

## MIRA INFORM REPORT

<b>Report No. :</b>	538599
<b>Report Date :</b>	12.11.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	INDO-THAI SYNTHETICS CO., LTD.
<b>Registered Office :</b>	16 <sup>th</sup> Floor, Mahathun Plaza, 888/164-165 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330
<b>Country :</b>	Thailand
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	22.02.1969
<b>Com. Reg. No.:</b>	0105512000801
<b>Legal Form :</b>	Private Limited Company
<b>Line of Business :</b>	The subject is engaged in manufacturing, distributing and exporting various kinds of synthetic yarns, e.g. polyester 100%, rayon 100%, acrylic/polyester 65/35%, acrylic/rayon 65/35%, polyester/cotton blends, rayon and polyester blends, and etc., for textile and garment industry.
<b>No. of Employees :</b>	400

### RATING & COMMENTS

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

**MIRA's Rating :** B

Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

<b>Status :</b>	Moderate
<b>Payment Behaviour :</b>	Slow but correct
<b>Litigation :</b>	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 (30.06.2018)	Current Rating (30.09.2018)
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**

INDO-THAI SYNTHETICS CO., LTD.

## **SUMMARY**

**BUSINESS ADDRESS** : 16<sup>TH</sup> FLOOR, MAHATHUN PLAZA,  
888/164-165 PLOENCHIT ROAD, LUMPINI,  
PATHUMWAN, BANGKOK 10330, THAILAND

**TELEPHONE** : [66] 2253-6745-54

**FAX** : [66] 2254-3100

**E-MAIL ADDRESS** : export@indo-thai.com

**REGISTRATION ADDRESS** : SAME AS BUSINESS ADDRESS

**ESTABLISHED** : 1969

**REGISTRATION / TAX ID NO.** : 0105512000801

**CAPITAL REGISTERED** : BHT. 42,000,000

**CAPITAL PAID-UP** : BHT. 42,000,000

**SHARES PROPORTION** : THAI : 51.81%  
FOREIGN : 48.19%

**FISCAL YEAR CLOSING DATE** : DECEMBER 31

**LEGAL STATUS** : PRIVATE LIMITED COMPANY

**EXECUTIVE** : MR. VASHDEV TIKAMDAS PURSWANI, INDIAN  
PRESIDENT

**NO. OF STAFF** : 400

**LINES OF BUSINESS** : SYNTHETIC YARNS  
MANUFACTURER, DISTRIBUTOR AND EXPORTER

## **CORPORATE PROFILE**

**OPERATING TREND** : STABLE

**PRESENT SITUATION** : OPERATING NORMALLY

**REPUTATION** : FAIR WITH NORMAL BUSINESS ENGAGEMENT

**MANAGEMENT STANDARD** : MANAGEMENT WITH FAIR PERFORMANCE

## **HISTORY**

The subject was established on February 22, 1969 as a private limited company under the registered name INDO-THAI SYNTHETICS CO., LTD., by Thai and Foreign groups, with the business objective to manufacture and distribute various kinds of synthetic yarns to both domestic and international markets. It currently employs approximately 400 staff. The subject is the company in Aditya Birla Group.

The subject's registered address is 16<sup>th</sup> Floor, Mahathun Plaza, 888/164-165 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, and this is the subject's current operation address.

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## THE BOARD OF DIRECTOR

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Harshil Kantilal Kothari	British	64
Mrs. Rajashree Birla	Indian	72
Mr. Vashdev Tikamdas Purswani	Indian	82
Mr. Shyam Sunder Mahansaria	Indian	84
Mr. Satpal Sachdev	Indian	82
Mr. Winai Sachdev	Indian	83
Mr. Kumar Mangalam Birla	Indian	52
Mrs. Neerja Birla	Indian	48
Mr. Deepak Mittal	Indian	74
Mr. Thomas Varghese	Indian	57

## AUTHORIZED PERSON

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

## MANAGEMENT

**Mr. Vashdev Tikamdas Purswani** is the President.  
He is Indian nationality with the age of 82 years old.

**Mr. Satpal Sachdev** is the Vice President  
He is Indian nationality with the age of 82 years old.

**Mr. Sundaresan Ganapathy** is the G.M. and Production Manager.  
He is Indian nationality.

**Mr. Anil Purohit** is the G.M./Sales & Marketing Manager.  
He is Indian nationality.

**Mr. Govind Tekriwal** is the Head of Finance.  
He is Indian nationality.

## BUSINESS OPERATIONS

The subject is engaged in manufacturing, distributing and exporting various kinds of synthetic yarns, e.g. polyester 100%, rayon 100%, acrylic/polyester 65/35%, acrylic/rayon 65/35%, polyester/cotton blends, rayon and polyester blends, and etc., for textile and garment industry.

## BRAND NAME

"ITS"

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## **PRODUCTION CAPACITY**

27,000 metric tons per annum

## **PURCHASE**

Raw material and machinery are purchased from suppliers both domestic and overseas, mainly in India, Australia, U.S.A., Switzerland, Republic of China, Africa, Japan and Germany.

## **MAJOR SUPPLIERS**

Thai Rayon Public Company Limited	: Thailand
Kangwal Polyester Co., Ltd.	: Thailand
Thai Acrylic Fibre Co., Ltd.	: Thailand
Indo-Poly (Thailand) Ltd.	: Thailand

## **SALES**

The products are sold by wholesale to manufacturers and end-users both local and overseas in over 40 countries. 60% of the products is exported to U.S.A., Canada, Brazil, Argentina, Chile, Turkey, Israel, Korea, Bangladesh, Hong Kong, Taiwan, India, Malaysia, Indonesia, Pakistan, Philippines and the countries in Europe, and the remaining 40% is sold locally.

## **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 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.

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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 400 staff.

#### **LOCATION DETAILS**

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

Factory and warehouse are located at 25 Udomsorayuth Road, T. Chiangraknoi,  
A. Bangpa-in, Ayutthaya 13180. Tel. : [66] 35 742-222-5, Fax.: [66] 35 742-226.

#### **COMMENT**

The company is the preferred supplier to the world's leading fabric manufacturers. The undisputed quality of its products is the result of effective implementation of quality systems in tune with international standards. Around 60 per cent of its products are exported to quality conscious customers more than 40 countries around the world.

Despite an increase in sales or service income in 2017 comparing to the previous year, it obtained another year of net loss. Nevertheless, the subject's business remains strong with a large amount of retained earnings.

#### **FINANCIAL INFORMATION**

The capital was registered at Bht. 42,000,000 divided into 4,200,000 shares of Bht. 10 each with fully paid.

#### **MAJOR SHAREHOLDERS WERE : [as at April 27, 2018]**

<b><u>NAME</u></b>	<b><u>HOLDING</u></b>	<b><u>%</u></b>
<b>Hallock International Co., Ltd.</b> Nationality: Hong Kong Address : 12/F Ruttonjee House, Duddell Street,	542,500	12.92

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Hong Kong <b>Philay Co., Ltd.</b>	526,600	12.54
Nationality: Hong Kong Address : 12/F Ruttonjee House, Duddell Street, Hong Kong		
<b>Rama Trading Co., Ltd.</b>	336,700	8.02
Nationality: Thai Address : 77 Moo 6, Soi Sukhapiban 1, Poochaosamingprai Road, Phrapradaeng, Samutprakarn		
<b>Thai Rayon Public Company Limited</b>	317,606	7.56
Nationality: Thai Address : 888/160-161 Ploenchit Road, Lumpini, Pathumwan, Bangkok		
<b>Kilimach Corporation</b>	232,000	5.52
Nationality: Hong Kong Address : G.P.O. Box 3050, Hong Kong		
<b>Pilani Investment Corporation</b>	207,900	4.95
Nationality: Indian Address : India		
<b>Mr. Arwin Kumar Sachdev</b>	160,628	3.82
Nationality: Thai Address : 85/5 Soi Sukhumvit 12, Klongtoey, Bangkok		
<b>Others Shareholders</b>	1,876,066	44.67

**Total Shareholders : 153**

**Share Structure** [as at April 27, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	101	2,176,136	51.81
Foreign	52	2,023,864	48.19
<b>Total</b>	<b>153</b>	<b>4,200,000</b>	<b>100.00</b>

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

Mr. Krit Chachawanwong No. 5016

**BALANCE SHEET [BAHT]**

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

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**ASSETS**

<b>Current Assets</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash and Cash Equivalents	7,979,429	22,742,488	28,647,989
Trade Accounts and Other Receivable	211,303,286	174,900,057	191,093,473
Inventories	311,808,614	309,318,978	253,414,314
Other Current Assets	9,022,626	11,377,967	12,747,492
<b>Total Current Assets</b>	<b>540,113,955</b>	<b>518,339,490</b>	<b>485,903,268</b>
Property, Plant and Equipments	1,090,692,293	1,144,909,411	1,240,138,552
Intangible Assets	1,457,368	1,800,331	1,162,836
Other Non-current Assets	222,500	222,500	222,500
<b>Total Assets</b>	<b>1,632,486,116</b>	<b>1,665,271,732</b>	<b>1,727,427,156</b>

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

<b>Current Liabilities</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Trade Accounts and Other Payable	292,404,585	271,856,146	250,349,189
Current Portion of Long-term Liabilities	65,694,400	72,005,000	-
Short-term Loan	232,000,000	151,000,000	150,000,000
Other Current Liabilities	929,773	750,340	890,683
<b>Total Current Liabilities</b>	<b>591,028,758</b>	<b>495,611,486</b>	<b>437,493,672</b>
Long-term Loans	65,694,400	144,010,000	217,522,800
Provision for Employee Benefits	44,226,222	38,877,229	29,076,719
<b>Total Liabilities</b>	<b>700,949,380</b>	<b>678,498,715</b>	<b>684,093,191</b>

**Shareholders' Equity**

Share capital : Baht 10 par value authorized, issued and fully paid share capital 4,200,000 shares	42,000,000	42,000,000	42,000,000
Capital Paid	42,000,000	42,000,000	42,000,000
Retained Earning [Deficit]			
Appropriated			
Statutory reserve	4,200,000	4,200,000	4,200,000
General reserve	64,330,000	64,330,000	64,330,000
Unappropriated	821,006,736	876,243,017	932,803,965
<b>Total Shareholders' Equity</b>	<b>931,536,736</b>	<b>986,773,017</b>	<b>1,043,333,965</b>

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<b>Total Liabilities and Shareholders' Equity</b>	<b>1,632,486,116</b>	<b>1,665,271,732</b>	<b>1,727,427,156</b>
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**PROFIT & LOSS ACCOUNT**

<b>Revenue</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Sales or Services Income	1,789,779,392	1,711,511,869	1,661,455,186
Other Income	5,788,328	2,180,576	4,426,891
<b>Total Revenues</b>	<b>1,795,567,720</b>	<b>1,713,692,445</b>	<b>1,665,882,077</b>
<b>Expenses</b>			
Cost of Goods Sold or Services	1,742,315,978	1,646,930,670	1,606,650,397
Selling Expenses	47,454,836	42,520,647	44,600,941
Administrative Expenses	60,510,078	69,551,038	58,237,333
Other Expenses	-	302,507	1,968,576
<b>Total Expenses</b>	<b>1,850,280,892</b>	<b>1,759,304,862</b>	<b>1,711,457,247</b>
Profit / [Loss] before Financial Cost	[54,713,172]	[45,612,417]	[45,575,170]
Financial Cost	1,576,891	[10,948,531]	[43,730,227]
<b>Net Profit / [Loss]</b>	<b>[53,136,281]</b>	<b>[56,560,948]</b>	<b>[89,305,397]</b>

**FINANCIAL ANALYSIS**

<b>ITEM</b>	<b>UNIT</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>LIQUIDITY RATIO</b>				
CURRENT RATIO	TIMES	0.91	1.05	1.11
QUICK RATIO	TIMES	0.37	0.40	0.50
<b>ACTIVITY RATIO</b>				
FIXED ASSETS TURNOVER	TIMES	1.64	1.49	1.34
TOTAL ASSETS TURNOVER	TIMES	1.10	1.03	0.96
INVENTORY CONVERSION PERIOD	DAYS	65.32	68.55	57.57
INVENTORY TURNOVER	TIMES	5.59	5.32	6.34
RECEIVABLES CONVERSION PERIOD	DAYS	43.09	37.30	41.98
RECEIVABLES TURNOVER	TIMES	8.47	9.79	8.69
PAYABLES CONVERSION PERIOD	DAYS	61.26	60.25	56.87
CASH CONVERSION CYCLE	DAYS	47.16	45.60	42.68
<b>PROFITABILITY RATIO</b>				
COST OF GOODS SOLD	%	97.35	96.23	96.70
SELLING & ADMINISTRATION	%	6.03	6.55	6.19

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**INDO-THAI SYNTHETICS CO., LTD. - 538599**

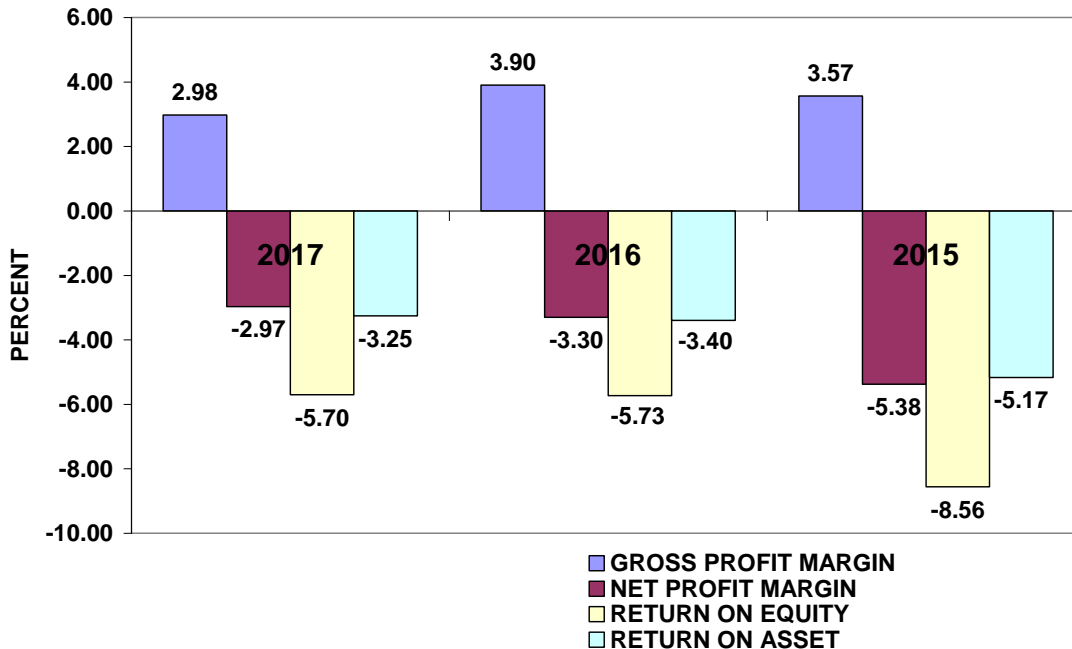
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INTEREST	%	0.09	0.64	2.63
GROSS PROFIT MARGIN	%	2.98	3.90	3.57
NET PROFIT MARGIN BEFORE EX. ITEM	%	(3.06)	(2.67)	(2.74)
NET PROFIT MARGIN	%	(2.97)	(3.30)	(5.38)
RETURN ON EQUITY	%	(5.70)	(5.73)	(8.56)
RETURN ON ASSET	%	(3.25)	(3.40)	(5.17)
EARNING PER SHARE	BAHT	(12.65)	(13.47)	(21.26)
<b>LEVERAGE RATIO</b>				
DEBT RATIO	TIMES	0.43	0.41	0.40
DEBT TO EQUITY RATIO	TIMES	0.75	0.69	0.66
TIME INTEREST EARNED	TIMES	(34.70)	(4.17)	(1.04)
<b>ANNUAL GROWTH</b>				
SALES GROWTH	%	4.57	3.01	
OPERATING PROFIT	%	19.95	0.08	
NET PROFIT	%	6.05	36.67	
FIXED ASSETS	%	(4.74)	(7.68)	
TOTAL ASSETS	%	(1.97)	(3.60)	

**ANNUAL GROWTH : SATISFACTORY**

An annual sales growth is 4.57%. Sales Income has increased from THB 1,711,511,869.00 in 2016 to THB 1,789,779,392.00 in 2017. While net profit has increased from THB -56,560,948.00 in 2016 to THB -53,136,281.00 in 2017. And total assets has decreased from THB 1,665,271,732.00 in 2016 to THB 1,632,486,116.00 in 2017.

**PROFITABILITY : ACCEPTABLE**



**PROFITABILITY RATIO**

Gross Profit Margin	2.98	Impressive	Industrial Average	2.72
Net Profit Margin	(2.97)	Deteriorated	Industrial Average	1.33
Return on Assets	(3.25)	Deteriorated	Industrial Average	1.31
Return on Equity	(5.70)	Deteriorated	Industrial Average	3.02

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 2.98%. 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. The company's figure is -2.97%. When compared with the industry average, the ratio of the company was lower.

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. When compared with the industry average, it was lower, the company's figure is -3.25%.

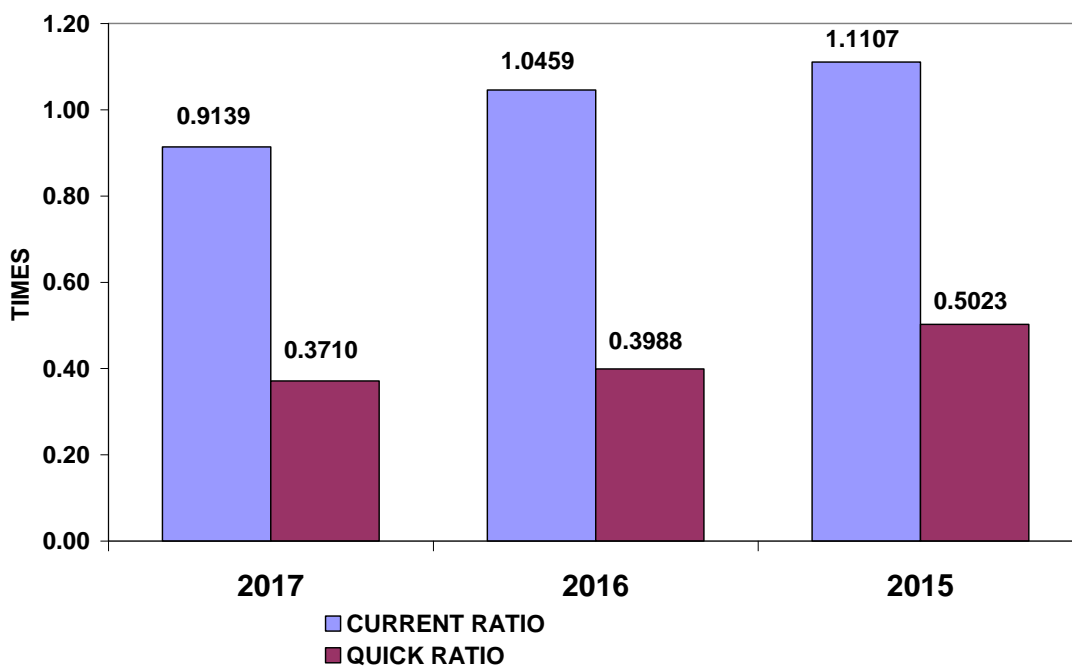
Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. When compared with the industry average, it was lower, the company's figure is -5.7%.

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

Return on Assets                      Uptrend  
 Return on Equity                      Uptrend

**LIQUIDITY : RISKY**



**LIQUIDITY RATIO**

Current Ratio	0.91	Risky	Industrial Average	0.90
Quick Ratio	0.37			
Cash Conversion Cycle	47.16			

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 0.91 times in 2017, decrease from 1.05 times, then the company may have problems meeting its short-term obligations. 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 0.37 times in 2017, decrease from 0.4 times, then the company has not enough current assets that presumably can be quickly converted to cash for pay financial obligations.

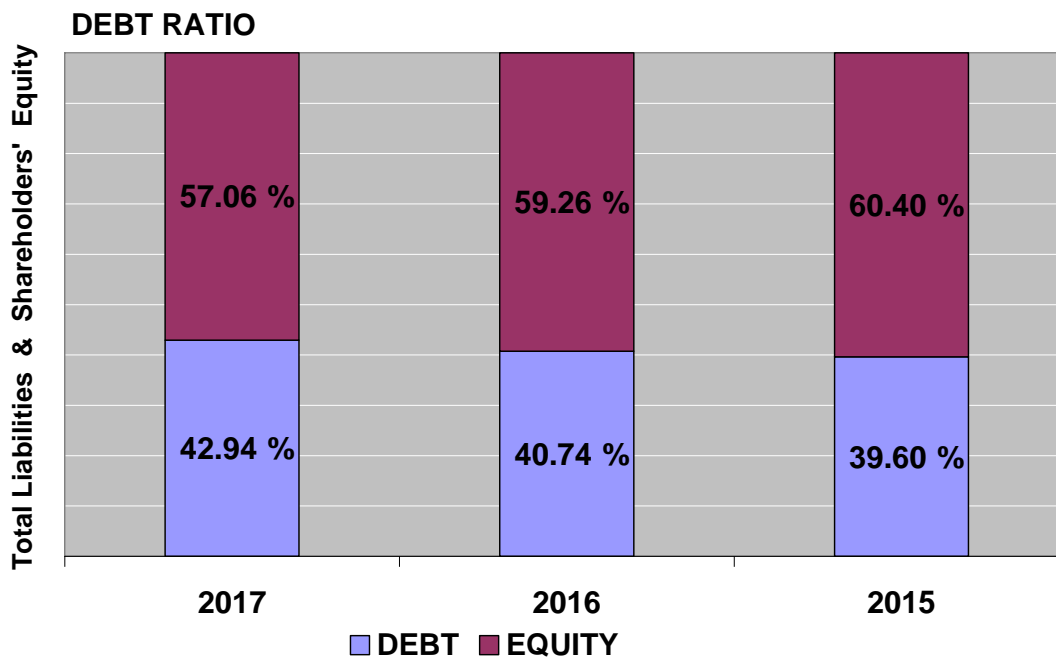
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The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 48 days.

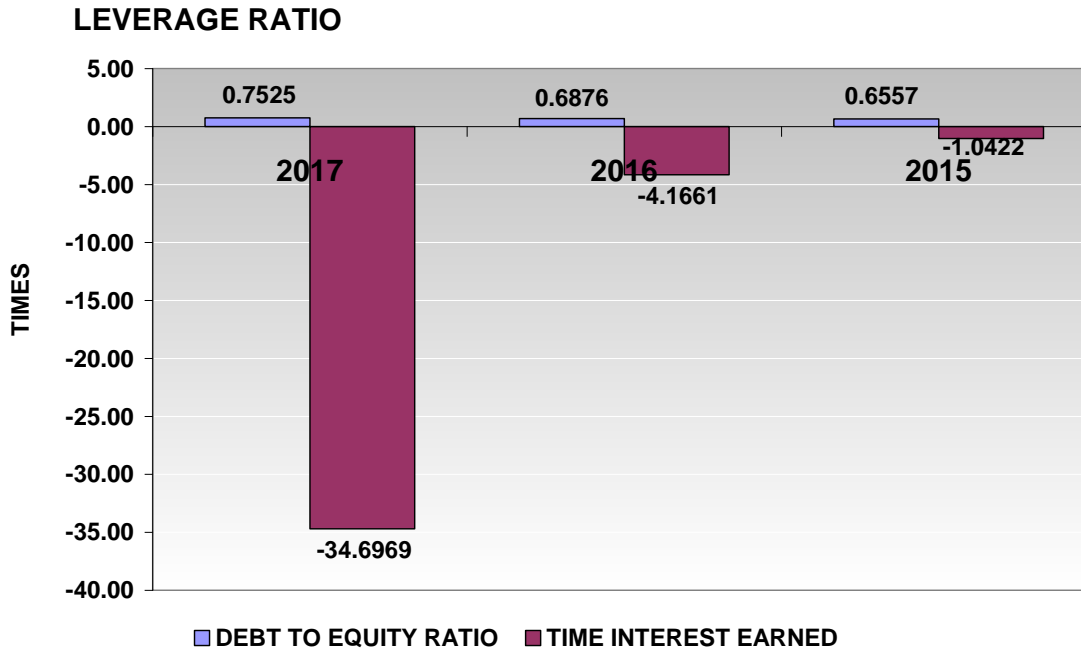
**Trend of the average competitors in the same industry for last 5 years**

Current Ratio                      Downtrend

**LEVERAGE : SATISFACTORY**



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**LEVERAGE RATIO**

Debt Ratio	0.43	Impressive	Industrial Average	0.57
Debt to Equity Ratio	0.75	Impressive	Industrial Average	1.32
Times Interest Earned	(34.70)	Risky	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 -34.7 lower than 1, so the company is not generating enough cash from EBIT to meet its interest obligations.

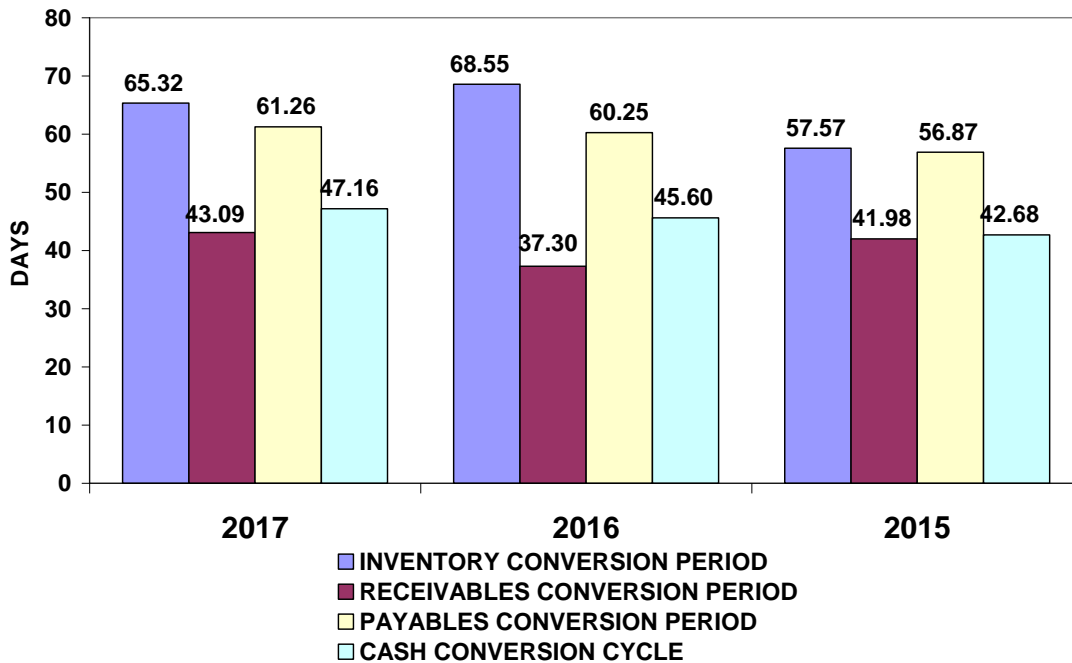
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.43 less than 0.5, most of the company's assets are financed through equity.

**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	1.64	Impressive	Industrial Average	-
Total Assets Turnover	1.10	Impressive	Industrial Average	0.99
Inventory Conversion Period	65.32			
Inventory Turnover	5.59	Impressive	Industrial Average	3.55
Receivables Conversion Period	43.09			
Receivables Turnover	8.47	Satisfactory	Industrial Average	8.56
Payables Conversion Period	61.26			

The company's Account Receivable Ratio is calculated as 8.47 and 9.79 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 decreased from 2016. 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 69 days at the end of 2016 to 65 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 5.32 times in year 2016 to 5.59 times in year 2017.

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The company's Total Asset Turnover is calculated as 1.1 times and 1.03 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	Uptrend

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.73
UK Pound	1	INR 94.87
Euro	1	INR 82.52
Thai Baht	1	INR 2.19

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	PRI
<b>Report Prepared by :</b>	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)