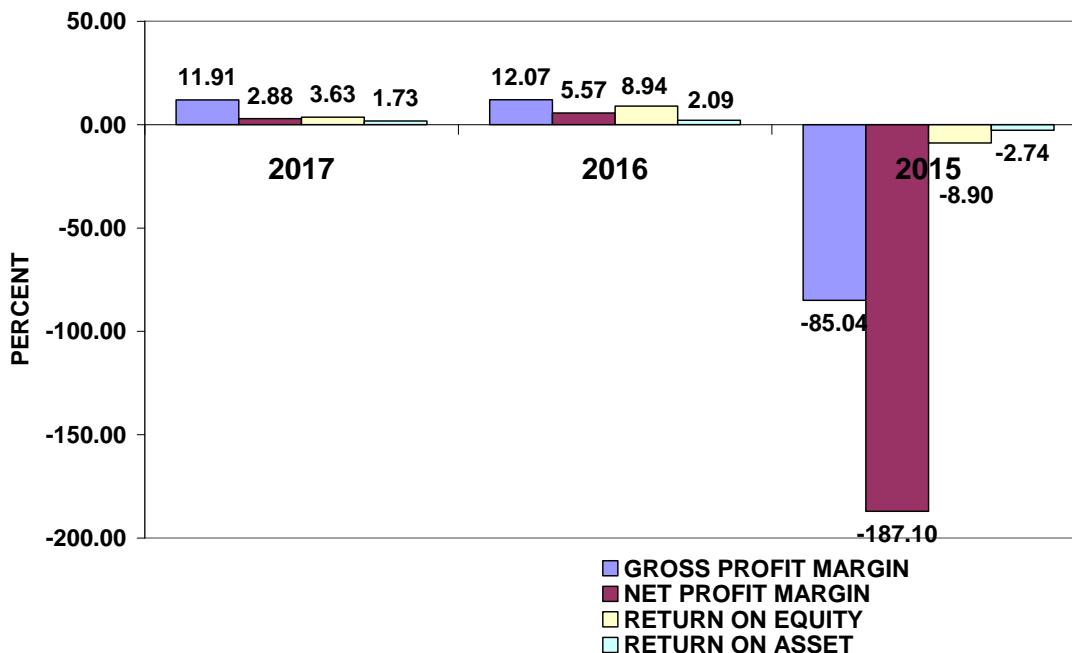
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ANNUAL GROWTH			
SALES GROWTH	%	80.18	3,601.15
OPERATING PROFIT	%	11.29	(214.88)
NET PROFIT	%	(6.84)	210.27
FIXED ASSETS	%	4.98	8.60
TOTAL ASSETS	%	12.67	44.97

ANNUAL GROWTH : IMPRESSIVE

An annual sales growth is 80.18%. Sales Income has increased from THB 320,251,847.99 in 2016 to THB 577,039,492.78 in 2017. While net profit has decreased from THB 17,852,154.42 in 2016 to THB 16,631,344.78 in 2017. And total assets has increased from THB 855,266,591.33 in 2016 to THB 963,635,692.31 in 2017.

PROFITABILITY : ACCEPTABLE



PROFITABILITY RATIO

Gross Profit Margin	11.91	Satisfactory	Industrial Average	14.05
Net Profit Margin	2.88	Satisfactory	Industrial Average	5.24
Return on Assets	1.73	Deteriorated	Industrial Average	7.24
Return on Equity	3.63	Acceptable	Industrial Average	10.74

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 11.91%. 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 2.88%. When compared with the industry average, the ratio of the company was lower.

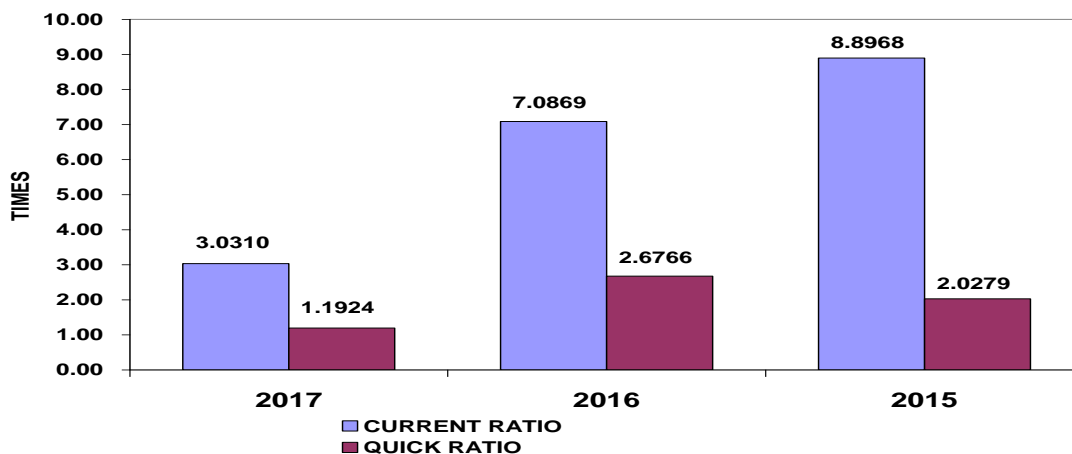
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is 1.73%.

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 3.63%.

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

Return on Assets	Downtrend
Return on Equity	Downtrend

LIQUIDITY : ACCEPTABLE



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LIQUIDITY RATIO

Current Ratio	3.03	Impressive	Industrial Average	2.56
Quick Ratio	1.19			
Cash Conversion Cycle	194.10			

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 3.03 times in 2017, decrease from 7.09 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.

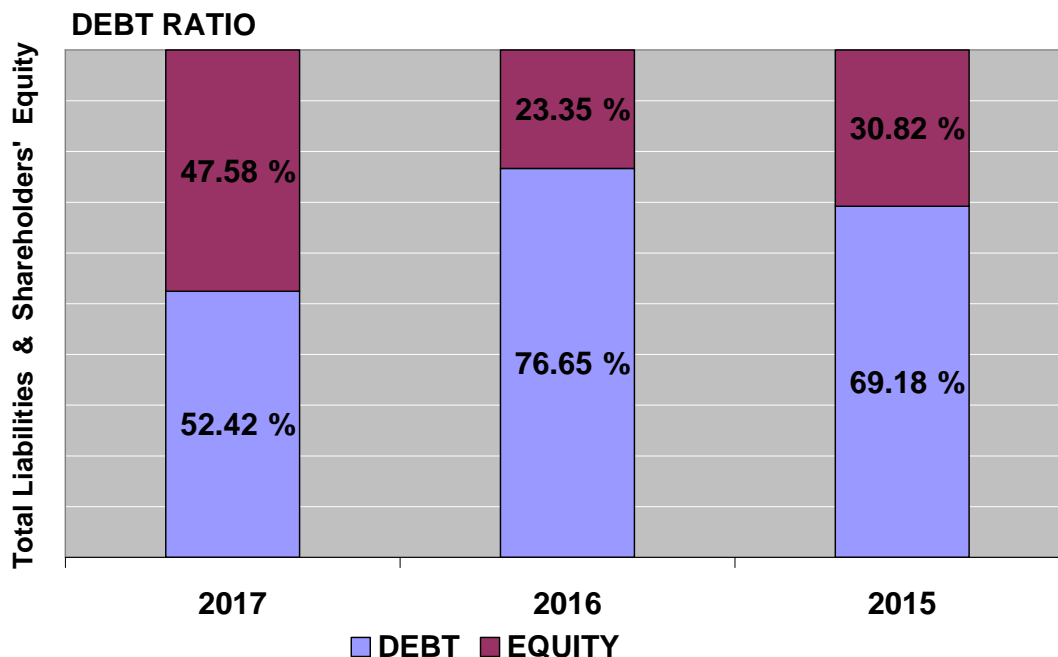
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.19 times in 2017, decrease from 2.68 times, although excluding inventory so the company still have 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 195 days.

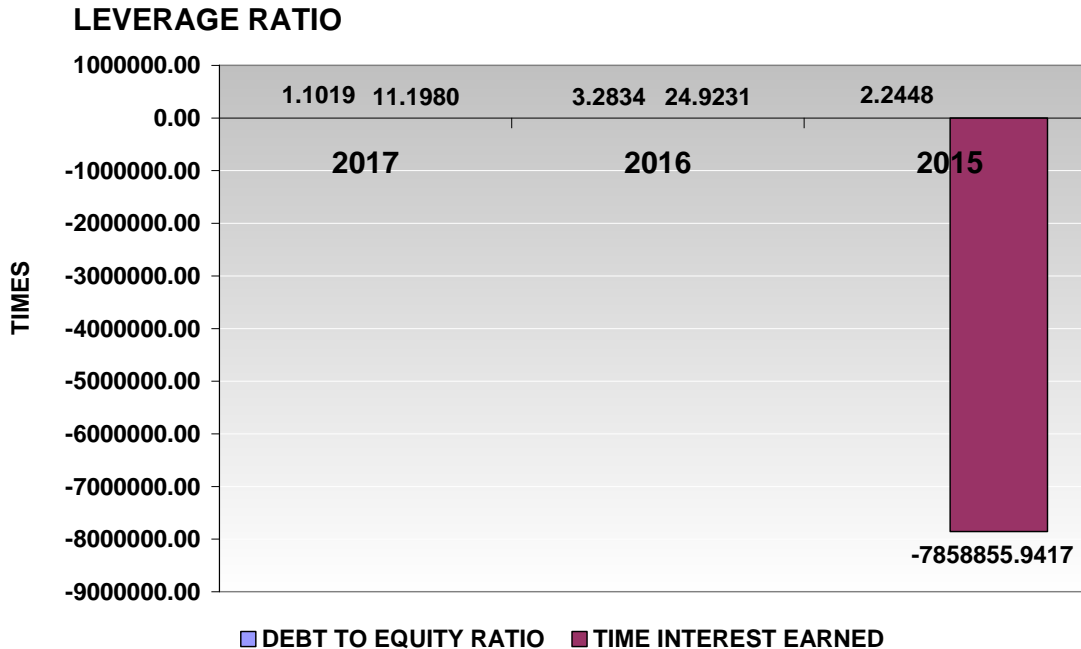
Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

LEVERAGE : ACCEPTABLE



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LEVERAGE RATIO

Debt Ratio	0.52	Acceptable	Industrial Average	0.30
Debt to Equity Ratio	1.10	Risky	Industrial Average	0.44
Times Interest Earned	11.20	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 11.2 higher than 1, so the company can pay interest expenses on outstanding debt.

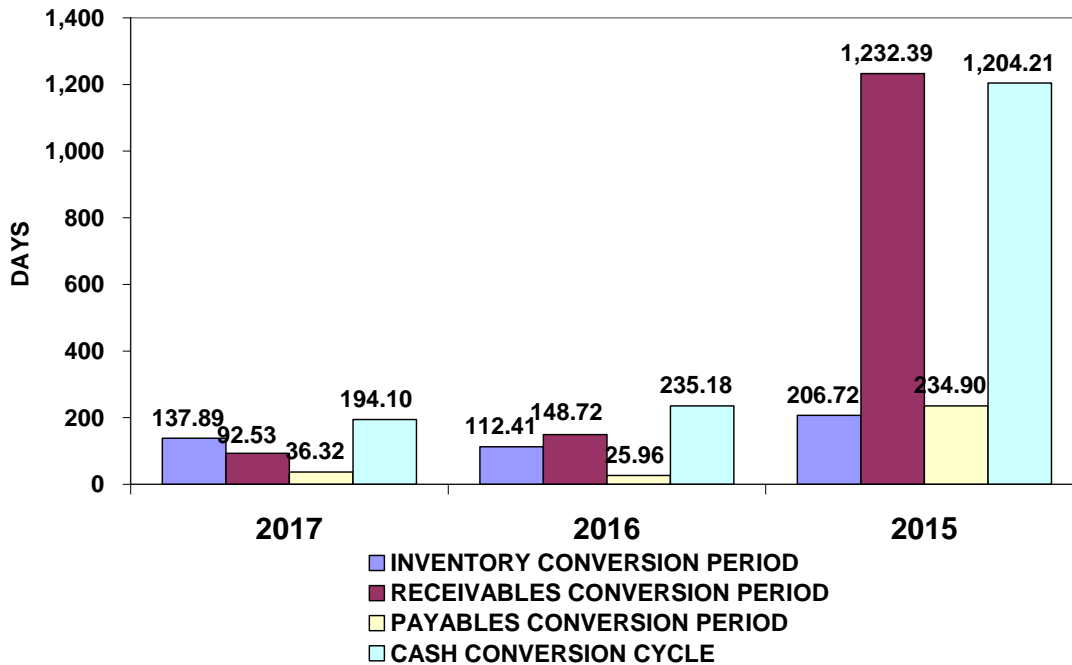
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.52 greater than 0.5, most of the company's assets are financed through debt.

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

Debt Ratio	Downtrend
Times Interest Earned	Stable

ACTIVITY : SATISFACTORY

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ACTIVITY RATIO

Fixed Assets Turnover	1.11	Impressive	Industrial Average	-
Total Assets Turnover	0.60	Acceptable	Industrial Average	1.38
Inventory Conversion Period	137.89			
Inventory Turnover	2.65	Satisfactory	Industrial Average	5.13
Receivables Conversion Period	92.53			
Receivables Turnover	3.94	Acceptable	Industrial Average	8.21
Payables Conversion Period	36.32			

The company's Account Receivable Ratio is calculated as 3.94 and 2.45 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 112 days at the end of 2016 to 138 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 3.25 times in year 2016 to 2.65 times in year 2017.

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The company's Total Asset Turnover is calculated as 0.6 times and 0.37 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	Downtrend

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.30
UK Pound	1	INR 90.52
Euro	1	INR 80.10
THB	1	INR 2.05

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	DNS

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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)