

MIRA INFORM REPORT

Report No. :	520754
Report Date :	21.07.2018

IDENTIFICATION DETAILS

Name :	INDO PHIL. ACRYLIC MFG. CORP.
Registered Office :	Bo. Lambakin, Marilao, Bulacan
Country :	Philippines
Financials (as on) :	2015
Date of Incorporation :	16.11.1987
Legal Form :	Private. Limited Liability Corporation
Line of Business :	Subject engage primarily in the manufacture, sale and distribution of gray and dyed spun yarn. Registered with the Board of Investment (BOI) as non-pioneer manufacturer and accredited as an export enterprises.
No. of Employees :	Not Available

RATING & COMMENTS

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

MIRA's Rating :	B
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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

NOTES :

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

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Philippines	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

PHILIPPINES - ECONOMIC OVERVIEW

The economy has been relatively resilient to global economic shocks due to less exposure to troubled international securities, lower dependence on exports, relatively resilient domestic consumption, large remittances from about 10 million overseas Filipino workers and migrants, and a rapidly expanding services industry. During 2017, the current account balance fell into the negative range, the first time since the 2008 global financial crisis, in part due to an ambitious new infrastructure spending program announced this year. However, international reserves remain at comfortable levels and the banking system is stable.

Efforts to improve tax administration and expenditures management have helped ease the Philippines' debt burden and tight fiscal situation. The Philippines received investment-grade credit ratings on its sovereign debt under the former AQUINO administration and has had little difficulty financing its budget deficits. However, weak absorptive capacity and implementation bottlenecks have prevented the government from maximizing its expenditure plans. Although it has improved, the low tax-to-GDP ratio remains a constraint to supporting increasingly higher spending levels and sustaining high and inclusive growth over the longer term.

Economic growth has accelerated, averaging over 6% per year from 2011 to 2017, compared with 4.5% under the MACAPAGAL-ARROYO government; and competitiveness rankings have improved. Although 2017 saw a new record year for net foreign direct investment inflows, FDI to the Philippines has continued to lag regional peers, in part because the Philippine constitution and other laws limit foreign investment and restrict foreign ownership in important activities/sectors - such as land ownership and public utilities.

Although the economy grew at a rapid pace under the AQUINO government, challenges to achieving more inclusive growth remain. Wealth is concentrated in the hands of the rich. The unemployment rate declined from 7.3% to 5.7% between 2010 and 2017; while there has been some improvement, underemployment remains high at around 17% to 18% of the employed population. At least 40% of the employed work in the informal sector. Poverty afflicts more than a fifth of the total population but is as high as 75% in some areas of the southern Philippines. More than 60% of the poor reside in rural areas, where the incidence of poverty (about 30%) is more severe - a challenge to raising rural farm and non-farm incomes. Continued efforts are needed to improve governance, the judicial system, the regulatory environment, the infrastructure, and the overall ease of doing business.

2016 saw the election of President Rodrigo DUTERTE, who has pledged to make inclusive growth and poverty reduction his top priority. DUTERTE believes that illegal drug use, crime and corruption are key barriers to economic development. The administration wants to reduce the poverty rate to 17% and graduate the economy to upper-middle income status by the end of President DUTERTE's term in 2022. Key themes under the government's Ten-Point Socioeconomic Agenda include continuity of macroeconomic policy, tax reform, higher investments in infrastructure and human capital development, and improving competitiveness and the overall ease of doing business. The administration sees infrastructure shortcomings as a key barrier to sustained economic growth and has pledged to spend \$165 billion on infrastructure by 2022. Although the final outcome has yet to be seen, the current administration is shepherding legislation for a comprehensive tax reform program to raise revenues for its ambitious infrastructure spending plan and to promote a more equitable and efficient tax system. However, the need to finance rehabilitation and reconstruction efforts in the southern region of Mindanao following the 2017 Marawi City siege may compete with other spending on infrastructure.

Source : CIA

ANTECEDENT INFORMATION

Company: INDO PHIL. ACRYLIC MFG. CORP.
Address: Bo. Lambakin, Marilao, Bulacan 3019
Country: Philippines
Telephone No.: +(63) (2) 693 4444
Service Type: Normal

FINDINGS:

We conducted research and investigation on INDO PHIL. ACRYLIC MFG. CORP. and showed the following, viz:

VERIFICATION WITH SECURITIES & EXCHANGE COMMISSION (SEC): INDO PHIL, ACRYLIC MFG. CORP.

LEGAL ENTITY - Private. Limited Liability Corporation.

REGISTRATION – (Per General Information Sheet (GIS) filed August 31, 2016.)

Certificate No. : 0000146238
Date : November 16, 1987
Term : Fifty (50) years
Company Type : Stock Corporation
Telephone No. : (632) 044 919 8440 / 02 779 6970
Fax No. : (632) 044 711 5517 / 044 840 8293210
Corp. Tax ID No. : 210-000-239-803
Email : factory@indophil.com.ph
i) Contact Person : Pramod K. Choudhary <pk.chouldhary@adityabirla.com>

Principal Office/Business Address: Bo. Lambakin, Marilao, Bulacan

(Note: Currency in Philippine Peso, unless otherwise specified)

CAPITALIZATION -

	Kind of Share	No. of Shares	Par Value per Share	Amount
Authorized Capital Stock -	Common	3,750,000	- 10.	37,500,000.
	Preferred "A" -	1,500,000	- 10.	15,000,000.
	Preferred "B" -	3,500,000	- 10.	<u>35,000,000.</u>
				<u>87,500,000.</u>
				VVVVVVVVV
Fully Subscribed & Paid Up -				<u>87,500,000.</u>
				VVVVVVVVV

PARENT COMPANY: - INDO PHIL. TEXTILE MILLS INC.

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AFFILIATE/SUBSIDIARY - INDO PHIL. COTTON MILLS INC.

PRIMARY PURPOSE: - Manufacture of Spun Yarn

STOCKHOLDERS/DIRECTORS/OFFICERS (For Year 2016)

Name / Nationality	Position	Amount Paid
INDO PHILS. TEXTILE MILLS INC.		58,718,110.
RAPID GROWTH HOLDINGS CO. INC.		15,000,000.
SISVAL ENTERPRISES INC.		6,034,990.
GASANCO INC.		6,034,980.
Pramod K. Choudhary, Indian	Treasurer	1,711,860.
Elpidio C. Jamora Jr., Filipino	Corporate Secretary	10.
Kishan Singhania, Indian	President	10.
Pooran M. Bajaj, Indian	Director	10.
Naraindas Gagoomal, Filipino	Director	10.
Braulio T. Sison, Filipino	Director	10.
Evangelina C. Rivera, Filipino	Director	10.
Thomas Varghese, Indian	Director	10.
	TOTAL	<u>87,500,000.</u>
		vvvvvvvvvv

BUSINESS ACTIVITY

Indo-Phil Acrylic Manufacturing Corp. (IPAMC), engage primarily in the manufacture, sale and distribution of gray and dyed spun yarn. Registered with the Board of Investment (BOI) as non-pioneer manufacturer and accredited as an export enterprises. A member of INDO-PHIL GROUP (IPG). The other 2 member companies are, INDO-PHILS. TEXTILE MILLS, established in 1975; and INDO-PHILS. COTTON MILLS, INC., commissioned in 1993. The IPG is the first Indian-Filipino joint venture. It is member of Aditya Birla Group of Companies, based in India.

The first Indian-Filipino joint venture, Indo Phil Textile Mills commenced its operation in Philippines in 1975 with a production capacity of about 3,000 tpa and 500 employees. Commenced operations with over 15,500 spindles for knitting yarns.

In January 1990, Indo-Phil acrylic manufacturing corporation was set up with 3856 worsted spindles epitomizing world class technology. Taking cognizance of the fast growing local demand for polyester cotton blended yarns. Main Products:100%Acrylic High Bulk Dyed Yarn, 100%Acrylic Non Bulk Dyed Yarn, Soft Yarn,Boa Yarn, Melange Yarn. Factory Size : Above 100,000 square meters.

IndoPhil belongs to Aditya Birla Group a Fortune 500 Indian multinational corporation operating in 20 countries around the globe. Indo Phil Group of Companies comprising of Indo Phil Textile Mills,Inc. founded in 1975 ; Indo Phil Acrylic Mfg. Corporation founded in 1990 and Indo Phil Cotton Mills founded in 1993.Indo Phil is engaged in yarn manufacturing for local and export sale

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Total Manpower complement – 340 (9 officers; 331 rank & file.

FINANCIAL CONDITION

(Audited Financial Statement for years 2015 & 2014, as compiled)
(Latest on file with SEC.) Filed April 15, 2016.

BALANCE SHEET

	2015	2014
ASSETS		
Current Asset		
Cash	4,226,818.	4,067,879.
Receivables	60,134,774.	94,848,491.
Inventories	108,295,157.	178,776,334.
Input Value Added Tax	35,148,992.	29,324,877.
Tax Credit Certificates	35,636,409.	27,447,395.
Prepaid Expense & Other Current Assets	<u>97,247,873.</u>	<u>101,192,879.</u>
Total Current Assets	<u>340,690,023.</u>	<u>435,657,855.</u>
Non Current Assets		
Property, Plant & Equipment	163,578,882.	161,713,310.
Deferred Tax Assets	<u>11,260,357.</u>	<u>12,183,652.</u>
Total Non Current Assets	<u>174,839,239..</u>	<u>173,896,962.</u>
TOTAL ASSETS	<u>515,529,262.</u>	<u>609,554,817.</u>
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LIABILITIES & STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts Payable & Accrued Liabilities	51,246,517.	34,449,935.
Advances from Parent Company	4,980,467.	5,226,561.

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INDO PHIL. ACRYLIC MFG. CORP. - 520754

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Loan Payable		
	51,100,000.	114,850,000.
Income Tax Payable		
	1,142,464.	701,575.
Liabilities under Trust Receipts.		
	<u>40,647,528.</u>	<u>89,957,918.</u>
Total Current Liabilities		
	149,116,976.	245,185,989.
Non-Current Liabilities		
Retirement Benefit Obligation		
	<u>32,066,652.</u>	<u>32,152,037.</u>
TOTAL LIABILITIES		
	<u>181,183,628..</u>	<u>277,338,026..</u>
Equity		
Share Capital		
	87,500,000.	87,500,000.
Remeasurement of Retirement Benefit	(230,492.)	(1,269,393.)
Retained Earnings – Appropriated		
Unappropriated	200,000,000.	200,000,000.
	<u>47,076,126.</u>	45,986,184.
Total Equity		
	<u>334,345,634.</u>	<u>332,216,791.</u>
TOTAL LIABILITIES & EQUITY		
	<u>515,529,262.</u>	<u>609,554,817.</u>
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INCOME/LOSS STATEMENT

GROSS SALE	<u>625,097,039.</u>	<u>638,258,926.</u>
GROSS PROFIT	74,465,561.	58,664,648.
Operating Expenses	(52,848,316.)	(52,443,231.)
Other Expenses	(5,502,045.)	(4,282,186.)
Income from Operation	16,115,200.	1,939,231.
Finance Cost	(4,112,524.)	(3,701,943.)
Income/Loss before Income Tax	<u>12,002,676.</u>	<u>1,762,717.)</u>

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Net Income/Loss for the Year

<u>10,089,942.</u>	<u>320,894.)</u>
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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.85
UK Pound	1	INR 89.67
Euro	1	INR 80.31
PHP	1	INR 1.29

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

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	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)