

MIRA INFORM REPORT

Report No. :	522549
Report Date :	30.07.2018

IDENTIFICATION DETAILS

Name :	LORENZ SHOE GROUP KFT
Formerly Known As :	SHOE FASHION GROUP CIPŐIPARI ÉS KERESKEDELMI KFT. SALTIS CIPŐIPARI ÉS KERESKEDELMI KFT. SALAMANDER MARTFŰ TERMELO KORLATOLT FELELŐSSÉGŰ TÁRSASÁG
Registered Office :	5435 Martfű, Gesztenye Sor 1.
Country :	Hungary
Financials (as on) :	31.03.2017
Date of Incorporation :	01.10.1997
Com. Reg. No.:	16 09 004891
Legal Form :	Limited Liability Company (Ltd.)
Line of Business :	Manufacture of footwear
No. of Employees :	662

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	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No Complaints
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)
Hungary	A2	A1

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

HUNGARY - ECONOMIC OVERVIEW

Hungary has transitioned from a centrally planned to a market-driven economy with a per capita income approximately two-thirds of the EU-28 average. Since 2010 however, the government has become more involved in managing the economy. Budapest has implemented unorthodox economic policies to maintain fiscal balance, as well as a six-year wage increase plan to boost household consumption. Economic growth depends highly on exports, making Hungary vulnerable to external market shocks.

Following the fall of communism in 1990, Hungary experienced a drop-off in exports and financial assistance from the former Soviet Union. Hungary embarked on a series of economic reforms, including privatization of state-owned enterprises and reduction of social spending programs, to shift from a centrally planned to a market-driven economy, and to reorient its economy towards trade with the West. These efforts helped to spur growth, attract investment, and reduce Hungary's debt burden and fiscal deficits. Despite these reforms, living conditions for the average Hungarian initially deteriorated as inflation increased and unemployment reached double digits. Conditions slowly improved over the 1990s as the reforms came to fruition and export growth accelerated. Economic policies instituted during that decade helped position Hungary to join the European Union in 2004. Hungary has not yet joined the euro-zone. Hungary suffered a historic economic contraction as a result of the global economic slowdown in 2008-09 as export demand and domestic consumption dropped, prompting it to take an IMF-EU financial assistance package.

Since 2010, the government has backpedaled on many economic reforms and taken a more populist approach towards economic management. The government has favored national industries and government-linked businesses through legislation, regulation, and public procurements. In 2011 and 2014, Hungary nationalized private pension funds, which squeezed financial service providers out of the system, but also helped Hungary curb its public debt and lower its budget deficit to below 3% of GDP, as subsequent pension contributions have been channeled into the state-managed pension fund. Hungary's public debt (at 74.5% of GDP) is still high compared to EU peers in Central Europe. Real GDP growth has been robust in the past few years due to increased EU funding, higher EU demand for Hungarian exports, and a rebound in domestic household consumption. To further boost household consumption ahead of the 2018 election, the government embarked on a six-year phased increase to minimum wages and public sector salaries, decreased taxes on foodstuffs and services, cut the personal income tax from 16% to 15%, and implemented a uniform 9% business tax for small and medium-sized enterprises and large companies. Real GDP growth slowed in 2016 due to a cyclical decrease in EU funding, but increased to 3.8% in 2017 as the government pre-financed EU funded projects ahead of the 2018 election.

Systemic economic challenges include pervasive corruption, labor shortages driven by demographic declines and migration, widespread poverty in rural areas, vulnerabilities to changes in demand for exports, and a heavy reliance on Russian energy imports.

Source : CIA

COMPANY NAME AND ADDRESS

LORENZ SHOE GROUP KFT.

5435 Martfú, Gesztenye sor 1.

Phone: +36(56)580210

Telefax: +36(56)580218

E-Mail: office@lorenz-shoegroup.hu

Web: www.lorenz-shoegroup.com

COMPANY SUMMERY

Legal form	limited liability company (Ltd.)
Established on	01/10/1997 - limited liability company (Ltd.)
Registered on	03/02/1998, Jász-Nagykun-Szolnok megye, RegNr.: 16 09 004891 Tax number: 11505554-2-16 - Valid Tax number EU Community VAT identification number: HU11505554 Statistical number: 11505554 Last entry: 2017.05.01.
Events, negative data	Positive events: 22.02.2016 - Customs Administration (NTCA) Beginning of validity: 22.02.2016 General events: 10.05.2010 - Name has changed 15.11.2011 - Residence change
Registered capital	HUF 1 081 400 000,-
Owner	LORENZ Shoe Group AG Joseph-Lorenz-Strasse 3., 4775 Taufkirchen an der Parm, Austria member of Ltd. Beginning of validity: 30.08.2017 Person in charge for delivery: Éva dr. Fazekas 1136 Budapest, Hegedűs Gyula utca 13. mf LORENZ Shoe Group GmbH Austria Joseph-Lorenz-Strasse 3., 4775 Taufkirchen an der Parm, Austria member of Ltd. Beginning of validity: 30.08.2017 Person in charge for delivery: Éva dr. Fazekas 1136 Budapest, Hegedűs Gyula utca 13. mf
Authorized to sign	Karl Bradler Peter

(Mothers name: Christa Maria Baur)
Geinberg 1., 4861 Schoerfling, Austria
manager
authorized to collective sign
Beginning of legal relation: 01.11.2013
Beginning of validity: 30.08.2017
Person in charge for delivery:
Éva dr. Fazekas
1136 Budapest, Hegedűs Gyula utca 13. mf
Pucher Johann
(Mothers name: Rosa Strasser)
Teufenbach 76., 4782 St. Florian, Austria
manager
authorized to collective sign
Beginning of legal relation: 01.11.2013
Beginning of validity: 30.08.2017
Person in charge for delivery:
Éva dr. Fazekas
1136 Budapest, Hegedűs Gyula utca 13. mf
Supervisory Board
Dr. Bachmaier Gerhard
(Mothers name: Anna Bachmaier)
Kirchengasse 7, 4780 Sharding, Austria
member of the supervisory board
Beginning of legal relation: 01.10.2012
Beginning of validity: 30.08.2017
Person in charge for delivery:
Éva Fazekas
1136 Budapest, Hegedűs Gyula utca 13. mf
Lorenz Joseph
(Mothers name: Anna Lorenz)
Brunnenthal 75, 4780 Scharding, Austria
member of the supervisory board
Beginning of legal relation: 01.10.2012
Beginning of validity: 30.08.2017
Person in charge for delivery:
Éva dr. Fazekas
1136 Budapest, Hegedűs Gyula utca 13. mf
Sándor Szikszai
(Mothers name: Verkei Magdolna)
member of the supervisory board
Beginning of legal relation: 01.10.2009
Beginning of validity: 30.08.2017
Auditor
Leitner + Leitner Audit Könyvvizsgáló és
Tanácsadó Korlátolt Felelősségű Társaság
1027 Budapest, Kapás utca 6-12. A. ép. IV.
emelet
Veronika Tamás
1125 Budapest, Rózse utca 19.
General data
Main activity:

Code: Insolvency Észak- Jász-

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Manufacture of footwear	(1520.)	risk: 6,08 %	alföldi régio: 8,62 %	Nagykun- Szolnok: 14,29 %
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Former name:

SALAMANDER Martfű Termelő Korlátolt Felelősségű Társaság

SALTIS Cipőipari és Kereskedelmi Kft.

shoe fashion group Cipőipari és Kereskedelmi Kft.

Full name:

LORENZ Shoe Group Kft.

Export:

Austria

Import:

European Union

Spoken languages:

English

German

General contacts:

Phone:

+36(56)580210

+36(30)9153072

+36(30)9153080

+36(56)580211

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Telefax:

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E-Mail:

office@lorenz-shoegroup.hu

Web:

www.lorenz-shoegroup.com

Residence address:

5435 Martfű, Gesztenye sor 1.

Other activities

Employees

2005	647 employees
2006	668 employees
2007	711 employees
2008	654 employees
2009	562 employees
2010	610 employees
2011	697 employees
2012	796 employees
2013	765 employees
2014	729 employees
2015	660 employees
2016	709 employees
2017	683 employees
02/01/2018	676 employees
05/02/2018	663 employees
05/03/2018	663 employees

	10/04/2018	673 employees		
	08/05/2018	677 employees		
	06/06/2018	669 employees		
	04/07/2018	662 employees		
Annual turnover	2000	Net income	HUF	1 332 957 000,-
	2001	Net income	HUF	1 732 539 000,-
	2002	Net income	HUF	1 811 605 000,-
	2003	Net income	HUF	2 242 828 000,-
	31/03/2004	Net income	HUF	1 802 121 000,-
	31/03/2005	Net income	HUF	1 853 015 000,-
	31/03/2006	Net income	HUF	1 853 012 000,-
	31/03/2007	Net income	HUF	8 285 483 000,-
	31/03/2008	Net income	HUF	8 426 160 000,-
	31/03/2009	Net income	HUF	8 668 891 000,-
	31/03/2010	Net income	HUF	8 162 548 000,-
	31/03/2011	Net income	HUF	9 205 699 000,-
	31/03/2012	Net income	HUF	12 326 993 000,-
	31/03/2013	Net income	HUF	12 811 508 000,-
	31/03/2014	Net income	HUF	12 225 328 000,-
	31/03/2015	Net income	HUF	13 075 606 000,-
	31/03/2016	Net income	HUF	11 708 932 000,-
	31/03/2017	Net income	HUF	13 317 623 000,-
Balance sheets	The enclosed profit and loss account of 2016 is originated from official source, it is authenticated by the auditor . (31.03.2017 - 1000 HUF)			
	The enclosed balance of 2016 is originated from official source, it is authenticated by the auditor . (31.03.2017 - 1000 HUF)			
	The enclosed balance of 2015 is originated from official source, it is authenticated by the auditor . (31.03.2016 - 1000 HUF)			
	The enclosed profit and loss account of 2015 is originated from official source, it is authenticated by the auditor . (31.03.2016 - 1000 HUF)			
	The enclosed balance of 2014 is originated from official source, it is authenticated by the auditor . (31.03.2015 - 1000 HUF)			
	The enclosed profit and loss account of 2014 is originated from official source, it is authenticated by the auditor . (31.03.2015 - 1000 HUF)			
	The enclosed balance of 2013 is originated from official source, it is authenticated by the auditor . (31.03.2014 - 1000 HUF)			
	The enclosed profit and loss account of 2013 is originated from official source, it is authenticated by the auditor . (31.03.2014 - 1000 HUF)			
Bank relations	OTP Jász-N-Sz.megyei Belföldiek Devizái: Central address: HU Szolnok, Szapáry u. 31. Account number: 117634571828488500000000			
	OTP Dél-alföldi r., Martfű: Central address: HU Martfű, Szolnoki út 142. Account number: 117451692003456000000000			
	MKB Bank Zrt.: Central address: HU Budapest, Váci utca 38. Account number: 10300021064925548820013			

Company	Account number: 103000021064925549020010	
development	constant	(31)
Business course	satisfactory	(31)
Terms of payment	without compliants, supplier feedback show no negative data	(39)
Business connection	the establishing of the business connection may be allowed	(31)

FINANCIALS

- A. The enclosed balance of 2013 is originated from official source, it is authenticated by the auditor . (31.03.2014 - 1000 HUF)
B. The enclosed balance of 2014 is originated from official source, it is authenticated by the auditor . (31.03.2015 - 1000 HUF)
C. The enclosed balance of 2015 is originated from official source, it is authenticated by the auditor . (31.03.2016 - 1000 HUF)
D. The enclosed balance of 2016 is originated from official source, it is authenticated by the auditor . (31.03.2017 - 1000 HUF)

balance	A 2014.03.31.	B 2015.03.31.	C 2016.03.31.	D 2017.03.31.
FIXED ASSETS	909 708	881 902	822 301	774 173
Intangible assets	520	401	122	1 256
Capitalised value of fundantion and restructuring costs	0	0		0
Capitalised value of research and development costs	0	0		0
Consessions and similar rights and assents	520	401	122	1 256
Intellectual property	0	0		0
Goodwill	0	0		0
Advance payments on on intangible assets	0	0		0
Revaluation of intangible assets	0	0		0
Tangible assets	909 188	881 501	822 179	772 917
Land and buildings and related concessions and similar rights	693 228	679 632	663 143	644 569
Technical equipment, machinery and vehicles	169 926	158 101	127 788	105 287
Other equipment, fittings and vehicles	46 034	42 871	31 248	23 061
Breeding stock	0	0		0
Capital WIP, renovations	0	897	0	0
Advance payments on Capital WIP	0	0		0
Revaluation of tangible assets	0	0		0
Financial investments	0	0	0	0
Long term investments in related companies	0	0		0

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Long term loans given to related companies	0	0	0	0
Long term significant shareholding				0
Long term loans granted to significant shareholding				0
Other long term investments	0	0	0	0
Long term loans given to other investees	0	0	0	0
Other loag term loans given	0	0	0	0
Securities representing long term loans	0	0	0	0
Revaluation of financial investments	0	0	0	0
Revaluation difference of financial assets	0	0	0	0
CURRENT ASSETS	2 125 625	2 303 026	2 426 623	2 937 103
Inventories	1 555 302	1 897 738	1 941 555	2 355 065
Raw materials and consumables	1 192 541	1 385 586	1 425 900	1 609 402
Work in progress and semi-finished products	341 350	460 748	486 031	708 906
Animals	0	0		0
Finished goods	19 207	50 815	29 381	32 172
Goodss, services	0	61	0	0
Advance payments on inventories	2 204	528	243	4 585
Receivables	528 002	390 485	324 511	514 945
Trade accounts receivable	20 727	16 417	10 364	44
Receivables from related companies	173 699	3 452	831	144 331
Liabilities against companies with significant ownership				0
Receivables from other investees	0	0		0
Bills of exchange receivable	0	0		0
Other receivables	333 576	370 616	313 316	370 570
Revaluation difference on receivables	0	0		0
Revaluation difference (+) on derivative transactions	0	0		0
Securities	0	0	0	0
Investments in related companies	0	0		0
Significant shareholding				0
Other investments	0	0		0
Own shares, own quotas	0	0		0
Securities personifying circulational credit relation aim	0	0		0
Revaluation difference on Securities	0	0		0
Liquid assets	42 321	14 803	160 557	67 093
Cash in hand, cheques	424	544	1 795	337
Bank deposits	41 897	14 259	158 762	66 756
PREPAID EXPENSES AND ACCRUED INCOME	19 051	65 920	10 479	26 239
Accrued income	16 956	33	2 676	22 843

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Prepaid expenses	2 095	65 887	7 803	3 396
Deferred expenses	0	0		0
TOTAL ASSETS	3 054 384	3 250 848	3 259 403	3 737 515
SHAREHOLDERS' EQUITY	1 306 639	1 374 672	1 414 715	1 610 765
Capital subscribed	1 081 400	1 081 400	1 081 400	1 081 400
thereof: treasure shares	0	0		0
repurchased at face value				
Issued but not paid capital (-)	0	0		0
Capital reserves	848	848	848	848
Retained earnings from previous years	300 352	224 391	292 424	332 467
Non-distributable reserves	0	0		0
Revaluation reserve	0	0		0
Adjustment of valuation reserve	0	0		0
Fair value of valuation reserve	0	0		0
Profit per balance-sheet	-75 961	68 033	40 043	
After tax profit				196 050
PROVISIONS	58 270	61 968	90 627	97 534
Provisions for expected liabilities	58 270	61 968	90 627	97 534
Provisions for future expenses	0	0		0
Other provision	0	0		0
LIABILITIES	1 687 115	1 806 490	1 748 305	2 014 461
Subordinated liabilities	0	0	0	0
Subordinated liabilities to related companies	0	0		0
Subordinated liabilities against companies with significant ownership				0
Subordinated liabilities to ither investees	0	0		0
Subordinated liabilities to other enterprises	0	0		0
Long term liabilities	1 168 348	1 137 378	1 098 930	958 117
Long term credits	0	0	470 970	339 977
Convertible bonds	0	0		0
Convertible and changeable bonds				
Debts on the issue of bonds	0	0		0
Investment and development loans	0	0		0
Other long term loans	0	0		0
Long term liabilities to related companies	1 168 348	1 137 378	627 960	618 140
Durable liabilities against companies with significant ownership				0
Long term liabilities to other investees	0	0		0
Other long term liabilities	0	0		0
Short term liabilities	518 767	669 112	649 375	1 056 344
Short term loans	0	0	125 592	0

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thereof: convertible bonds	0	0	0	0
Short term credits	199	0		123 628
Advance payments received from customers	0	0		0
Trade accounts payable	369 403	509 879	323 315	720 183
Bills of exchange payable	0	0		0
Short term liabilities to related companies	23 726	20 386	66 649	34 093
Short-term liabilities against companies with significant ownership				0
Short term liabilities to other investees	0	0		0
Other short term liabilities	125 439	138 847	133 819	178 440
Revaluation difference on liabilities	0	0		0
Revaluation difference (–) on derivative transactions	0	0		0
ACCRUED EXPENSES AND DEFERRED INCOME	2 360	7 718	5 756	14 755
Deferred revenues	0	0	20	0
Accrued expenses and deferred income	2 182	7 540	5 736	14 755
Deferred income	178	178	0	0
TOTAL LIABILITIES AND SHEREHOLDERS EQUITY	3 054 384	3 250 848	3 259 403	3 737 515

A. The enclosed profit and loss account of 2013 is originated from official source, it is authenticated by the auditor . (31.03.2014 - 1000 HUF)

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D. The enclosed profit and loss account of 2016 is originated from official source, it is authenticated by the auditor . (31.03.2017 - 1000 HUF)

profit and loss account	A 2014.03.31.	B 2015.03.31.	C 2016.03.31.	D 2017.03.31.
Net domestic sales revenues	131 370	107 182	124 633	109 099
Net export sales revenues	12 093 958	12 968 424	11 584 299	13 208 524
Net sales revenues	12 225 328	13 075 606	11 708 932	13 317 623
Change in self-manufactured inventories	-98 495	151 006	3 848	225 666
Capitalised value of self-manufactures assets	0	0		0
Capitalised value of own performance	-98 495	151 006	3 848	225 666
Other revenues	169 884	77 949	107 081	137 660
of which: reversal of impairment loss provision	0	0		0
Cost of raw materials	9 365 061	10 353 080	8 784 250	10 222 396
Value of services used	685 491	779 077	329 818	380 182
Value of other services	27 961	24 095	21 295	19 586
Cost of goods sold	379 922	341 302	340 658	335 678

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Value of recharged services	27 985	6 086	493 010	682 452
Material type expenditure	10 486 420	11 503 640	9 969 031	11 640 294
Wages	1 160 483	1 170 489	1 099 243	1 287 521
Other payments to personnel	183 170	150 195	141 546	131 953
Personnel related contributions	359 957	362 714	332 752	367 028
Payments to personnel	1 703 610	1 683 398	1 573 541	1 786 502
Deprecation change	65 541	69 362	63 507	53 450
Other expenses	109 946	125 652	162 238	166 579
of which: impairment loss provision	0	0		0
TRADING PROFIT	-68 800	-77 491	51 544	34 124
Dividend received	0	0		0
of which: received from related companies	0	0		0
Incomes and exchange rate profit originated from investments	0	0		0
Incomes and exchange rate profit originated from investments				0
Given to associated company	0	0		0
Incomes and exchange rate profit originated from financial investments (securities and loans)	0	0		0
Incomes and exchange rate profit originated from financial investments (securities and loans)				0
of which: received from related companies	0	0		0
Other interest received	256	272	59	41
of which: received from related companies	0	0		0
Other revenues from financial transactions	227 923	354 855	245 063	277 403
Of which: valuation difference	0	0		0
Revenues from financial transactions	228 179	355 127	245 122	277 444
Expenditures originated from investments and depreciation				0
From this: given to affiliated undertakings				0
Expenditures originated from financial investments (securities and loans) and depreciation	0	0		0
Expenditures originated from financial investments (securities and loans) and depreciation				0
of which: given to related companies	0	0		0
Interest paid	52 544	54 463	59 968	41 038
of which: given to related companies	52 373	54 123	55 510	25 504
Impairment loss of financial investment, securities and bank deposits	0	0		0

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Other expenditures on financial transactions	182 909	149 186	184 405	53 830
Thereof: valuation difference	0	0		0
Expenditures of financial transactions	235 453	203 649	244 373	94 868
FINANCIAL PROFIT	-7 274	151 478	749	182 576
PROFIT FROM ORDINARY BUSINESS	-76 074	73 987	52 293	
Extraordinary revenues	112	0	158	
Extraordinary expenditures	0	0	0	
PROFIT ON EXTRAORDINARY EVENTS	112	0	158	
NET PROFIT BEFORE TAXATION	-75 962	73 987	52 451	216 700
Tax liability	0	5 954	12 408	20 650
AFTER TAX PROFIT	-75 962	68 033	40 043	196 050
Dividends paid out of accumulated profit reserve	0	0		
Dividends paid (approved) out of current year profits	0	0		
NET PROFIT PER BALANCE SHEET	-75 962	68 033	40 043	

Ratios	31.03.2014	31.03.2015	31.03.2016	31.03.2017
Equity ratio	0,43	0,42	0,43	0,43
Cleared equity ratio	0,43	0,42	0,43	0,43
Current liquidity	4,1	3,44	3,74	2,78
Quick liquidity	1,1	0,61	0,75	0,55
Working capital	1606858000	1633914000	1777248000	1880759000
Gearing	1,29	1,31	1,24	1,25
Cleared gearing	0	n/a	0,42	0,29
Profitability	-0,62	0,57	0,45	1,63
Operating profitability	-0,56	-0,59	0,44	0,26
Stock days	46,44	52,97	60,52	64,55
Debtor days	15,76	10,9	10,12	14,11
Supplier days	12,86	16,18	11,84	22,58
equity ratio (%)	42,78	42,29	43,4	43,1
Long term debt ratio (%)	47,21	45,28	43,72	37,3
Leverage (%)	91,25	84,22	91,27	69,27
Coverage of fixed assets (%)	272	285	306	332
Receivables turnover ratio (day)	5,8	0,55	0,35	3,96
P/L after tax/Turnover (%)	-0,56	-0,59	0,44	0,26
Return On Investment	-0,02	-0,02	0,02	0,01
Interest cover	-1,31	-1,42	0,86	0,83
Return On Equity (%)	-5,81	4,95	2,83	12,17
Return On Assets (%)	-2,49	2,09	1,23	5,25
Net income/Turnover (%)	n/a	n/a	n/a	n/a
Change in Turnover (%)	-4,58	6,96	-10,45	13,74
Change in Net income (%)	-8,5	6,43	0,26	14,67
Debtors/Creditors	0,06	0,03	0,03	0
Change in P/L before tax (%)	0,67	12,63	-166,52	-33,8
Turnover	12225328000	13075606000	11708932000	13317623000

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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)