

## MIRA INFORM REPORT

Report No. :	521777
Report Date :	27.07.2018

### IDENTIFICATION DETAILS

Name :	SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED
Registered Office :	2nd - 3rd Floor, Prapawit Building, 28/1 Surasak Road, Silom, Bangrak, Bangkok 10500
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	13.03.1990
Com. Reg. No.:	0107537000688
Legal Form :	Private limited company
Line of Business :	Subject is a manufacturer and distributor of Hot Rolled Steel Sheet in Coils [HRC] with the width between 750 - 1,550 mm and thick between 1.0 - 20.0 mm, and Hot-Rolled Steel Sheet Picked and Oiled with the width between 750 - 1,550 mm, and thick between 1.2 - 6.5 mm, which are high grade flat steels used in high-end markets including automotive and appliances industries.
No. of Employees :	1,154

### RATING & COMMENTS

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

**MIRA's Rating :** C

Credit Rating	Explanation	Rating Comments
C	Medium High Risk	Business dealings permissible preferably on secured basis

Status :	Moderate
Payment Behaviour :	Slow
Litigation :	Clear

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**NOTES :**

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto: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**

**SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED**

## **SUMMARY**

**BUSINESS ADDRESS** : 2<sup>nd</sup> - 3<sup>rd</sup> FLOOR, PRAPAWIT BUILDING,  
28/1 SURASAK ROAD, SILOM, BANGRAK,  
BANGKOK 10500, THAILAND

**TELEPHONE** : [66] 2238-3063-82

**FAX** : [66] 2236-8890, 2236-8892

**E-MAIL ADDRESS** : pr@ssi-steel.com

**REGISTRATION ADDRESS** : SAME AS BUSINESS ADDRESS

**ESTABLISHED** : 1990

**REGISTRATION / TAX ID NO.** : 0107537000688

**CAPITAL REGISTERED** : BHT. 11,113,018,280

**CAPITAL PAID-UP** : BHT. 11,113,018,280

**FISCAL YEAR CLOSING DATE** : DECEMBER 31

**LEGAL STATUS** : PUBLIC LIMITED COMPANY

**EXECUTIVE** : MR. WIN VIRIYAPRAPAIKIT, THAI  
GROUP CHIEF EXECUTIVE OFFICER &  
PRESIDENT

**NO. OF STAFF** : 1,154

**LINES OF BUSINESS** : HOT ROLLED STEEL SHEET  
MANUFACTURER, DISTRIBUTOR AND EXPORTER

## **CORPORATE PROFILE**

**OPERATING TREND** : STABLE

**PRESENT SITUATION** : BUSINESS REHABILITATION

**REPUTATION** : FAIR FOR NORMAL BUSINESS ENGAGEMENT

**MANAGEMENT STANDARD** : MANAGEMENT WITH FAIR PERFORMANCE

## **HISTORY**

The subject was established on March 13, 1990 as a private limited company under the registered name "Sahaviriya Steel Industries Co., Ltd." by Thai groups.

On February 24, 1993, its status was converted into a public limited company under the name SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED. Eventually, it was listed on the Stock Exchange of Thailand on September 8, 1994. Subject currently employs 1,154 staff.

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The subject's registered address is 2<sup>nd</sup> - 3<sup>rd</sup> Floor, Prapawit Bldg., 28/1 Surasak Rd., Silom, Bangrak, Bangkok 10500, and this is the company's current operation address.

**THE BOARD OF DIRECTORS**

<u>Name</u>		<u>Nationality</u>	<u>Age</u>
Mr. Somchai Sakulsurarat		Thai	70
Mr. Tongchat Hongladaromp		Thai	80
Mr. Kamol Juntima	[x]	Thai	81
Mr. Somchai Pipitvijitkorn	[x]	Thai	79
Mr. Siripol Yodmuangcharoen		Thai	70
Mr. Permpoon Krairiksh		Thai	67
Mr. Yarnsak Manomaiphobon		Thai	55
Mr. Pichai Eursirisub		Thai	-
Mr. Win Viriyaprapaikit	[x]	Thai	48
Mr. Nava Chantanasurakon	[x]	Thai	-
Mr. Kittisak Mapanao	[x]	Thai	-

**AUTHORIZED PERSON**

Any two of the above mentioned directors [x] can jointly sign on behalf of the subject with company's affixed.

**MANAGEMENT**

Mr. Win Viriyaprapaikit	: Group Chief Executive Officer & President
Mr. Kittisak Mapanao	: Group Executive Officer / Chief Technology Officer
Mr. Narongrit Chotnuchittrakul	: Group Executive Officer / Vice President - Downstream Business
Mr. Somsak Sivapaiboon	: Group Executive Officer
Mr. Nava Chantanasurakon	: Group Executive Officer / Vice President - Commercial
Mr. Thavorn Cananub	: Vice President - Port Business
Mr. Yongyuth Malithong	: Vice President
Mr. Thinnakorn Padungwong	: Vice President - Group Product Development
Mr. Manin Inprom	: Vice President - Manufacturing
Mr. Peter Rowson	: Group Chief Financial Officer / Vice President Project Director - Upstream Business
Mr. Veerawit Tulalamba	: Vice President - Finance & Accounting

**BUSINESS OPERATIONS**

The subject's activity is a manufacturer and distributor of Hot Rolled Steel Sheet in Coils [HRC] with the width between 750 - 1,550 mm and thick between 1.0 - 20.0 mm, and Hot-Rolled Steel Sheet Picked

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and Oiled with the width between 750 - 1,550 mm, and thick between 1.2 - 6.5 mm, which are high grade flat steels used in high-end markets including automotive and appliances industries.

The products have been served to various manufacturing industries such as pipe, gas containers, construction, tank, electric appliances, automobiles and vessel industry and serve as raw materials in the production of cold rolled coils.

**PRODUCTION CAPACITY**

Hot Rolled Steel Sheet in Coils : 4 million tons per year  
Hot Rolled Steel Sheet Picked and Oiled : 1 million tons per year

**PURCHASE**

Most of raw materials such as steel slab, steel rod and steel sheets are purchased from local suppliers, the remaining are imported from U.S.A., Japan, Brazil, Ukraine, Russia, Argentina, Republic of China, Korea, Italy, Australia, and Netherlands.

**MAJOR SUPPLIERS**

Thai Cold Rolled Steel Sheet Public Company : Thailand  
Tata Steel (Thailand) Public Company Limited : Thailand

**SALES [LOCAL]**

95% of the products is sold locally to manufacturers, wholesalers and end-users in various industries such as steel, automobile, home electric appliance, steel pipe, steel sheet, steel tank and construction.

**EXPORT [COUNTRIES]**

5% of the products is exported to many countries in Asia, Middle East and Africa.

**INVESTMENT**

The subject also invested in many downstream businesses through its subsidiary companies, which are currently divided into 4 businesses as follows:

1. Cold Rolled Coil Business
2. Electro Galvanized Coil Business
3. Engineering and Maintenance Service Business
4. Deep-Sea Port Business

**REVENUE STRUCTURE [Consolidated Income]**

[Unit : Million Baht]			
2017		2016	
Amount	%	Amount	%

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**Production Line / Business**

**Hot Rolled Steel**

[operated by Sahaviriya Steel Industries Plc.]	24,976	86.27	19,454	94.48
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**Engineering & Maintenance Service**

[operated by West Coast Engineering Co., Ltd.]	548	1.89	346	1.68
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**Deep Seaport Service**

[operated by Prachuab Port Co., Ltd.]	238	0.82	282	1.37
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**Iron and Steel Making Business**

[operated by Sahaviriya Steel Industries UK. Ltd.]	-	-	-	-
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**Other Revenue**

[operated by Sahaviriya Steel Industries Plc.]	3,129	10.81	501	2.43
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[operated by Prachuab Port Co., Ltd.]	5	0.02	3	0.01
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[operated by West Coast Engineering Co., Ltd.]	56	0.19	6	0.03
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[operated by Sahaviriya Steel Industries UK. Ltd.]	-	-	-	-
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<b>Total Revenue</b>	<b>28,952</b>	<b>100.00</b>	<b>20,592</b>	<b>100.00</b>
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**SUBSIDIARIES, AFFILIATED AND RELATED COMPANIES**

**Downstream Business:**

**Thai Cold Rolled Steel Sheet Public Company Limited**

Business Type : Manufacturer of cold-rolled coils

Investment : The subject holds 35.19% of the company's shares.

**Thai Coated Steel Sheet Company Limited**

Business Type : Manufacturer of cold-rolled coils

Investment : The subject holds 3.7% of the company's shares.

**Logistics:**

**Prachuab Port Co., Ltd.**

Business Type : Provider of deep sea port

Investment : The subject holds 51.00% of the company's shares.

**Engineering Services:**

**West Coast Engineering Co. Ltd.**

Business Type : Provide of maintenance, engineering and design services

Investment : The subject holds 99.99% of the company's shares.

## LITIGATION

On March 10, 2016, The Central Bankruptcy Court has ordered Sahaviriya Steel Industries Public Company Limited to enter into the business rehabilitation and appointed Sahaviriya Steel Industries Public Company Limited to be the Planner.

On December 15, 2016, The Central Bankruptcy Court approved the rehabilitation plan and assigned Sahaviriya Steel Industries Public Company Limited to be the Plan Administrator.

### Others

The subject has several litigations in relation to its normal course of business operation, but the management believes that it would not have significant affect on the company's business.

## CREDIT

Local bills are paid by cash or on the credits term of 30-60-90 days.

Imports are by L/C at sight or T/T.

Sales are by cash or on the credits term of 30-60-90 days.

Exports are against T/T.

## BANKING

### **Bangkok Bank Public Company Limited**

[Head Office : 333 Silom Road, Silom, Bangrak, Bangkok]

### **The Siam Commercial Bank Public Company Limited**

[Head Office : 9 Ratchadapisek Road, Jatujak, Bangkok]

### **Bank of Ayudhya Public Company Limited**

[Head Office : 1222 Rama III Road, Bangpongpan, Yannawa, Bangkok]

### **Bangkok Bank Public Company Limited**

### **Krung Thai Bank Public Company Limited**

## EMPLOYMENT

The subject currently employs 1,154 office staff and factory workers.

## LOCATION DETAILS

The premise is owned for operating administrative office at the heading address. Premise is located in a prime commercial area.

Factory is located at 9 Moo 7, Ban Klang Na-Yai Ploy Rd., T. Mae Rumphueng, A. Bangsapan, Prachuabkirikhan 77140, Thailand.

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**COMMENT**

After a massive net loss for many consecutive years with high amount of retained earning (deficit) and total shareholders equity (deficit), the subject is under the rehabilitation process at the moment. The subject is marked as SP, NP, NC at the Stock Exchange of Thailand. However, its operating performance in 2017 has seen an improvement with an increase in sales or service income and net profit comparing to the previous year. With an effective rehabilitation plan, it is anticipated that the subject's business would be improved gradually.

**FINANCIAL INFORMATION**

The capital was initially registered at Bht. 4,000,000,000 divided into 40,000,000 shares of Bht. 100 each.

The capital was increased and decreased later as followings:

Bht. 18,184,108,235	on June 12, 2012 [increased]
Bht. 27,707,751,528	on June 13, 2012 [increased]
Bht. 20,434,108,235	on October 19, 2012 [decreased]
Bht. 39,867,778,559	on October 19, 2012 [increased]
Bht. 34,263,663,124	on April 24, 2015 [decreased]
Bht. 50,263,663,124	on April 30, 2015 [increased]
Bht. 32,166,262,124	on March 1, 2017 [decreased]
Bht. 1,113,018,280	on July 14, 2017 [decreased]
Bht. 11,113,018,280	on October 19, 2017 [increased]

The latest registered capital was increased to Bht. 11,113,018,280 divided into 11,113,018,280 shares of Bht. 1 each, with fully paid.

**MAIN SHAREHOLDERS** : [as at March 30, 2015] at Bht. 32,166,258,124 of capitalization.

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Sahaviriya Group Co., Ltd.	5,990,687,664	18.62
Citibank Nominees Singapore Pte. Ltd.-UBS AG Zurich	4,225,145,037	13.14
Sahaviriya Inter Steel Holdings Ltd.	2,968,166,595	9.23
Six Sis Ltd.	1,838,983,296	5.72
JFE Steel Corporation	1,133,908,088	3.53
Marubeni-Itochu Steel Inc.	1,133,908,088	3.53
Mr. Komol Chuengrungrangkij	864,125,900	2.69
Mr. Prateep Tangmatitham	768,788,680	2.39
The Bank of New York [Nominees] Limited A/C 5100	761,624,600	2.37
Mrs. Sirikul Viriyaprapaikit Bendi	361,392,940	1.12
Thai NVDR Co., Ltd.	291,144,908	0.91
Mr. Jit Sriwannawit	270,617,400	0.84
Mr. Vichit Ratanasirivilai	250,514,140	0.78
Lucky Star Textile Co., Ltd.	203,884,600	0.63
Others	11,103,366,188	34.50

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Total Shareholders : 17,424

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

Mrs. Suvimol Kritayakian No. 2982

***FINANCIAL***

**BALANCE SHEET [BAHT]**

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

	<b><u>ASSETS</u></b>		
<b>Current Assets</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	1,472,841,805	356,536,202	44,536,982
Trade accounts receivable	1,169,968,722	1,475,555,532	4,545,033,945
Other receivables from related parties	305,068,943	281,248,152	540,806,870
Inventories	7,357,377,713	6,496,264,617	2,939,402,458
Other current assets	852,194,922	944,096,520	139,701,737
<b>Total Current Assets</b>	<b>11,157,452,105</b>	<b>9,553,701,023</b>	<b>8,209,481,992</b>
<b>Non-Current Assets</b>			
Restricted deposit at financial institution	35,784,832	-	-
Investments in subsidiary	278,999,930	278,999,930	278,999,930
Investments in jointly venture	3,159,668,346	3,159,668,346	3,159,668,346
Property, plant and equipment	9,902,762,583	10,153,951,005	10,599,051,479
Intangible assets	122,571,280	133,042,950	149,296,495
Other non-current assets	7,975,849	17,810,487	7,813,721
<b>Total Non-Current Assets</b>	<b>13,507,762,820</b>	<b>13,743,472,718</b>	<b>14,194,829,971</b>
<b>Total Assets</b>	<b>24,665,214,925</b>	<b>23,297,173,741</b>	<b>22,404,311,963</b>

**LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]**

<b>Current Liabilities</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Bank overdrafts and short-term loans from financial institutions and related parties	-	-	12,533,671,330
Trade accounts payable	3,002,207,617	2,204,976,301	2,795,400,158
Other payable to related parties	44,819,133	45,066,594	36,684,568
Current portion of hire purchase liabilities	-	840,129	2,911,616
Current portion of long-term			

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borrowings from financial institutions	1,038,619,703	1,013,618,655	7,033,461,665
Long-term borrowings classified as current liabilities	-	-	6,629,284,761
Provision under guarantees and other customers	498,484,800	455,667,455	30,533,752,034
Current Portion of other payables under rehabilitation plan	60,632,780	73,450,343	-
Current Portion of accrued inter under rehabilitation plan	-	4,403,967	-
Short-term borrowings from financial institutions	7,990,859	231,265,164	-
Provisions for onerous contracts	691,131	19,152,118	-
Other Current Liabilities	463,209,163	466,211,632	3,632,872,971
<b>Total Current Liabilities</b>	<b>5,116,655,186</b>	<b>4,514,652,358</b>	<b>63,198,039,103</b>
<b>Non-current liabilities</b>			
Long-term loan from financial institutions	23,319,835,439	24,599,428,069	-
Other payables under rehabilitation plan	1,853,026,021	1,910,854,059	843,111
Provisions under guarantees and other contracts	25,476,910,040	28,489,627,803	-
Accrued interest under rehabilitation plan	8,277,827,269	7,617,098,251	-
Non-current provisions for employee benefit	159,047,386	147,464,628	160,394,876
Deferred tax liabilities	31,280,295	63,139,293	88,235,195
Other current liabilities	823,876	823,877	823,876
<b>Total Non-current liabilities</b>	<b>59,118,750,326</b>	<b>62,828,435,980</b>	<b>250,297,058</b>
<b>Total Liabilities</b>	<b>64,235,405,512</b>	<b>67,343,088,338</b>	<b>63,448,336,161</b>
<b>Shareholders' Equity</b>			
Share capital			
Registered			
Authorised share capital	11,113,018,280	50,263,663,124	50,263,663,124
Issued and fully paid-up share capital	1,113,018,280	32,166,262,124	32,166,262,124
Discount on ordinary shares issuance	-	[5,678,076,131]	[5,678,076,131]
Equity distribution from shareholders from repurchase of subordinated convertible debentures	-	366,207,178	366,207,178
Retained earnings			
Appropriated-statutory Reserve	-	530,226,819	530,226,819
Unappropriated	[40,683,208,867]	[71,430,534,587]	[68,428,644,188]
<b>Total Shareholders' Equity</b>	<b>[39,570,190,587]</b>	<b>[44,045,914,597]</b>	<b>[41,044,024,198]</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>24,665,214,925</b>	<b>23,297,173,741</b>	<b>22,404,311,963</b>

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**PROFIT & LOSS ACCOUNT**

Revenue	2017	2016	2015
Revenue from sales	24,975,851,521	19,102,407,550	19,102,407,550
Revenue from rendering of services	-	352,039,068	352,039,068
Net gain on exchange rate	2,951,627,200	447,445,411	447,445,411
Dividend income	56,100,000	15,300,000	15,300,000
Effects from flooding net	88,093,705	-	-
Other Income	32,896,926	38,290,423	38,290,423
<b>Total Revenues</b>	<b>28,104,569,352</b>	<b>19,955,482,452</b>	<b>19,955,482,452</b>
<b>Expenses</b>			
Cost of sales	21,698,627,852	14,837,519,543	14,837,519,543
Cost of rendering of services	-	185,540,695	185,540,695
Selling expenses	428,442,617	372,999,191	372,999,191
Administrative expenses	452,773,321	3,231,181,415	3,231,181,415
Interest provisions from discounted operations	-	1,690,605,583	1,690,605,583
Management benefit expenses	73,992,517	61,067,179	61,067,179
Loss on onerous contracts [reversal]	[18,460,987]	19,152,116	19,152,116
Finance costs	1,025,329,020	2,614,082,566	2,614,082,566
<b>Total Expenses</b>	<b>23,660,704,340</b>	<b>23,012,148,288</b>	<b>23,012,148,288</b>
Profit [loss] before income tax	4,443,865,012	[3,056,665,836]	[3,056,665,836]
Income tax (expense) benefits	31,858,998	27,839,851	27,839,851
<b>Profit / [Loss] For The Year</b>	<b>4,475,724,010</b>	<b>[3,028,825,985]</b>	<b>[3,028,825,985]</b>

**FINANCIAL ANALYSIS**

ITEM	UNIT	2017	2016	2015
<b>LIQUIDITY RATIO</b>				
CURRENT RATIO	TIMES	2.18	2.12	0.13
QUICK RATIO	TIMES	0.58	0.47	0.08
<b>ACTIVITY RATIO</b>				
FIXED ASSETS TURNOVER	TIMES	2.52	1.92	1.84
TOTAL ASSETS TURNOVER	TIMES	1.01	0.84	0.87
INVENTORY CONVERSION PERIOD	DAYS	123.76	157.83	71.42
INVENTORY TURNOVER	TIMES	2.95	2.31	5.11
RECEIVABLES CONVERSION PERIOD	DAYS	17.10	27.68	85.27
RECEIVABLES TURNOVER	TIMES	21.35	13.18	4.28
PAYABLES CONVERSION PERIOD	DAYS	50.50	53.57	67.92

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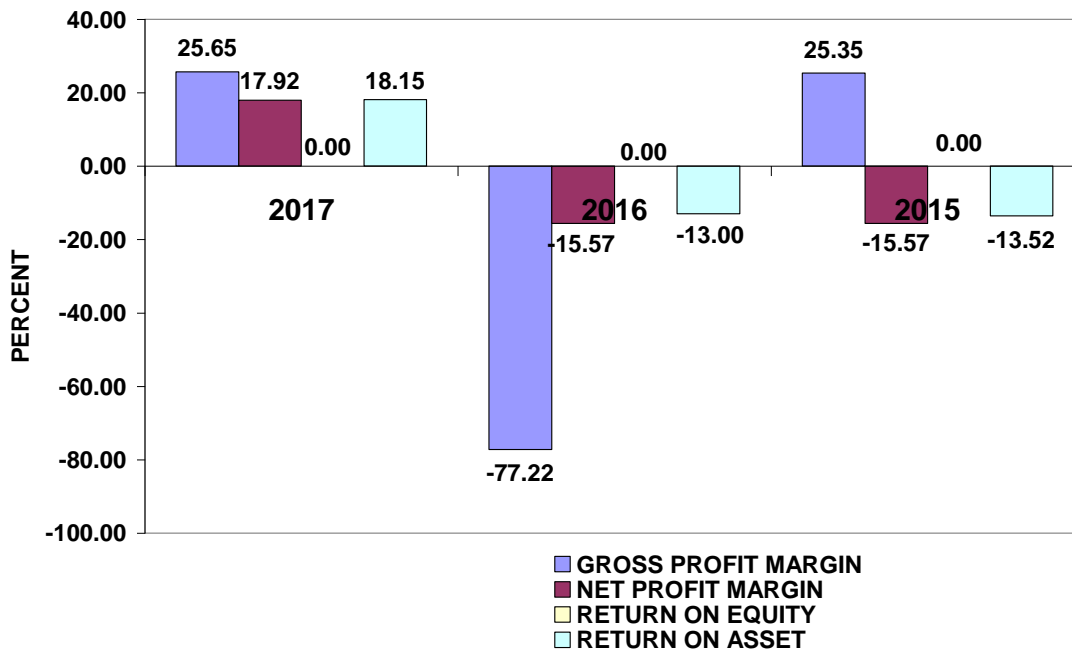
CASH CONVERSION CYCLE	DAYS	90.36	131.95	88.77
<b>PROFITABILITY RATIO</b>				
COST OF GOODS SOLD	%	86.88	77.22	77.22
SELLING & ADMINISTRATION INTEREST	%	3.82	18.84	18.84
GROSS PROFIT MARGIN	%	4.11	13.44	13.44
NET PROFIT MARGIN BEFORE EX. ITEM	%	25.65	(77.22)	25.35
NET PROFIT MARGIN	%	17.79	(118.29)	(15.71)
RETURN ON EQUITY	%	17.92	(15.57)	(15.57)
RETURN ON ASSET	%	-	-	-
EARNING PER SHARE	BAHT	18.15	(13.00)	(13.52)
		402.12	(9.42)	(9.42)
<b>LEVERAGE RATIO</b>				
DEBT RATIO	TIMES	2.60	2.89	2.83
DEBT TO EQUITY RATIO	TIMES	(1.62)	(1.53)	(1.55)
TIME INTEREST EARNED	TIMES	4.33	(8.80)	(1.17)
<b>ANNUAL GROWTH</b>				
SALES GROWTH	%	28.38	-	-
OPERATING PROFIT	%	(119.31)	652.85	-
NET PROFIT	%	247.77	-	-
FIXED ASSETS	%	(2.47)	(4.20)	-
TOTAL ASSETS	%	5.87	3.99	-

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**ANNUAL GROWTH : SATISFACTORY**

An annual sales growth is 28.38%. Sales Income has increased from THB 19,454,446,618.00 in 2016 to THB 24,975,851,521.00 in 2017. While net profit has increased from THB -3,028,825,985.00 in 2016 to THB 4,475,724,010.00 in 2017. And total assets has increased from THB 23,297,173,741.00 in 2016 to THB 24,665,214,925.00 in 2017.

**PROFITABILITY : IMPRESSIVE**



**PROFITABILITY RATIO**

Gross Profit Margin	25.65	Impressive	Industrial Average	17.79
Net Profit Margin	17.92	Impressive	Industrial Average	3.94
Return on Assets	18.15	Impressive	Industrial Average	6.16
Return on Equity	-		Industrial Average	18.00

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 25.65%. 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 17.92%, higher figure when compared with those of its

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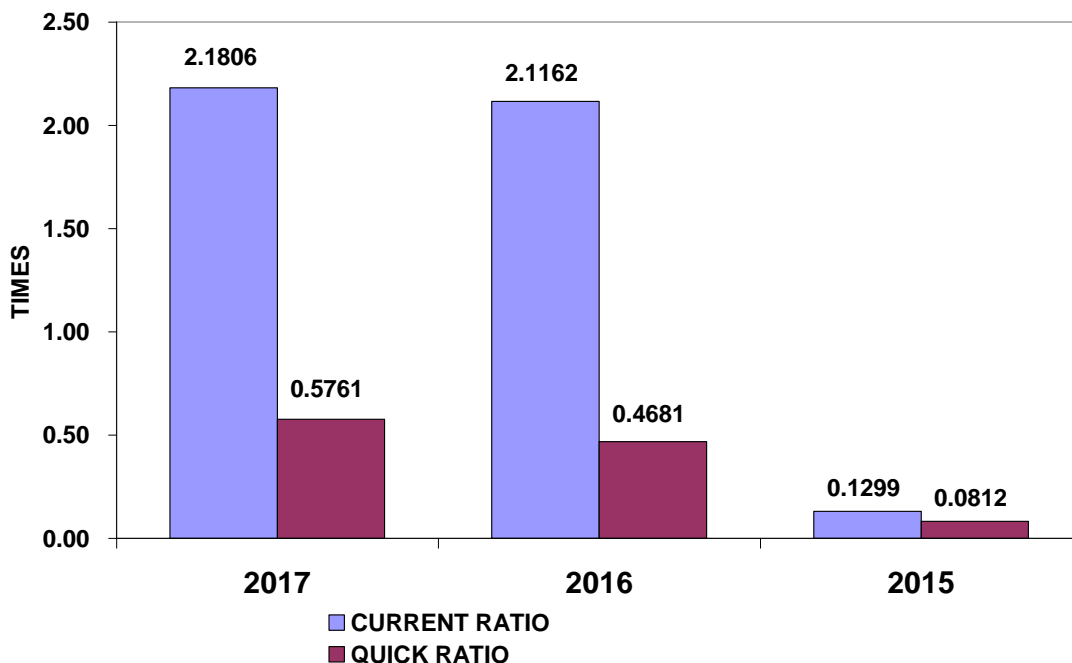
average competitors in the same industry, indicated that business was an efficient operator in a dominant position within its industry.

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 18.15%, 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 : ACCEPTABLE**



**LIQUIDITY RATIO**

Current Ratio	2.18	Impressive	Industrial Average	1.24
Quick Ratio	0.58			
Cash Conversion Cycle	90.36			

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 2.18 times in 2017, increase from 2.12 times, then it is generally

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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 0.58 times in 2017, increase from 0.47 times, then the company has not enough current assets that presumably can be quickly converted to cash for pay financial obligations.

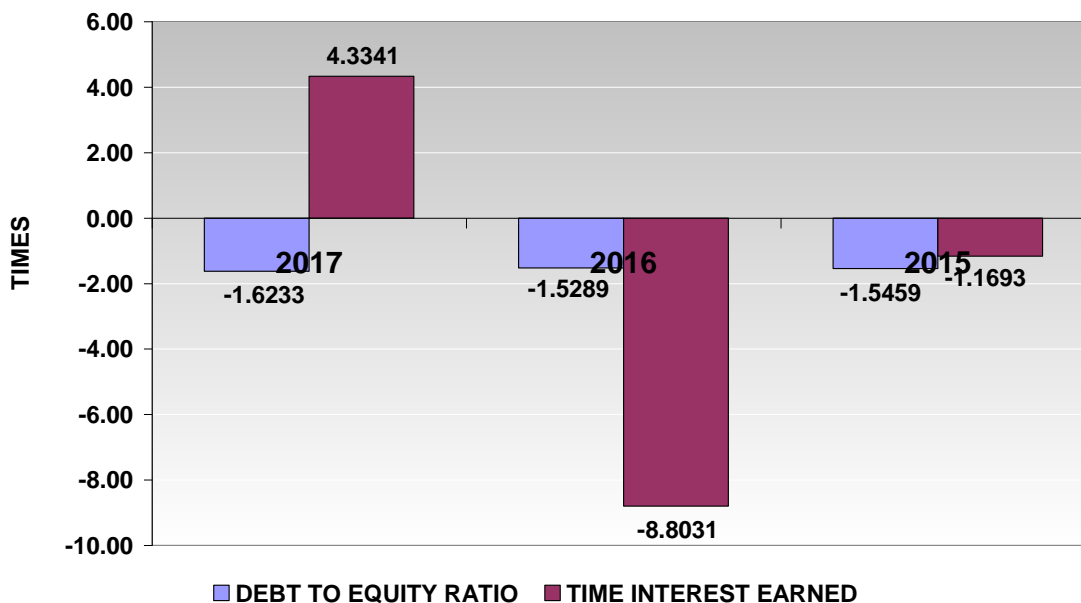
The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 91 days.

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

Current Ratio                      Uptrend

**LEVERAGE : ACCEPTABLE**

**LEVERAGE RATIO**



**LEVERAGE RATIO**

Debt Ratio	2.60	Risky	Industrial Average	0.54
Debt to Equity Ratio	(1.62)	Risky	Industrial Average	1.20
Times Interest Earned	4.33	Impressive	Industrial Average	-

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Receivables Turnover	21.35	Impressive	Industrial Average	7.22
Payables Conversion Period	50.50			

The company's Account Receivable Ratio is calculated as 21.35 and 13.18 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 decreased from 158 days at the end of 2016 to 124 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 2.31 times in year 2016 to 2.95 times in year 2017.

The company's Total Asset Turnover is calculated as 1.01 times and 0.84 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	Downtrend

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.80
UK Pound	1	INR 90.58
Euro	1	INR 80.45
THB	1	INR 2.05

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

**INFORMATION DETAILS**

Analysis Done by :	PRI
Report Prepared by :	TRU

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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)