

MIRA INFORM REPORT

Report No. :	521063
Report Date :	24.07.2018

IDENTIFICATION DETAILS

Name :	KUMWELL CORPORATION LIMITED
Formerly Known As :	K M L TECHNOLOGY CO., LTD.
Registered Office :	100/3 Thesabansongkrow Road, Ladyao, Jatujak, Bangkok 10900
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	07.05.1999
Com. Reg. No.:	0125542002632
Legal Form :	Private Limited Company
Line of Business :	The subject is engaged in manufacturing, distributing and exporting wide range of grounding and lightning protection system and equipment including exothermic welding products, grounding components, lightning protection components, surge protection devices, lightning detection & warning system, meter and tester equipment, electric arcs protection system, copper lug and c-clamp connectors under its own brand "KUMWELL".
No. of Employees :	260

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

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Litigation :	Clear
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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 & ADDRESS

KUMWELL CORPORATION LIMITED

[FORMER: K M L TECHNOLOGY CO., LTD.]

SUMMARY

BUSINESS ADDRESS : 100/3 THESABANSONGKROW ROAD, LADYAO,
JATUJAK, BANGKOK 10900, THAILAND
TELEPHONE : [66] 2954-3455
FAX : [66] 2591-7891
E-MAIL ADDRESS : info@kumwell.com
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS
ESTABLISHED : 1999
REGISTRATION / TAX ID NO. : 0125542002632
CAPITAL REGISTERED : BHT. 30,000,000
CAPITAL PAID-UP : BHT. 30,000,000
SHAREHOLDER'S PROPORTION : THAI : 100%
FISCAL YEAR CLOSING DATE : DECEMBER 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MR. BOONSAK KIATJAROONLERT, THAI
MANAGING DIRECTOR
NO. OF STAFF : 260
LINES OF BUSINESS : GROUNDING AND LIGHTNING PROTECTION
SYSTEM SOLUTIONS
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 May 7, 1999 as a private limited company under the originally registered name "K M L Technology Co., Ltd.", by Thai group. On May 30, 2018, its registered name was changed to KUMWELL CORPORATION LIMITED. Its business objective is to manufacture and distribute grounding and lightning system solutions. It currently employs approximately 260 staff.

The subject's registered address is 100/3 Thesabansongkrow Road, Ladyao, Jatujak, Bangkok 10900, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Boonsak Kiatjaroonlert	Thai	59
Mrs. Chaweewan Kiatjaroonlert	Thai	58

AUTHORIZED PERSON

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

MANAGEMENT

Mr. Boonsak Kiatjaroonlert is the Managing Director.
He is Thai nationality with the age of 59 years old.

Mrs. Chaweewan Kiatjaroonlert is the Deputy Managing Director.
She is Thai nationality with the age of 58 years old.

BUSINESS OPERATIONS

The subject is engaged in manufacturing, distributing and exporting wide range of grounding and lightning protection system and equipment including exothermic welding products, grounding components, lightning protection components, surge protection devices, lightning detection & warning system, meter and tester equipment, electric arcs protection system, copper lug and c-clamp connectors under its own brand "KUMWELL".

The products are used in various infrastructures such as electricity sector, generation plant, transmission line, substation and distribution line, modern mass public transportation-metro lines, sky train, subway, data centers, telecommunication, high speed train, petrochemical, oil & gas industries, food & chemical industries, real estate and housing sectors.

PURCHASE

Raw materials are purchased from suppliers both domestic and overseas in Japan, Republic of China, Germany and Taiwan.

MAJOR SUPPLIER

Posco-Thainox Public Company Limited : Thailand

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SALES/SERVICES

The products are sold and serviced to both local and overseas customers in Vietnam, Malaysia, Indonesia, Singapore, Japan, Korea, Republic of China, U.S.A., Brunei, Cambodia, Laos, Philippines, Myanmar, Australia, India, Hong Kong and the countries in Europe.

Domestic Project Reference:

Airport Rail Link
Bank of Thailand
BTS Skytrain
Central Department Store
Chulalongkorn University
Mahidol University
Rangsit University
Siam Paragon Shopping Center
Suvarnabhumi Airport
Thai Beverage Public Company Limited
PTT Energy Complex
Electricity Generating Authority of Thailand
Metropolitan Electricity Authority
TOT Public Company Limited
etc.

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 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
Kasikornbank Public Company Limited

EMPLOYMENT

The subject employs approximately 260 staff.

LOCATION DETAILS

The premise is owned for administrative office at the heading address. Premise is located in commercial/residential area.

Factory and warehouse are located at 26/2 Moo 10, T. Banglen, A. Bangyai, Nonthaburi 11140.
Tel. [66] 2920-0188, Fax. [66] 2920-0045

Other warehouse is located at 210/126-127 Moo 1, T. Bangrakpattana, A. Bangbuathong, Nonthaburi 11110.

COMMENT

The subject is a manufacturer, distributor and exporter of grounding and lightning protection systems and equipment. Subject reported a strong sales or service income in 2017 with a decrease in net profit comparing to the previous year. With its professional and long experience have enabled the subject to provide efficiency in products and services to fulfill customers' demands. Its business is solid and growing steadily in line with the demand of the products from both local and overseas countries.

FINANCIAL INFORMATION

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

The capital was increased later as follows:

Bht. 5,000,000 on	March 7, 2001
Bht. 10,000,000 on	April 11, 2011
Bht. 20,000,000 on	November 19, 2012
Bht. 30,000,000 on	July 4, 2013

The latest registered capital was increased to Bht. 30,000,000 divided into 300,000 shares of Bht. 100 each with fully paid.

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

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<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Mr. Boonsak Kiatjaroonlert Nationality: Thai Address : 100/3 Thesabansongkrow Road, Ladyao, Jatujak, Bangkok	210,012	70.00
Mrs. Chaweewan Kiatjaroonlert Nationality: Thai Address : 100/5 Thesabansongkrow Road, Ladyao, Jatujak, Bangkok	59,988	20.00
Mr. Chokeanan Pichiannawakul Nationality: Thai Address : 5/163 Thesabansongkrow Road, Ladyao, Jatujak, Bangkok	30,000	10.00

Total Shareholders : 3

Share Structure [as at May 30, 2018]

<u>Nationality</u>	<u>Shareholders</u>	<u>No. of Share</u>	<u>% Shares</u>
Thai	3	300,000	100.00
Foreign	-	-	-
Total	3	300,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Mrs. Suwimon Kritayakian No. 2982

BALANCE SHEET [BAHT]

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

ASSETS

<u>Current Assets</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	17,329,935	11,996,253	5,348,101
Trade Accounts and Other Receivable	91,343,585	86,813,138	88,161,516
Inventories	145,853,382	119,326,042	100,115,364
Total Current Assets	254,526,902	218,135,433	193,624,981
Property, Plant and Equipment	106,009,883	74,316,452	52,639,684
Intangible Assets	1,608,919	2,905,612	3,351,733

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Other Non-current Assets	4,798,300	4,780,362	4,266,722
Total Assets	366,944,004	300,137,859	253,883,120

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Bank Overdraft and Loan from Financial Institution	690,993	25,182,865	37,056,660
Trade Accounts and Other Payable	27,166,121	28,105,585	39,277,424
Short-term Loan	29,057,500	-	11,718,023
Accrued Income Tax	8,978,862	14,537,078	9,280,031
Other Current Liabilities	578,815	244,001	440,617
Total Current Liabilities	66,472,291	68,069,529	97,772,755
Provision for Employee Benefit	10,673,642	6,309,799	5,744,506
Other Non-current Liabilities	1,613,993	278,797	514,611
Total Liabilities	78,759,926	74,658,125	104,031,872
Shareholders' Equity			
Share capital : Baht 100 par value authorized and issued share capital 300,000 shares	30,000,000	30,000,000	30,000,000
Capital Paid	30,000,000	30,000,000	30,000,000
Retained Earnings [Deficit]			
Appropriated statutory reserve	3,000,000	3,000,000	3,000,000
Unappropriated	255,184,078	192,479,734	116,851,248
Total Shareholders' Equity	288,184,078	225,479,734	149,851,248
Total Liabilities and Shareholders' Equity	366,944,004	300,137,859	253,883,120

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Services Income	426,713,030	399,360,027	321,305,957
Gain on Exchange Rate	8,125,796	10,252,316	14,014,337
Total Revenues	434,838,826	409,612,343	335,320,294

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Expenses

Cost of Goods Sold or Services	248,373,112	222,620,443	204,952,796
Selling Expenses	33,054,349	29,548,413	20,379,041
Administrative Expenses	67,766,906	57,859,020	47,189,361
Total Expenses	349,194,367	310,027,876	272,521,198
Profit /[Loss] before Financial Cost & Income Tax	85,644,459	99,584,467	62,799,096
Financial Cost	[1,229,156]	[2,606,640]	[4,069,702]
Profit /[Loss] before Income Tax Income Tax	84,415,303 [17,621,465]	96,977,827 [19,998,664]	58,729,394 [12,895,513]
Net Profit/[Loss] for the year	66,793,838	76,979,163	45,833,881

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	3.83	3.20	1.98
QUICK RATIO	TIMES	1.63	1.45	0.96
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	4.03	5.37	6.10
TOTAL ASSETS TURNOVER	TIMES	1.16	1.33	1.27
INVENTORY CONVERSION PERIOD	DAYS	214.34	195.64	178.30
INVENTORY TURNOVER	TIMES	1.70	1.87	2.05
RECEIVABLES CONVERSION PERIOD	DAYS	78.13	79.34	100.15
RECEIVABLES TURNOVER	TIMES	4.67	4.60	3.64
PAYABLES CONVERSION PERIOD	DAYS	39.92	46.08	69.95
CASH CONVERSION CYCLE	DAYS	252.55	228.91	208.50
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	58.21	55.74	63.79
SELLING & ADMINISTRATION INTEREST	%	23.63 0.29	21.89 0.65	21.03 1.27
GROSS PROFIT MARGIN	%	43.70	46.82	40.57
NET PROFIT MARGIN BEFORE EX. ITEM	%	20.07	24.94	19.54
NET PROFIT MARGIN	%	15.65	19.28	14.26
RETURN ON EQUITY	%	23.18	34.14	30.59
RETURN ON ASSET	%	18.20	25.65	18.05
EARNING PER SHARE	BAHT	222.65	256.60	152.78
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.21	0.25	0.41

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DEBT TO EQUITY RATIO	TIMES	0.27	0.33	0.69
TIME INTEREST EARNED	TIMES	69.68	38.20	15.43

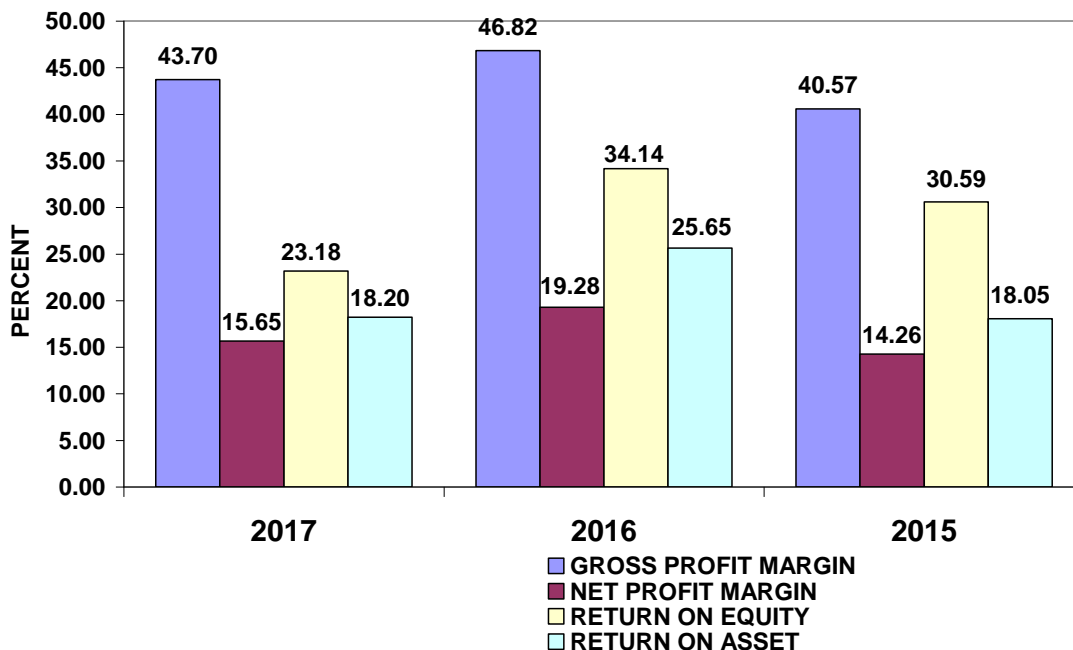
ANNUAL GROWTH

SALES GROWTH	%	6.85	24.29
OPERATING PROFIT	%	(14.00)	58.58
NET PROFIT	%	(13.23)	67.95
FIXED ASSETS	%	42.65	41.18
TOTAL ASSETS	%	22.26	18.22

ANNUAL GROWTH : SATISFACTORY

An annual sales growth is 6.85%. Sales Income has increased from THB 399,360,027.00 in 2016 to THB 426,713,030.00 in 2017. While net profit has decreased from THB 76,979,163.00 in 2016 to THB 66,793,838.00 in 2017. And total assets has increased from THB 300,137,859.00 in 2016 to THB 366,944,004.00 in 2017.

PROFITABILITY : EXCELLENT



PROFITABILITY RATIO

Gross Profit Margin	43.70	Impressive	Industrial Average	-
Net Profit Margin	15.65	Impressive	Industrial Average	0.01

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Return on Assets	18.20	Impressive	Industrial Average	0.01
Return on Equity	23.18	Impressive	Industrial Average	0.02

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. Gross Profit Margin is 43.7%. 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 15.65%, 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.

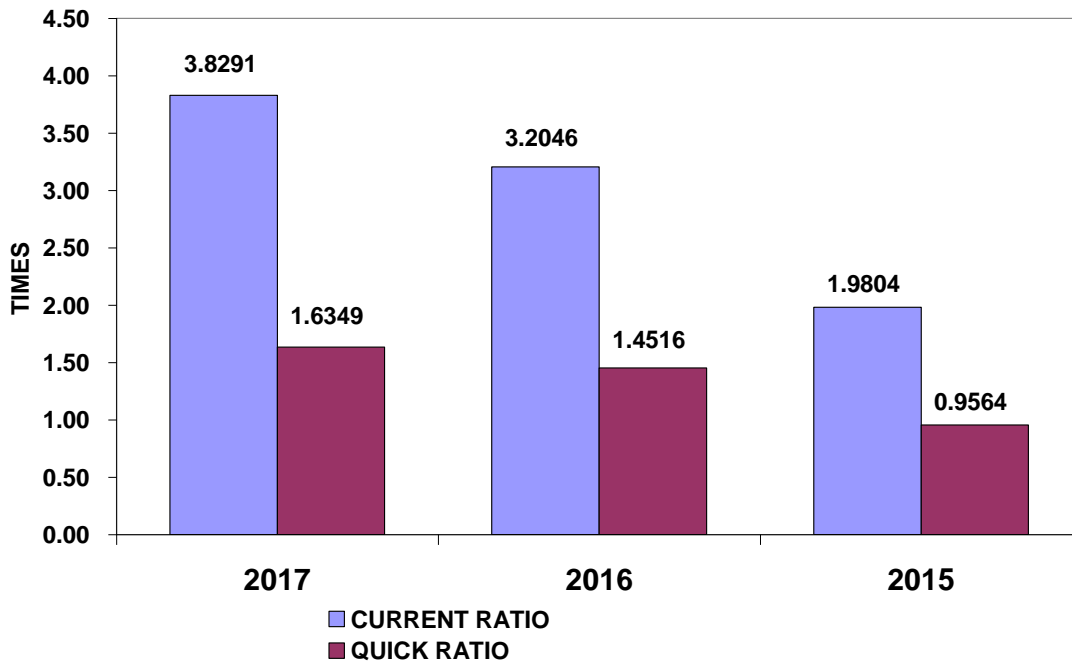
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 18.2%, 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 23.18%, 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	3.83	Impressive	Industrial Average	1.27
Quick Ratio	1.63			
Cash Conversion Cycle	252.55			

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 3.83 times in 2017, increase from 3.2 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.

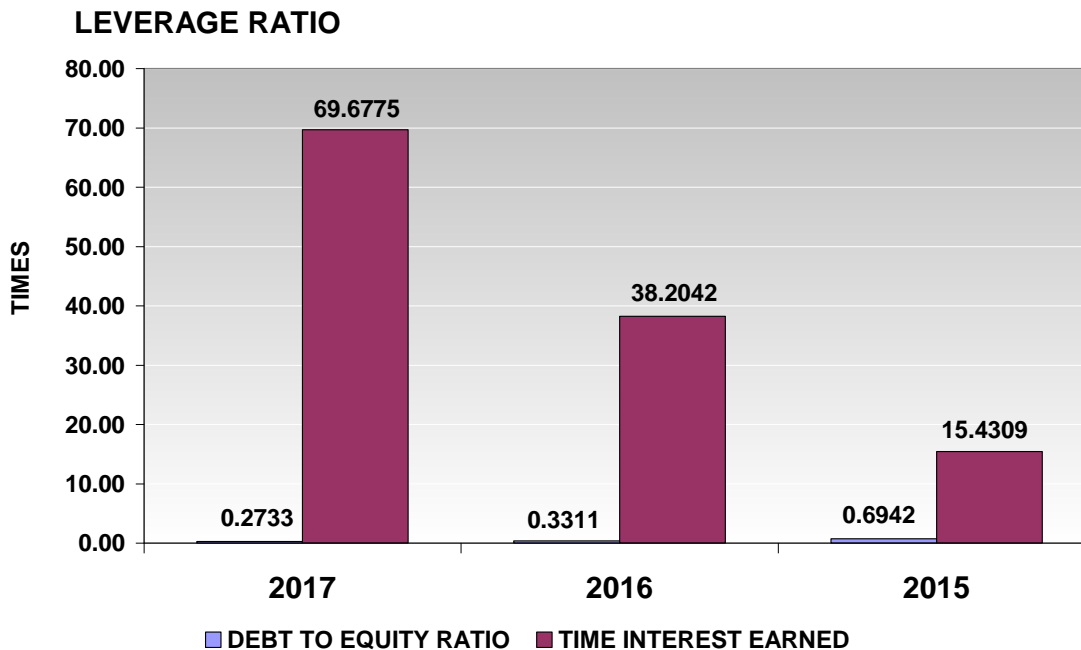
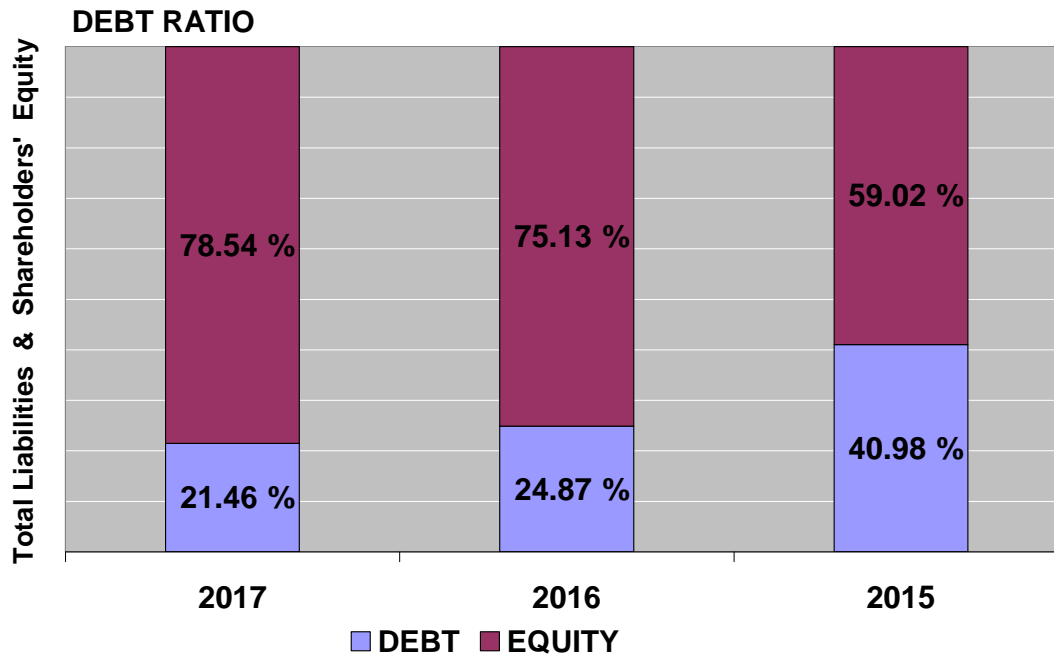
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.63 times in 2017, increase from 1.45 times, although excluding inventory so the company still have 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 253 days.

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

Current Ratio Downtrend

LEVERAGE : EXCELLENT



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LEVERAGE RATIO

Debt Ratio	0.21	Impressive	Industrial Average	0.46
Debt to Equity Ratio	0.27	Impressive	Industrial Average	0.86
Times Interest Earned	69.68	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.

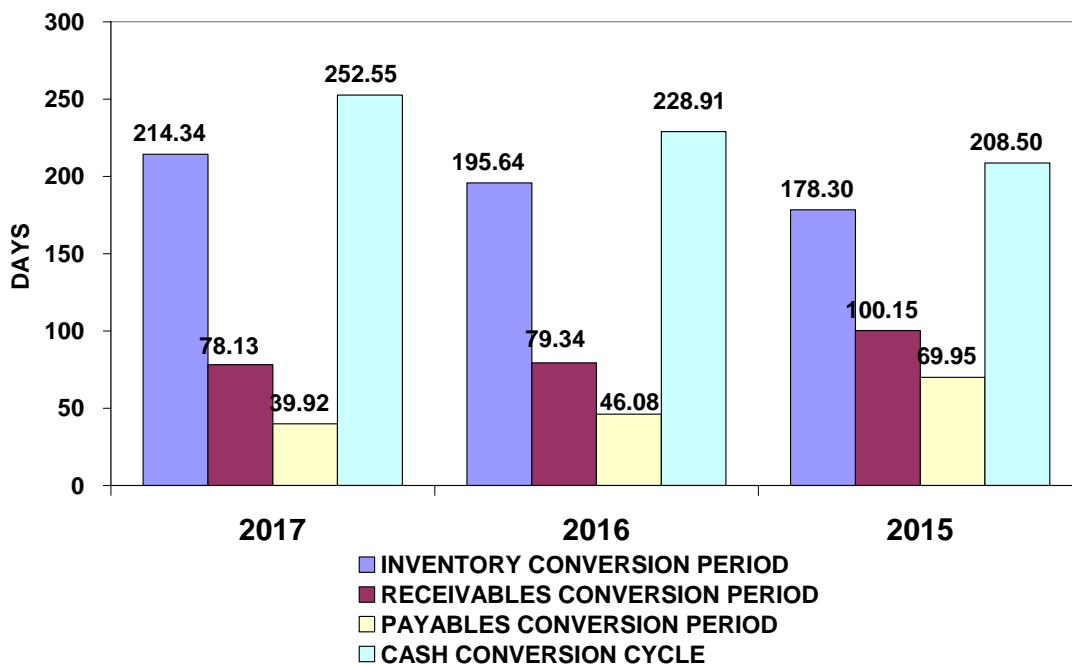
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 69.68 higher than 1, so the company can pay interest expenses on outstanding debt.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.21 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



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ACTIVITY RATIO

Fixed Assets Turnover	4.03	Impressive	Industrial Average	-
Total Assets Turnover	1.16	Impressive	Industrial Average	1.05
Inventory Conversion Period	214.34			
Inventory Turnover	1.70	Satisfactory	Industrial Average	2.39
Receivables Conversion Period	78.13			
Receivables Turnover	4.67	Impressive	Industrial Average	3.64
Payables Conversion Period	39.92			

The company's Account Receivable Ratio is calculated as 4.67 and 4.60 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 overtly 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 196 days at the end of 2016 to 214 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 1.87 times in year 2016 to 1.7 times in year 2017.

The company's Total Asset Turnover is calculated as 1.16 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	Downtrend
Inventory Turnover	Downtrend
Receivables Turnover	Downtrend

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.70
UK Pound	1	INR 90.27
Euro	1	INR 80.56
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 :	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)