

MIRA INFORM REPORT

Report No. :	520228
Report Date :	19.07.2018

IDENTIFICATION DETAILS

Name :	SUMMIT SHOWA MANUFACTURING CO., LTD.
Registered Office :	199/2 Moo 3, T. Tungsukla, A. Sriracha, Chonburi 20230
Country :	Thailand
Financials (as on) :	31.03.2018
Date of Incorporation :	09.03.1993
Com. Reg. No.:	0115536001395
Legal Form :	Private Limited Company
Line of Business :	Manufacturer, distributor and exporter of shock absorber and power steering.
No. of Employees :	990

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+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
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

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

SUMMIT SHOWA MANUFACTURING CO., LTD.

SUMMARY

BUSINESS ADDRESS : 199/2 MOO 3, T. TUNGSUKLA, A. SRIRACHA,
CHONBURI 20230, THAILAND
TELEPHONE : [66] 38 490-448-55
FAX : [66] 38 491-376-7
E-MAIL ADDRESS : sanya.y@summit-showa.co.th
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 1993
REGISTRATION / TAX ID NO. : 0115536001395
CAPITAL REGISTERED : BHT. 160,000,000
CAPITAL PAID-UP : BHT. 160,000,000
SHAREHOLDER'S PROPORTION : THAI : 47.00%
JAPANESE : 53.00%

FISCAL YEAR CLOSING DATE : MARCH 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MR. KATSUMI HARAGUCHI, JAPANESE
PRESIDENT

NO. OF STAFF : 990
LINES OF BUSINESS : SHOCK ABSORBER AND POWER STEERING
MANUFACTURER, DISTRIBUTOR AND EXPORTER

CORPORATE PROFILE

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

HISTORY

The subject was established on March 9, 1993 as a private limited company under the registered name SUMMIT SHOWA MANUFACTURING CO., LTD., by Thai and Japanese groups, with the business objective to manufacture shock absorber and power steering for automotive industry. It currently employs 990 staff.

The major shareholders are Showa Corporation and Summit Auto Body Industry Co., Ltd., which are holding at 53% and 25% of the subject's shares respectively.

The subject's registered address is 199/2 Moo 3, T. Tungsukla, A. Sriracha, Chonburi 20230, and this is the subject's current operation address.

THE BOARD OF DIRECTORS

<u>Name</u>		<u>Nationality</u>	<u>Age</u>
Mr. Sunsern Jurangkool		Thai	76
Ms. Chanapun Juangroongruangkit		Thai	42
Mr. Katsumi Haraguchi	[x]	Japanese	54
Mr. Kornkrit Jurangkool		Thai	40
Mr. Tsutomu Kajino	[x]	Japanese	56
Mr. Nobuhiro Hikida	[x]	Japanese	57
Mr. Tetsuya Matsumura	[x]	Japanese	51
Mr. Masayoshi Yamada	[x]	Japanese	51
Mr. Wicha Pundee		Thai	-

AUTHORIZED PERSON

One of the above directors [x] can jointly sign with one of the rest directors on behalf of the subject with company's affixed.

MANAGEMENT

Mr. Katsumi Haraguchi is the President.
He is Japanese nationality with the age of 54 years old.

Mr. Sanya Yossanant is the Vice President [Administrative].
He is Thai nationality.

Mr. Kornkrit Jurangkool is the Vice President [Sales & Marketing].

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He is Thai nationality with the age of 40 years old.

Mr. Aswin Malikhao is the Purchasing Manager.
He is Thai nationality.

BUSINESS OPERATIONS

The subject is engaged in manufacturing shock absorbers and related equipments such as power steering, bottom cases & rods for automobile and motorcycle production industry. The products are supplied to the international leading automobile assemblers, such as Honda, Toyota, Mitsubishi, Kawasaki, Yamaha and etc., as well as auto parts manufacturers.

BRAND NAME

"SUMMIT SHOWA"

PRODUCTIONS

1,000,000-1,500,000 units per annum for automobile
800,000-1,000,000 units per annum for motorcycle

PURCHASE

Most of raw materials and accessories are purchased from local suppliers, and the remaining is imported from Japan, Republic of China, France, Australia, India, Taiwan and Germany.

MAJOR SUPPLIERS

Tata Steel (Thailand) Public Company Limited : Thailand
CASH Auto Parts Co., Ltd. : Thailand
Showa Corporation : Japan

SALES

80% of the products is sold locally by wholesale to automotive assemblers, and the remaining 20% is exported to Japan, Malaysia, Vietnam, Republic of China, Indonesia, Philippines, Pakistan, India and the countries in Europe.

MAJOR CUSTOMERS

MMC Sittipol Co., Ltd. : Thailand
Honda Cars Manufacturing (Thailand) Co., Ltd. : Thailand
Kawasaki Motors Enterprise (Thailand) Co., Ltd. : Thailand
Vehicle Co., Ltd. : Thailand
Thai Summit Autoparts Industry Co., Ltd. : Thailand
Suzuki Motor Group : Thailand
Kawasaki Group : Thailand

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 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 L/C at sight or T/T.

BANKING

Bangkok Bank Public Company Limited

Bank of Tokyo-Mitsubishi UFJ Ltd.

Bank of Ayudhya Public Company Limited

EMPLOYMENT

The subject employs 990 staff.

LOCATION DETAILS

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

COMMENT

The subject was formed in 1993 as a manufacturer, distributor and exporter of automotive parts for automobile and motorcycle industries.

Subject witnessed a good business performance in the previous years and continued subsequently. The subject's operating performance as of March 31, 2018 remains strong with an increase in both sales or service income and net profit comparing to the previous year. Its business is solid and enjoys steady growth.

FINANCIAL INFORMATION

The capital was registered at Bht. 40,000,000 divided into 400,000 shares of Bht. 100 each.

The capital was increased later as following:

Bht. 80,000,000 on January 31, 1995
Bht. 160,000,000 on May 29, 1998

The latest registered capital was increased to Bht. 160,000,000 divided into 1,600,000 shares of Bht. 100 each with fully paid.

THE SHAREHOLDERS LISTED WERE

[As at June 11, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Showa Corporation Nationality: Japanese Address : 1-14-1 Fujiwara-cho, Gyoda-shi, Saitama 361, Japan	848,000	53.00
Summit Auto Body Industry Co., Ltd. Nationality: Thai Address : 32-33 Moo 17, Bangpleeyai, Bangplee, Samutprakarn	400,000	25.00
Thai Summit Autoparts Industry Co., Ltd. Nationality: Thai Address : 4/3 Moo 1, Bangna-Trad Rd., Bangchalong, Bangplee, Samutprakarn	80,000	5.00
H P D Co., Ltd. Nationality: Thai Address : 161 Rajdamri Rd., Lumpini, Pathumwan, Bangkok	80,000	5.00

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SUMMIT SHOWA MANUFACTURING CO., LTD. - 520228

PAGE NO. : 9

Mrs. Somporn Juangroongruangkit Nationality: Thai Address : 157 Moo 9, Dokmai, Prawet, Bangkok	60,000	3.75
Mr. Sunsern Jurangkool Nationality: Thai Address : 97/2 Nanglichee Rd., Chongnonsi, Yannawa, Bangkok	48,000	3.00
Mr. Suriya Juangroongruangkit Nationality: Thai Address : 6/7-8 Sap Rd., Siphya, Bangrak, Bangkok	48,000	3.00
Ms. Chanaphan Juangroongruangkit Nationality: Thai Address : 157 Moo 9, Dokmai, Prawet, Bangkok	10,000	0.625
Mr. Thanathorn Juangroongruangkit Nationality: Thai Address : 157 Moo 9, Dokmai, Prawet, Bangkok	10,000	0.625
Mr. Taweachat Jurangkool Nationality: Thai Address : 97/2 Nanglichee Rd., Chongnonsi, Yannawa, Bangkok	8,000	0.50
Mr. Kornkrit Jurangkool Nationality: Thai Address : 97/2 Nanglichee Rd., Chongnonsi, Yannawa, Bangkok	8,000	0.50

Total Shareholders : 11

Share Structure [as at June 11, 2018]

Nationality	Shareholders	No. of Shares	% Shares
Thai	10	752,000	47.00
Foreign - Japanese	1	848,000	53.00
Total	11	1,600,000	100.00

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

Ms. Siriwan Surathepin No. 4604

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BALANCE SHEET [BAHT]

The latest financial figures published as at March 31, 2018, 2017 and 2016 were:

ASSETS

Current Assets	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2016
Cash and Cash Equivalents	771,831,007	83,084,676	32,787,063
Short-term Investment	100,000,000	796,000,000	843,000,000
Trade Accounts and Other Receivable	638,072,763	539,855,447	521,856,655
Inventories	213,900,770	222,194,793	199,163,541
Other Current Assets	75,890,587	64,948,477	39,019,363
Total Current Assets	1,799,695,127	1,706,083,393	1,635,826,622
Property, Plant and Equipment	401,274,676	426,692,764	406,088,709
Intangible Assets	6,246,143	10,858,770	13,796,066
Other Non-current Assets	349,664	149,664	149,664
Total Assets	2,207,565,610	2,143,784,591	2,055,861,061

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2016
Trade Accounts and Other Payable	706,630,601	662,647,153	679,937,932
Accrued Income Tax	58,351,062	41,804,519	38,741,352
Short-term Provisions	5,287,511	5,846,659	5,538,666
Other Current Liabilities	4,849,251	4,198,753	8,460,568
Total Current Liabilities	775,118,425	714,497,084	732,678,518
Reserve for Employee Benefits	93,604,253	91,326,700	82,184,457
Long-term Provisions	2,418,833	1,270,030	916,381
Total Liabilities	871,141,511	807,093,814	815,779,356
Shareholders' Equity			
Share capital : Baht 100 par value authorized and issued share capital 1,600,000 shares	160,000,000	160,000,000	160,000,000
Capital Paid	160,000,000	160,000,000	160,000,000

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SUMMIT SHOWA MANUFACTURING CO., LTD. - 520228

PAGE NO. : 11

Retained Earnings:			
Appropriated for Statutory Reserve	16,000,000	16,000,000	16,000,000
Unappropriated	1,160,424,099	1,160,690,777	1,064,081,705
Total Shareholders' Equity	1,336,424,099	1,336,690,777	1,240,081,705
Total Liabilities and Shareholders' Equity	2,207,565,610	2,143,784,591	2,055,861,061

PROFIT & LOSS ACCOUNT

Revenue	Mar. 31, 2018	Mar. 31, 2017	Mar. 31, 2016
Sales Income	4,574,153,731	4,107,126,970	4,062,014,469
Interest Income	5,348,341	6,235,911	6,506,535
Other Income	48,149,627	35,451,765	30,963,002
Total Revenues	4,627,651,699	4,148,814,646	4,099,484,006
Expenses			
Cost of Goods Sold	3,566,387,311	3,275,945,568	3,208,240,421
Selling Expenses	57,453,590	57,678,761	71,432,021
Administrative Expenses	418,299,555	327,857,246	321,936,714
Total Expenses	4,042,140,456	3,661,481,575	3,601,609,156
Profit / [Loss] before Financial Expenses & Income Tax Expenses	585,511,243	487,333,071	497,874,850
Financial Expenses	[311,092]	[378,795]	[493,357]
Profit / [Loss] before Income Tax	585,200,151	486,954,276	497,381,493
Income Tax Expenses	[115,466,829]	[95,345,204]	[76,586,064]
Net Profit / [Loss]	469,733,322	391,609,072	420,795,429

FINANCIAL ANALYSIS

ITEM	UNIT	2018	2017	2016
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	2.32	2.39	2.23
QUICK RATIO	TIMES	1.95	1.99	1.91

ACTIVITY RATIO

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PAGE NO. : 12

FIXED ASSETS TURNOVER	TIMES	11.40	9.63	10.00
TOTAL ASSETS TURNOVER	TIMES	2.07	1.92	1.98
INVENTORY CONVERSION PERIOD	DAYS	21.89	24.76	22.66
INVENTORY TURNOVER	TIMES	16.67	14.74	16.11
RECEIVABLES CONVERSION PERIOD	DAYS	50.92	47.98	46.89
RECEIVABLES TURNOVER	TIMES	7.17	7.61	7.78
PAYABLES CONVERSION PERIOD	DAYS	72.32	73.83	77.36
CASH CONVERSION CYCLE	DAYS	0.49	(1.10)	(7.81)

PROFITABILITY RATIO

COST OF GOODS SOLD	%	77.97	79.76	78.98
SELLING & ADMINISTRATION INTEREST	%	10.40	9.39	9.68
GROSS PROFIT MARGIN	%	0.01	0.01	0.01
NET PROFIT MARGIN BEFORE EX. ITEM	%	23.20	21.25	21.94
NET PROFIT MARGIN	%	12.80	11.87	12.26
RETURN ON EQUITY	%	10.27	9.53	10.36
RETURN ON ASSET	%	35.15	29.30	33.93
EARNING PER SHARE	BAHT	21.28	18.27	20.47
		293.58	244.76	263.00

LEVERAGE RATIO

DEBT RATIO	TIMES	0.39	0.38	0.40
DEBT TO EQUITY RATIO	TIMES	0.65	0.60	0.66
TIME INTEREST EARNED	TIMES	1,882.12	1,286.54	1,009.16

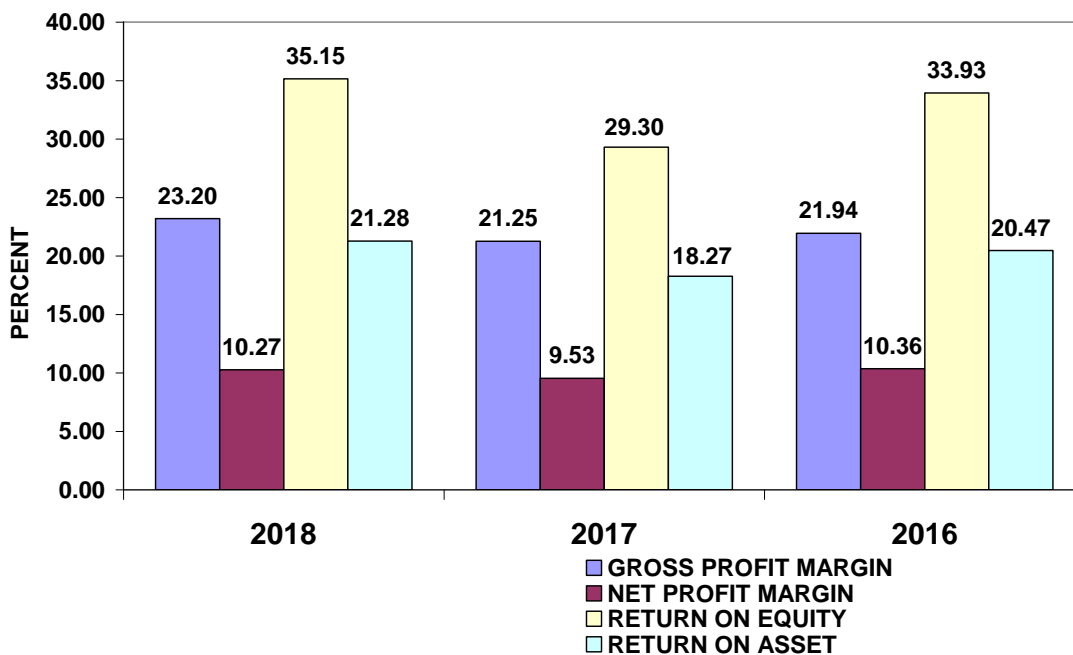
ANNUAL GROWTH

SALES GROWTH	%	11.37	1.11
OPERATING PROFIT	%	20.15	(2.12)
NET PROFIT	%	19.95	(6.94)
FIXED ASSETS	%	(5.96)	5.07
TOTAL ASSETS	%	2.98	4.28

ANNUAL GROWTH: IMPRESSIVE

An annual sales growth is 11.37%. Sales Income has increased from THB 4,107,126,970.00 in 2017 to THB 4,574,153,731.00 in 2018. While net profit has increased from THB 391,609,072.00 in 2017 to THB 469,733,322.00 in 2018. And total assets has increased from THB 2,143,784,591.00 in 2017 to THB 2,207,565,610.00 in 2018.

PROFITABILITY: EXCELLENT



PROFITABILITY RATIO

Gross Profit Margin	23.20	Impressive	Industrial Average	7.60
Net Profit Margin	10.27	Impressive	Industrial Average	7.04
Return on Assets	21.28	Impressive	Industrial Average	11.73
Return on Equity	35.15	Impressive	Industrial Average	17.66

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 23.2%. 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 10.27%, higher figure when compared with those of its

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average competitors in the same industry, indicated that business was an efficient operator in a dominant position within its industry.

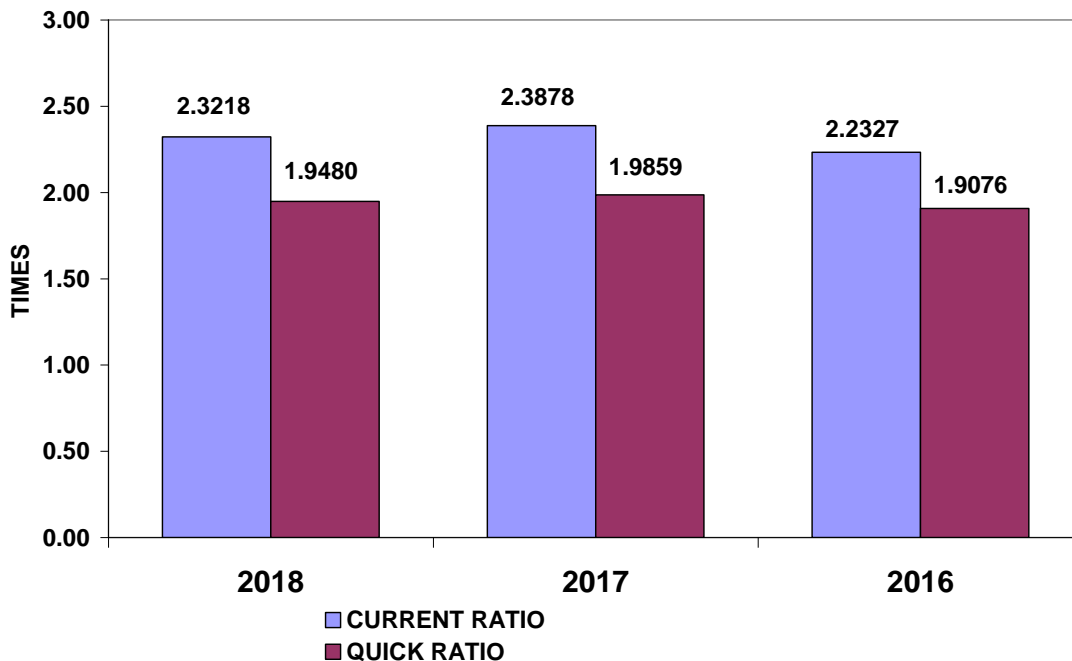
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 21.28%, 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 35.15%, 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: IMPRESSIVE



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LIQUIDITY RATIO

Current Ratio	2.32	Satisfactory	Industrial Average	2.50
Quick Ratio	1.95			
Cash Conversion Cycle	0.49			

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 2.32 times in 2018, decrease from 2.39 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.

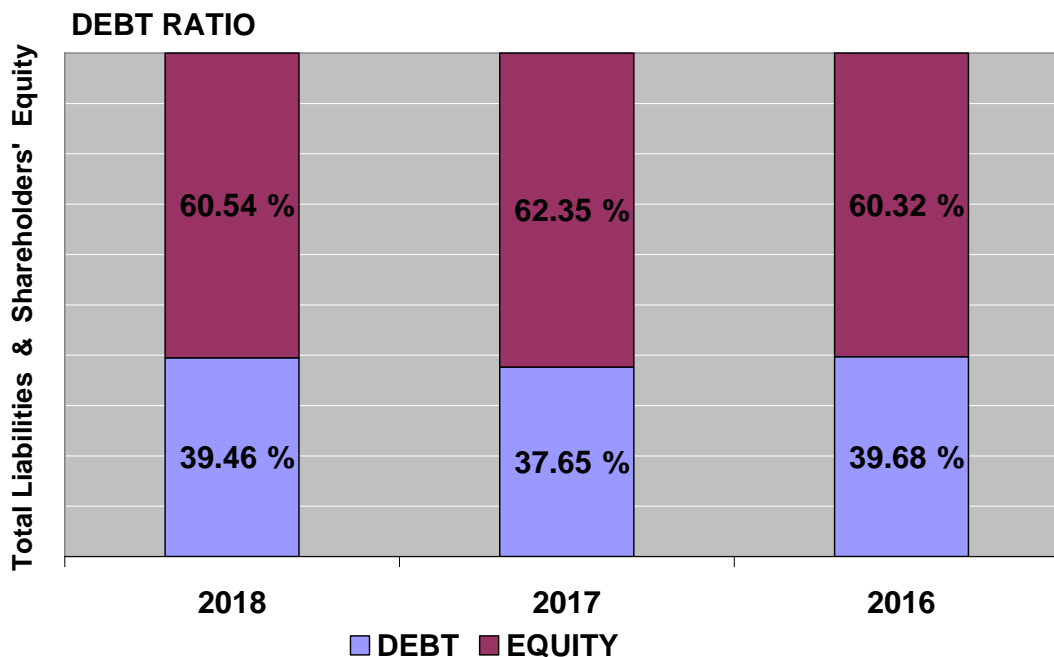
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.95 times in 2018, decrease from 1.99 times, although excluding inventory so the company still have 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 1 day.

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

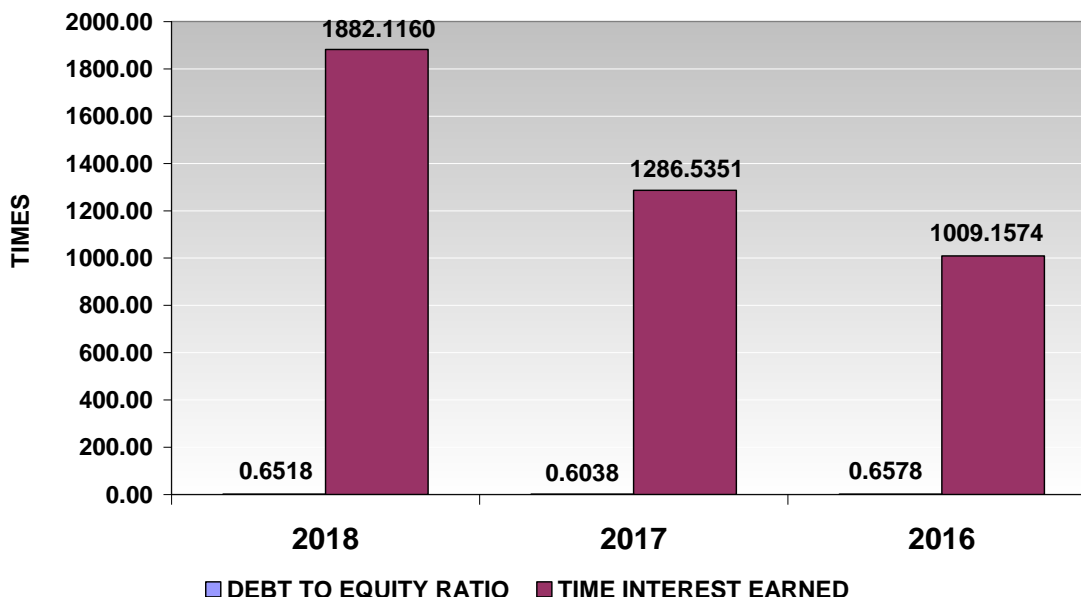
Current Ratio Uptrend

LEVERAGE: IMPRESSIVE



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LEVERAGE RATIO



LEVERAGE RATIO

Debt Ratio	0.39	Acceptable	Industrial Average	0.30
Debt to Equity Ratio	0.65	Impressive	Industrial Average	0.43
Times Interest Earned	1,882.12	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 lower the percentage means that the company is using less leverage and has a stronger equity position.

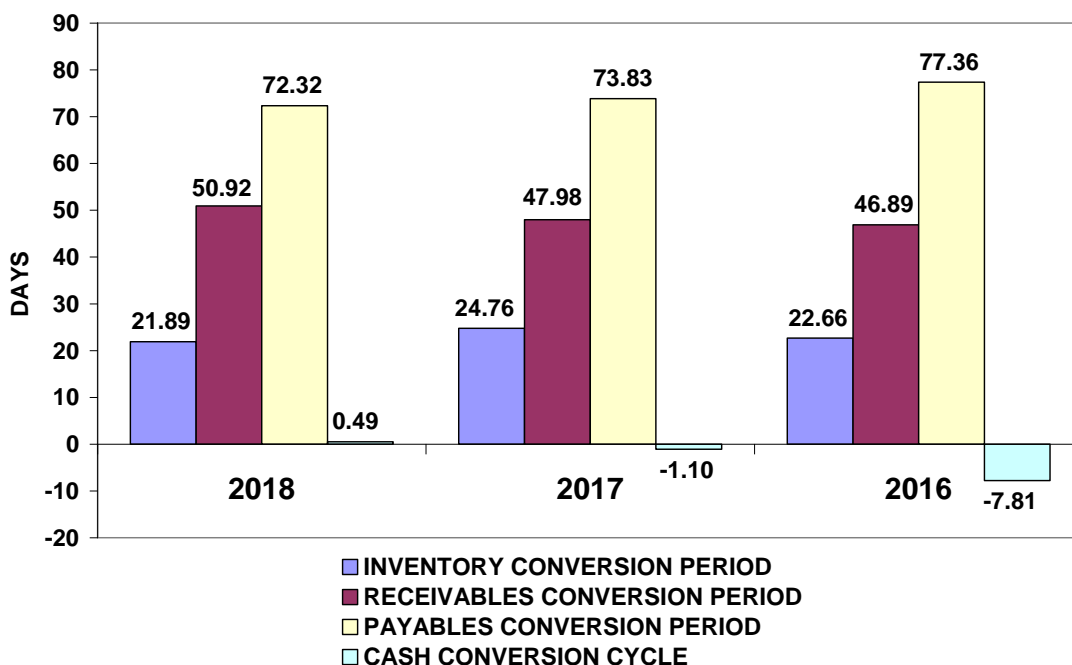
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 1882.12 higher than 1, so the company can pay interest expenses on outstanding debt.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.39 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	Downtrend
Times Interest Earned	Stable

ACTIVITY : IMPRESSIVE



ACTIVITY RATIO

Fixed Assets Turnover	11.40	Impressive	Industrial Average	-
Total Assets Turnover	2.07	Impressive	Industrial Average	1.67
Inventory Conversion Period	21.89			
Inventory Turnover	16.67	Impressive	Industrial Average	14.03
Receivables Conversion Period	50.92			
Receivables Turnover	7.17	Satisfactory	Industrial Average	7.51
Payables Conversion Period	72.32			

The company's Account Receivable Ratio is calculated as 7.17 and 7.61 in 2018 and 2017 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 2018 decreased from 2017. 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 decreased from 25 days at the end of 2017 to 22 days at the end of 2018. This represents a positive trend. And Inventory turnover has increased from 14.74 times in year 2017 to 16.67 times in year 2018.

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The company's Total Asset Turnover is calculated as 2.07 times and 1.92 times in 2018 and 2017 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 :	NIS
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)