

MIRA INFORM REPORT

Report No. :	520229
Report Date :	19.07.2018

IDENTIFICATION DETAILS

Name :	HWATAI INDUSTRY COMPANY LIMITED
Registered Office :	582 Moo 4, Bangpoo Industrial Estate, Sukhumvit Road, T. Praeksa, A. Muang, Samutprakarn 10280
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	06.11.1991
Com. Reg. No.:	0105534105606
Legal Form :	Private Limited Company
Line of Business :	Manufacturer, Distributor and Exporter of Dyestuffs.
No. of Employees :	90

RATING & COMMENTS

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

MIRA's Rating :

A

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:

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

HWATAI INDUSTRY COMPANY LIMITED

SUMMARY

BUSINESS ADDRESS : 582 MOO 4, BANGPOO INDUSTRIAL ESTATE,
SUKHUMVIT ROAD, T. PRAEKSA, A. MUANG,
SAMUTPRAKARN 10280, THAILAND

TELEPHONE : [66] 2709-4996-8, 2709-6991-3

FAX : [66] 2709-3946, 2396-1996

E-MAIL ADDRESS : sales@hwa-tai.com

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 1991

REGISTRATION / TAX ID NO. : 0105534105606

CAPITAL REGISTERED : BHT. 158,000,000

CAPITAL PAID-UP : BHT. 158,000,000

SHAREHOLDER'S PROPORTION : THAI : 95.00%
CHINESE : 5.00%

FISCAL YEAR CLOSING DATE : DECEMBER 31

LEGAL STATUS : PRIVATE LIMITED COMPANY

EXECUTIVE : MS. YASINEE APITANOTAI, THAI
MANAGING DIRECTOR

NO. OF STAFF : 90

LINES OF BUSINESS : DYESTUFFS
MANUFACTURER, 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 November 6, 1991 as a private limited company under the registered name HWATAI INDUSTRY COMPANY LIMITED, by Thai and Chinese groups, in order to manufacture and distribute wide range of dyestuff to both domestic and international markets. It currently employs approximately 90 staff.

The subject achieved the ISO 9002 : 1994 certification, with the certificate No. B2000-013 by BQR & ANSI-RAB.

The subject's registered address is 582 Moo 4, Bangpoo Industrial Estate, Sukhumvit Rd., T. Praeksa, A. Muang, Samutprakarn 10280, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>		<u>Nationality</u>	<u>Age</u>
Mr. Pasit Apitanotai	[x]	Thai	63
Mr. Chang Chin Wei		Chinese	49
Ms. Yasinee Apitanotai	[x]	Thai	35
Mrs. Piriya Apitanotai	[x]	Thai	61
[Former : Mrs. Nontaya Apitanotai]			
Mr. Krongwit Apitanotai		Thai	30
Mr. Thitipong Apitanotai		Thai	33

Note:

Mrs. Nontaya Apitanotai changed her name to **Mrs. Piriya Apitanotai** on June 8, 2017.

AUTHORIZED PERSON

Anyone of the mentioned directors [x] can sign on behalf of the subject with company's affixed.

MANAGEMENT

Ms. Yasinee Apitanotai is the Managing Director.
She is Thai nationality with the age of 35 years old.

Mr. Thitipong Apitanotai is the General Manager.
He is Thai nationality with the age of 33 years old.

BUSINESS OPERATIONS

The subject is engaged in manufacturing, distributing and exporting wide range of dyestuffs for textile, rubber and paper industries. Its products are as follows:

Products

Acid Dyes
Disperse Dyes
Reactive Dyes
Direct Dyes
Basic Dyes
Pigments
Reactive Printing Inks

Brands

"Halon", "Halan", "Hellonol", "Hellonolset"
"Hellochron"
"Hellofix"
"Hello Direct"
"Hello Disperse"
"Hello Disperse"
"Hello Reactive Colors"

PURCHASE

Most of raw materials and chemicals are purchased from local suppliers, the remaining is imported from Taiwan, Republic of China, Germany, India and Malaysia.

MAJOR SUPPLIERS

Taiwan Dyestuffs & Pigments Corp.	: Taiwan
Siam Pro (Thailand) Co., Ltd.	: Thailand
BASF (Thai) Ltd.	: Thailand
Thai-MC Company Limited	: Thailand

SALES

80% of the products is sold locally by wholesale to dealers, manufacturers and end-users, and the remaining 20% is exported to Republic of China, Indonesia, Vietnam, Malaysia, India, Bangladesh, Singapore, Hong Kong, Japan, Pakistan, Philippines, Australia and Taiwan.

RELATED AND AFFILIATED COMPANIES

Siam Pro (Thailand) Co., Ltd.

Business Type : Manufacturer and distributor of industrial chemical

Protex Chemicals Co., Ltd.

Business Type : Importer and distributor of industrial chemical

Siam Takamatsu Chemical Co., Ltd.

Business Type : Manufacturer and distributor of textile chemical

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 T/T.

BANKING

Bangkok Bank Public Company Limited

EMPLOYMENT

The subject currently employs approximately 90 staff.

LOCATION DETAILS

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

Branch/Warehouse:

- 1/108 Moo 2, Thonburi-Pakthor Road, T. Thasai, A. Muang, Samutsakorn 74000

Branch Office:

- 2031 Moo 9, Sukhumvit 109 Road, T. Samrongnua, A. Muang, Samutprakarn 10270

Overseas Representative Office:

- No. 1 Road, 6A, Uttara, Dhaka, Bangladesh

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COMMENT

The subject's operating performance in 2017 was moderately fair despite a decrease in sales or service income, but it obtained higher net profit comparing to the previous year. Generally, the subject's business is promising and remains profitable.

FINANCIAL INFORMATION

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

The capital was increased later as following:

- Bht. 45,000,000 on January 13, 1992
- Bht. 115,000,000 on June 27, 1994
- Bht. 158,000,000 on November 29, 1999

The latest registered capital was increased to Bht. 158 million, divided into 15,800,000 shares of Bht. 10 each with fully paid.

THE SHAREHOLDERS LISTED WERE

[As at April 30, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Mr. Pasit Apitanotai Nationality: Thai Address : 701/1606 Pattanakarn 30 Rd., Suanluang, Bangkok	7,900,000	50.00
Mrs. Piriya Apitanotai Nationality: Thai Address : 2031 Moo 9, Samrongnua, Muang, Samutprakarn	4,740,000	30.00
Ms. Yasinee Apitanotai Nationality: Thai Address : 701/1606 Pattanakarn 30 Rd., Suanluang, Bangkok	790,000	5.00
Mr. Thitipong Apitanotai Nationality: Thai Address : 701/1606 Pattanakarn 30 Rd., Suanluang, Bangkok	790,000	5.00
Mr. Krongwit Apitanotai Nationality: Thai Address : 701/1606 Pattanakarn 30 Rd., Suanluang,	790,000	5.00

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Bangkok Mr. Chang Chin Wei Nationality: Chinese Address : 16/80 Srinakarin Rd., Nongbon, Praves, Bangkok	474,000	3.00
Bangkok Mrs. Chue Hui Chang Nationality: Chinese Address : 16/80 Srinakarin Rd., Nongbon, Praves, Bangkok	316,000	2.00

Total Shareholders : 7

SHARE STRUCTURE

[As at April 30, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	5	15,010,000	95.00
Foreign - Chinese	2	790,000	5.00
Total	7	15,800,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO.

Mr. Jaray Yamsuan No. 7379

BALANCE SHEET [BAHT]

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

Current Assets	<u>ASSETS</u>		
	2017	2016	2015
Cash and Cash Equivalents	25,535,815.05	34,826,084.38	16,103,589.97
Short-term Investments	-	5,000,000.00	5,000,000.00
Trade Accounts and Other Receivable	231,732,571.11	234,156,293.47	181,998,128.65
Inventories	338,504,518.94	289,549,656.25	280,722,990.53
Other Current Assets	-	17,077,358.74	125,715.17

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Total Current Assets	595,772,905.10	580,609,392.84	483,950,424.32
Property, Plant and Equipment	56,621,993.90	54,302,509.57	53,298,983.85
Intangible Assets	925,399.46	-	-
Other Non-current Assets	1,753,549.93	1,906,761.44	1,906,941.98
Total Assets	655,073,848.39	636,818,663.85	539,156,350.15

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Bank Overdraft and Short-term Loan			
From Financial Institutions	269,138,530.57	289,997,570.29	274,840,391.30
Trade Accounts and Other Payable	82,114,955.58	78,491,537.31	36,045,018.74
Current Portion of Long-term Liabilities	28,353,015.26	1,081,113.74	350,467.34
Short-term Loan from Related Company	-	60,477,630.42	83,269,358.76
Accrued Income Tax	9,139,155.23	7,567,334.15	-
Other Current Liabilities	-	189,111.40	172,940.87
Total Current Liabilities	388,745,656.64	437,804,297.31	394,678,177.01
Long-term Loans	5,000,000.00	-	-
Provision for Employee Benefits	4,409,122.33	-	-
Other Non-current Liabilities	4,483,719.56	1,214,235.97	438,083.97
Total Liabilities	402,638,498.53	439,018,533.28	395,116,260.98
Shareholders' Equity			
Share capital : Baht 10 par value			
Authorized and issued			
share capital 15,800,000 shares	158,000,000.00	158,000,000.00	158,000,000.00
Capital Paid	158,000,000.00	158,000,000.00	158,000,000.00
Retained Earnings Unappropriated			
[Deficit]	94,435,349.86	39,800,130.57	[13,959,910.83]
Total Shareholders' Equity	252,435,349.86	197,800,130.57	144,040,089.17
Total Liabilities and Shareholders' Equity	655,073,848.39	636,818,663.85	539,156,350.15

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PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Services Income	802,081,978.83	846,868,413.28	678,996,205.88
Other Income	27,793,721.81	5,576,104.72	2,674,875.18
Total Revenues	829,875,700.64	852,444,518.00	681,671,081.06
Expenses			
Cost of Goods Sold or Services	645,551,439.70	711,227,177.07	592,510,197.11
Selling Expenses	51,703,685.33	25,803,286.69	22,486,262.34
Administrative Expenses	52,700,524.61	39,246,554.47	29,779,191.79
Other Expenses	-	-	22,602,060.63
Total Expenses	749,955,649.64	776,277,018.23	667,377,711.87
Profit / [Loss] before Financial Cost and Income Tax	79,920,051.00	76,167,499.77	14,293,369.19
Financial Costs	[9,708,129.93]	[9,162,375.16]	[13,962,512.56]
Profit / [Loss] before Income Tax	70,211,921.07	67,005,124.61	330,856.63
Income Tax	[15,576,701.78]	[13,245,083.21]	[223,470.30]
Net Profit / [Loss]	54,635,219.29	53,760,041.40	107,386.33

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	1.53	1.33	1.23
QUICK RATIO	TIMES	0.66	0.63	0.51
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	14.17	15.60	12.74
TOTAL ASSETS TURNOVER	TIMES	1.22	1.33	1.26
INVENTORY CONVERSION PERIOD	DAYS	191.39	148.60	172.93
INVENTORY TURNOVER	TIMES	1.91	2.46	2.11
RECEIVABLES CONVERSION PERIOD	DAYS	105.45	100.92	97.83
RECEIVABLES TURNOVER	TIMES	3.46	3.62	3.73
PAYABLES CONVERSION PERIOD	DAYS	46.43	40.28	22.20
CASH CONVERSION CYCLE	DAYS	250.42	209.24	248.56

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PROFITABILITY RATIO

COST OF GOODS SOLD	%	80.48	83.98	87.26
SELLING & ADMINISTRATION	%	13.02	7.68	7.70
INTEREST	%	1.21	1.08	2.06
GROSS PROFIT MARGIN	%	22.98	16.68	13.13
NET PROFIT MARGIN BEFORE EX. ITEM	%	9.96	8.99	2.11
NET PROFIT MARGIN	%	6.81	6.35	0.02
RETURN ON EQUITY	%	21.64	27.18	0.07
RETURN ON ASSET	%	8.34	8.44	0.02
EARNING PER SHARE	BAHT	3.46	3.40	0.01

LEVERAGE RATIO

DEBT RATIO	TIMES	0.61	0.69	0.73
DEBT TO EQUITY RATIO	TIMES	1.60	2.22	2.74
TIME INTEREST EARNED	TIMES	8.23	8.31	1.02

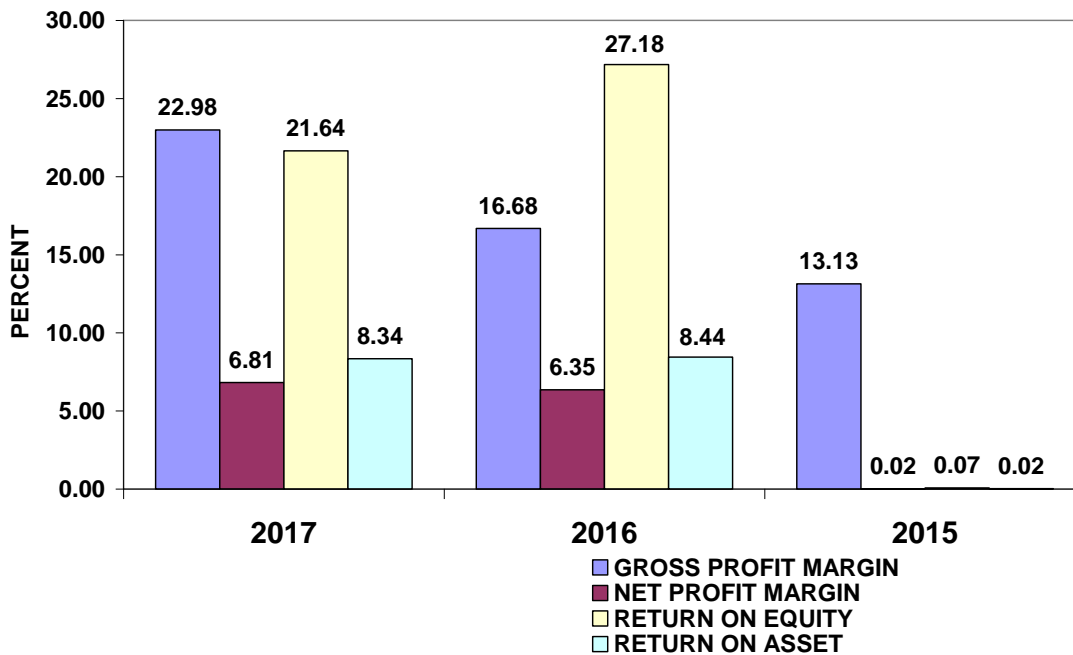
ANNUAL GROWTH

SALES GROWTH	%	(5.29)	24.72
OPERATING PROFIT	%	4.93	432.89
NET PROFIT	%	1.63	49,962.28
FIXED ASSETS	%	4.27	1.88
TOTAL ASSETS	%	2.87	18.11

ANNUAL GROWTH: IMPRESSIVE

An annual sales growth is -5.29%. Sales Income has decreased from THB 846,868,413.28 in 2016 to THB 802,081,978.83 in 2017. While net profit has increased from THB 53,760,041.40 in 2016 to THB 54,635,219.29 in 2017. And total assets has increased from THB 636,818,663.85 in 2016 to THB 655,073,848.39 in 2017.

PROFITABILITY : IMPRESSIVE



PROFITABILITY RATIO

Gross Profit Margin	22.98	Satisfactory	Industrial Average	36.48
Net Profit Margin	6.81	Satisfactory	Industrial Average	10.93
Return on Assets	8.34	Satisfactory	Industrial Average	11.23
Return on Equity	21.64	Impressive	Industrial Average	20.02

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 22.98%. 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 6.81%. When compared with the industry average, the ratio of the company was lower.

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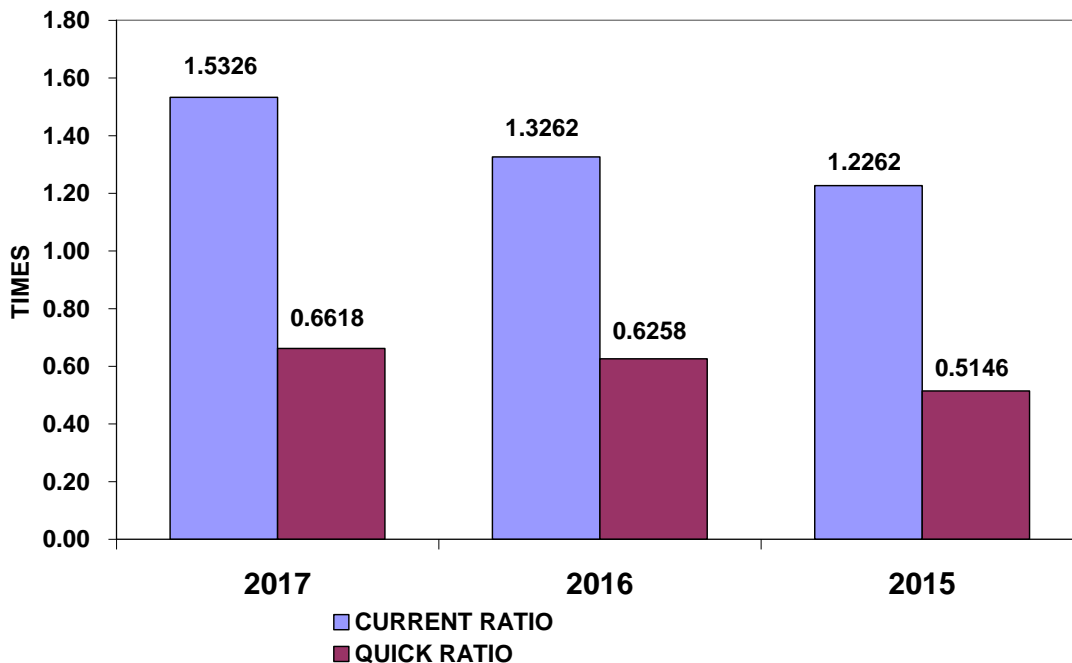
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is 8.34%.

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 21.64%, 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 Uptrend
 Return on Equity Uptrend

LIQUIDITY : RISKY



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LIQUIDITY RATIO

Current Ratio	1.53	Satisfactory	Industrial Average	1.98
Quick Ratio	0.66			
Cash Conversion Cycle	250.42			

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 1.53 times in 2017, increase from 1.33 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 lower.

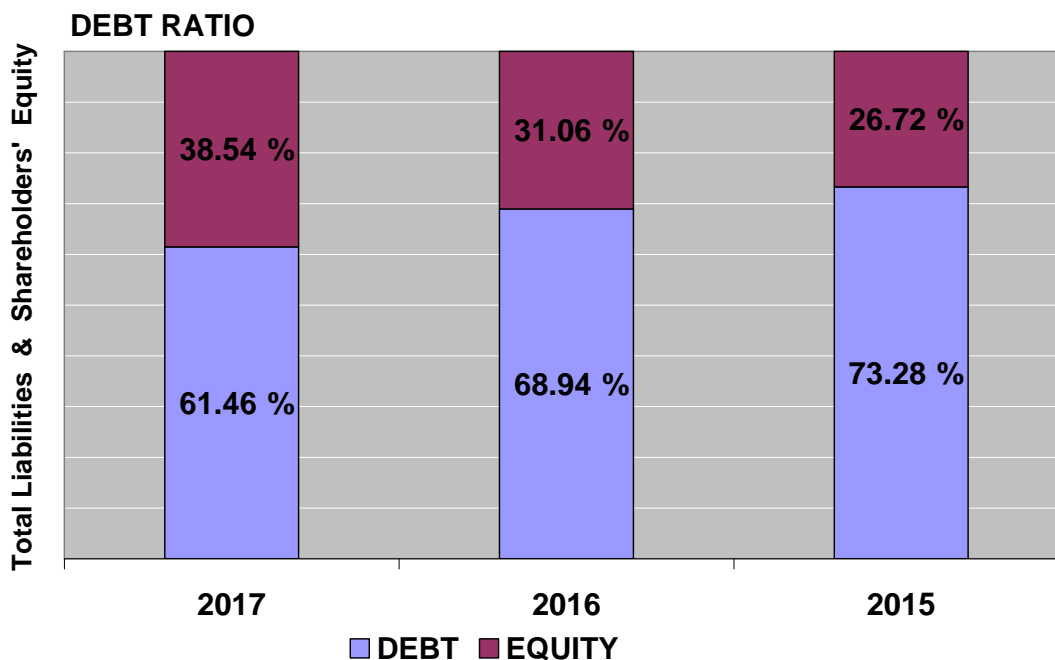
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 0.66 times in 2017, increase from 0.63 times, then the company has not enough current assets that presumably 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 251 days.

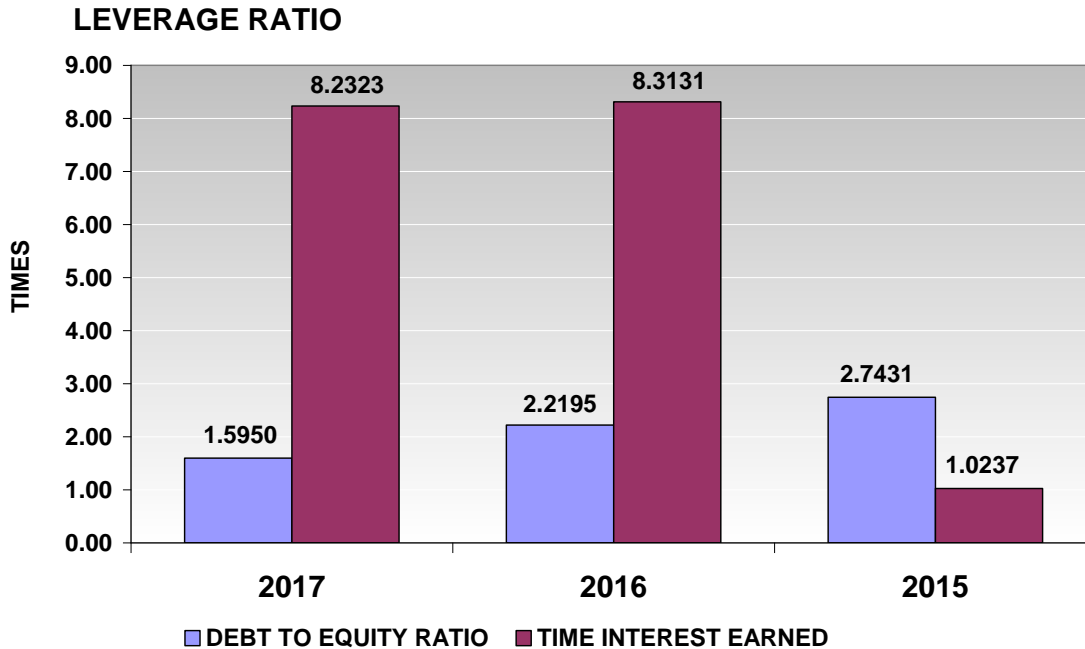
Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

LEVERAGE : ACCEPTABLE



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LEVERAGE RATIO

Debt Ratio	0.61	Acceptable	Industrial Average	0.40
Debt to Equity Ratio	1.60	Risky	Industrial Average	0.66
Times Interest Earned	8.23	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.

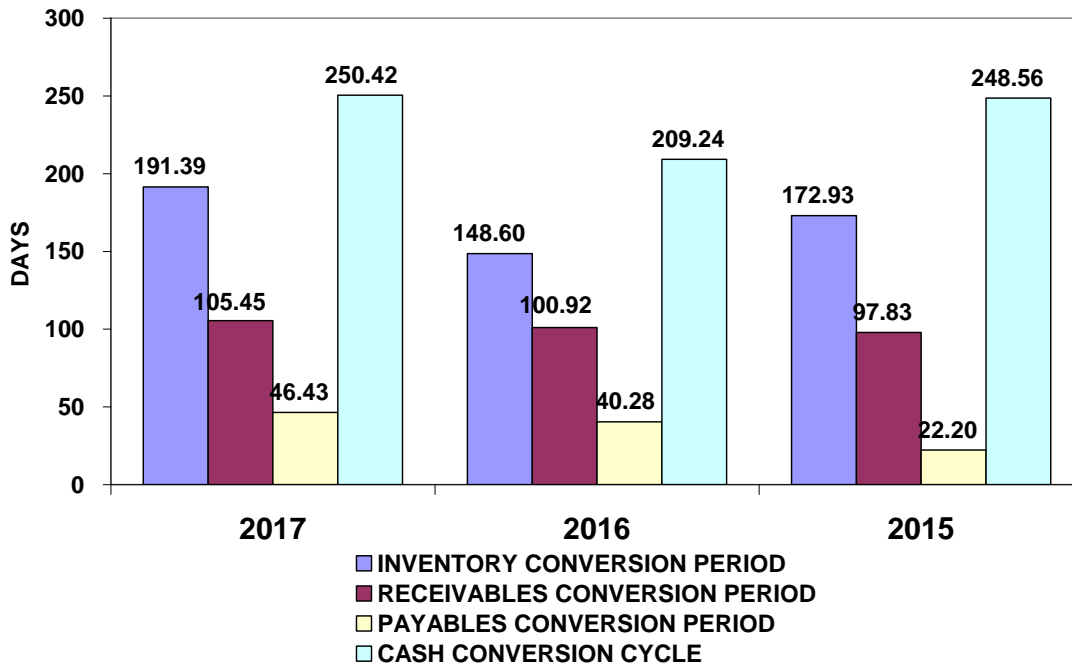
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 8.24 higher than 1, so the company can pay interest expenses on outstanding debt.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.61 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: IMPRESSIVE



ACTIVITY RATIO

Fixed Assets Turnover	14.17	Impressive	Industrial Average	-
Total Assets Turnover	1.22	Impressive	Industrial Average	1.03
Inventory Conversion Period	191.39			
Inventory Turnover	1.91	Acceptable	Industrial Average	5.48
Receivables Conversion Period	105.45			
Receivables Turnover	3.46	Satisfactory	Industrial Average	5.43
Payables Conversion Period	46.43			

The company's Account Receivable Ratio is calculated as 3.46 and 3.62 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 149 days at the end of 2016 to 191 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 2.46 times in year 2016 to 1.91 times in year 2017.

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The company's Total Asset Turnover is calculated as 1.22 times and 1.33 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 68.57
UK Pound	1	INR 89.73
Euro	1	INR 79.74
Thai Baht	1	INR 2.06

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

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	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)