

MIRA INFORM REPORT

Report No. :	538663
Report Date :	10.11.2018

IDENTIFICATION DETAILS

Name :	KIRLOSKAR BROTHERS (THAILAND) LIMITED
Registered Office :	18 th Floor, Unit 1805, Gmm Grammy Place, Office Building, 50 Sukhumvit 21 [Asoke] Road, Klongtoeynua, Wattana, Bangkok 10110
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	28.11.2007
Com. Reg. No.:	0105550124075
Legal Form :	Private limited company
Line of Business :	The subject is engaged importing, distributing and re-exporting various kinds of pumps, valves and other related equipment under "KIRLOSKAR" brand for power plant, irrigation construction project and other industries. The products are as the followings <ul style="list-style-type: none"> • Pumps • Valves • Hydro Turbines • Packaged Systems
No. of Employees :	80

RATING & COMMENTS

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

MIRA's Rating :	B
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Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
Payment Behaviour :	Slow

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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 (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

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

KIRLOSKAR BROTHERS (THAILAND) LIMITED

SUMMARY

BUSINESS ADDRESS : 18th FLOOR, UNIT 1805, GMM GRAMMY PLACE
OFFICE BUILDING, 50 SUKHUMVIT 21 [ASOKE] ROAD,
KLONGTOEYNUA, WATTANA,
BANGKOK 10110, THAILAND

TELEPHONE : [66] 2661-8272-4
FAX : [66] 2661-8282
E-MAIL ADDRESS : pumps@kirloskarthailand.com
admin@kirloskarthailand.com

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 2007
REGISTRATION / TAX ID NO. : 0105550124075
CAPITAL REGISTERED : BHT. 63,650,000
CAPITAL PAID-UP : BHT. 63,650,000
SHARES PROPORTION : FOREIGN : 100%
FISCAL YEAR CLOSING DATE : DECEMBER 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MR. REMKO VLEESCH DUBOIS, DUTCH
MANAGING DIRECTOR

NO. OF STAFF : 80
LINES OF BUSINESS : PUMPS AND VALVES
IMPORTER, DISTRIBUTOR AND RE-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 November 28, 2007 as a private limited company under the registered name KIRLOSKAR BROTHERS (THAILAND) LIMITED by Dutch groups, with the business objective to import and distribute pumps and valves to domestic and international markets. It currently employs approximately 80 staff. The subject is a wholly owned subsidiary of Kirloskar Brothers International B.V., of the Netherlands.

The subject's registered address was initially at 28th Floor, Lake Rajada Office Complex, 193/118 Ratchadapisek Road, Klongtoey, Bangkok 10110.

On June 13, 2018, the registered address was relocated to 18th Floor, Unit 1805, GMM Grammy Place Office Building, 50 Sukhumvit 21 [Asoke] Road, Klongtoeynua, Wattana, Bangkok 10110, and this is the subject's current operation address.

THE BOARD OF DIRECTORS

<u>Name</u>		<u>Nationality</u>	<u>Age</u>
Mr. Alok Sanjay Kirloskar	[x]	Indian	35
Mr. Yokporn Tantisawetrat		Thai	63
Mr. Remko Vleesch Dubois	[x]	Dutch	51
Mr. Chittaranjan Madhuka Mate	[x]	Indian	62

AUTHORIZED PERSON

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

MANAGEMENT

Mr. Remko Vleesch Dubois is the Managing Director.
He is Dutch nationality with the age of 51 years old.

Mr. Alok Sanjay Kirloskar is the Assistant Managing Director.
He is Indian nationality with the age of 35 years old.

BUSINESS OPERATIONS

The subject is engaged importing, distributing and re-exporting various kinds of pumps, valves and other related equipment under "KIRLOSKAR" brand for power plant, irrigation construction project and other industries. The products are as the followings:

Pumps

- End suction pump, split case pump, multistage pump, special & engineering pump, monobloc pump, submersible pump, and sump pump

Valves

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- Butterfly valve, sluice valve, non-return valve, kinetic air valve, foot valve, FM approved gate valve, suction diffuser and triple duty valve, cast steel gate valve, cast steel globe valve, cast steel check valve, ball valve, steam trap device, forged steel gate, and globe check valve

Hydro Turbines

- Francis turbines, Kaplan turbines and Pelton wheel turbines

Packaged Systems

- HYPN, Eterna system, fire fighting system, HVACR system, condition monitoring system and solar pumping system

Mobile Pump Controller Equipment

PURCHASE

Most of the products are imported from India, the remaining is purchased from local suppliers.

MAJOR SUPPLIER

Kirloskar Brothers Limited : India

SALES

Most of the products are sold locally by wholesale to dealers and end-users, the remaining is re-exported to Vietnam.

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 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 T/T.

Exports are against T/T.

BANKING

Bangkok Bank Public Company Limited

EMPLOYMENT

The subject employs approximately 80 staff.

LOCATION DETAILS

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

Branch and warehouse is located at 700/711 Moo 1, Amata Nakorn Industrial Estate, T. Panthong, A. Panthong, Chonburi 20160.

COMMENT

The subject's operating performance in 2017 was slowdown from a decrease in sales or service income and a large amount of net loss comparing to the previous year, mainly caused by higher cost of goods sold, higher selling and administrative expenses which eroded the profit margin. The subject has to put more effort on marketing strategy or marketing techniques to attract the customers, otherwise it would inevitably encounter a slow growth this year too.

FINANCIAL INFORMATION

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

The registered capital was increased later as follows:

Bht. 25,000,000 on January 16, 2015
Bht. 63,650,000 on December 28, 2017

The latest registered capital was increased at Bht. 63,650,000 divided into 6,365,000 shares of Bht. 10 each with fully paid.

THE SHAREHOLDERS LISTED WERE : [as at March 28, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Kirloskar Brothers International B.V. Nationality: Dutch Address : Amsterdam, Netherlands	6,364,998	100.00
Mr. Sanjay Chandrakant Kirloskar Nationality: Indian Address : 270 Baner Pune 411 007, India	1	-
Mr. Shreekanth Krishnan Ramaswami	1	-

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Nationality: Indian
Address : 488/42 Sukhumvit 55 Rd.,
Klongtoeynua, Wattana, Bangkok

Total Shareholders : 3

Share Structure [as at March 28, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	-	-	-
Foreign	3	6,365,000	100.00
Total	3	6,365,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Ms. Thipawan Nananuwat No. 3459

FINANCIALS

BALANCE SHEET [BAHT]

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

ASSETS

Current Assets	2017	2016	2015
Cash and Cash Equivalents	20,146,851	99,600,106	5,303,620
Trade Accounts and Other Receivable	174,591,572	119,731,642	72,916,273
Inventories	21,928,724	32,048,911	35,623,051
Other Current Assets	15,146,576	29,990,298	36,997,470
Total Current Assets	231,813,723	281,430,957	150,840,414
Investment in Subsidiaries	1,000,000	1,000,000	-
Property, Plant and Equipment	25,343,834	3,997,103	2,103,365
Intangible Assets	3,381,766	371,112	705,314
Other Non-current Assets - Deposit	17,035,189	6,951,848	4,413,958
Total Assets	278,574,512	293,751,020	158,063,051

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LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Bank Overdraft and Short-term Loans from Financial Institutions	171,000,000	148,500,000	79,000,000
Trade Accounts and Other Payable	76,493,650	113,508,659	58,329,883
Accrued Income Tax	-	1,279,155	-
Estimated Liabilities Short-term	-	-	3,239,524
Other Current Liabilities	13,429,300	10,966,006	5,552,405
Total Current Liabilities	260,922,950	274,253,820	146,121,812
Estimated Liabilities Employee Benefits	-	1,124,785	1,622,720
Other Non-current Liabilities	3,426,132	-	-
Total Liabilities	264,349,082	275,378,605	147,744,532
Shareholders' Equity			
Share capital : Baht 10 value authorized, and issued share capital 6,365,000 shares in 2017	63,650,000		
2,500,000 shares in 2016 & 2015		25,000,000	25,000,000
Capital Paid	63,650,000	25,000,000	25,000,000
Retained Earning -Unappropriated [Deficit]	[49,424,570]	[6,627,585]	[14,681,481]
Total Shareholders' Equity	14,225,430	18,372,415	10,318,519
Total Liabilities and Shareholders' Equity	278,574,512	293,751,020	158,063,051

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Services Income	315,166,368	321,599,366	-
Other Income	17,659,325	50,883,176	-
Total Revenues	332,825,693	372,482,542	-
Expenses			
Cost of Goods Sold or Services	230,800,941	219,653,075	-
Selling Expenses	76,141,227	66,900,788	-
Administrative Expenses	72,643,439	70,118,312	-

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Total Expenses	379,585,607	356,672,175	-
Profit /[Loss] before Financial Cost and Income Tax	[46,759,914]	15,810,367	-
Financial Cost	[5,867,773]	[5,279,076]	-
Profit /[Loss] before Income Tax Income Tax	[52,627,687] 9,830,702	10,531,291 [2,477,395]	- -
Net Profit / [Loss]	[42,796,985]	8,053,896	1,332,294

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	0.89	1.03	1.03
QUICK RATIO	TIMES	0.75	0.80	0.54
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	12.44	80.46	-
TOTAL ASSETS TURNOVER	TIMES	1.13	1.09	-
INVENTORY CONVERSION PERIOD	DAYS	34.68	53.26	-
INVENTORY TURNOVER	TIMES	10.53	6.85	-
RECEIVABLES CONVERSION PERIOD	DAYS	202.20	135.89	-
RECEIVABLES TURNOVER	TIMES	1.81	2.69	-
PAYABLES CONVERSION PERIOD	DAYS	120.97	188.62	-
CASH CONVERSION CYCLE	DAYS	115.91	0.53	-
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	73.23	68.30	-
SELLING & ADMINISTRATION INTEREST	%	47.21 1.86	42.61 1.64	- -
GROSS PROFIT MARGIN	%	32.37	47.52	-
NET PROFIT MARGIN BEFORE EX. ITEM	%	(14.84)	4.92	-
NET PROFIT MARGIN	%	(13.58)	2.50	-
RETURN ON EQUITY	%	(300.85)	43.84	12.91
RETURN ON ASSET	%	(15.36)	2.74	0.84
EARNING PER SHARE	BAHT	(6.72)	3.22	0.53
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.95	0.94	0.93
DEBT TO EQUITY RATIO	TIMES	18.58	14.99	14.32
TIME INTEREST EARNED	TIMES	(7.97)	2.99	-
ANNUAL GROWTH				
SALES GROWTH	%	(2.00)	-	-
OPERATING PROFIT	%	(395.75)	-	-

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KIRLOSKAR BROTHERS (THAILAND) LIMITED - 538663

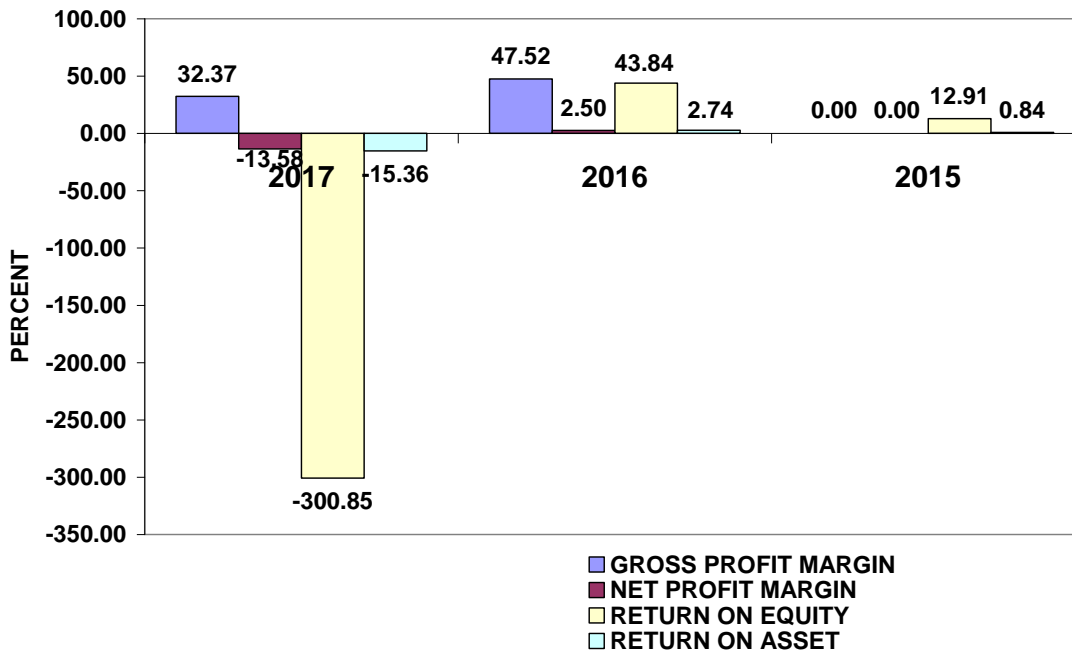
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NET PROFIT	%	(631.38)	504.51
FIXED ASSETS	%	534.06	90.03
TOTAL ASSETS	%	(5.17)	85.84

ANNUAL GROWTH : RISKY

An annual sales growth is -2%. Sales Income has decreased from THB 321,599,366.00 in 2016 to THB 315,166,368.00 in 2017. While net profit has decreased from THB 8,053,896.00 in 2016 to THB -42,796,985.00 in 2017. And total assets has decreased from THB 293,751,020.00 in 2016 to THB 278,574,512.00 in 2017.

PROFITABILITY : RISKY



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PROFITABILITY RATIO

Gross Profit Margin	32.37	Acceptable	Industrial Average	87.56
Net Profit Margin	(13.58)	Deteriorated	Industrial Average	4.74
Return on Assets	(15.36)	Deteriorated	Industrial Average	6.06
Return on Equity	(300.85)	Deteriorated	Industrial Average	11.53

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. The company's figure is 32.37%. When compared with the industry average, the ratio of the company was lower. This indicated that company may have problems with control over its costs.

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 -13.58%. When compared with the industry average, the ratio of the company was lower.

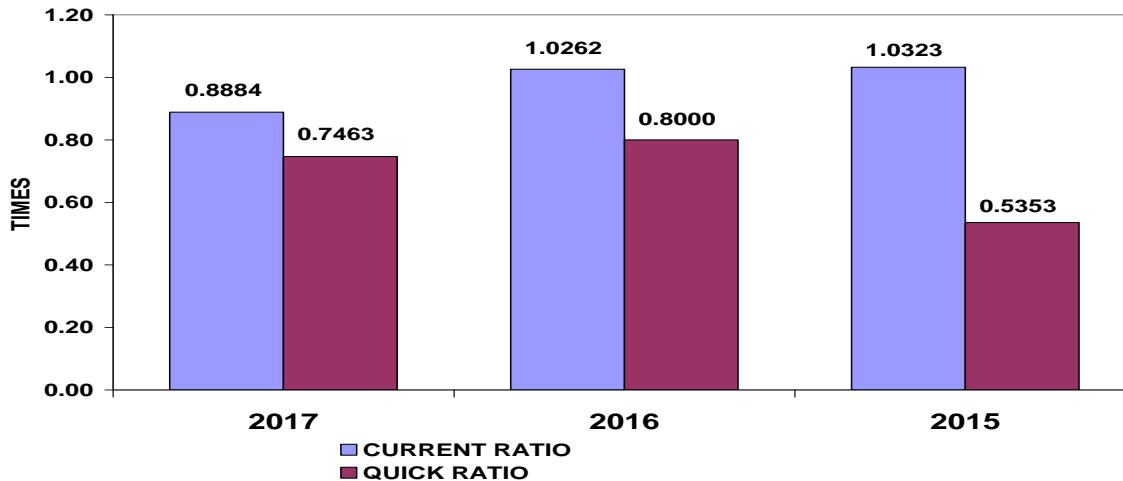
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is -15.36%.

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 -300.85%.

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	0.89	Risky	Industrial Average	2.12
Quick Ratio	0.75			
Cash Conversion Cycle	115.91			

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 0.89 times in 2017, decrease from 1.03 times, then the company may have problems meeting its short-term obligations. When compared with the industry average, the ratio of the company was lower.

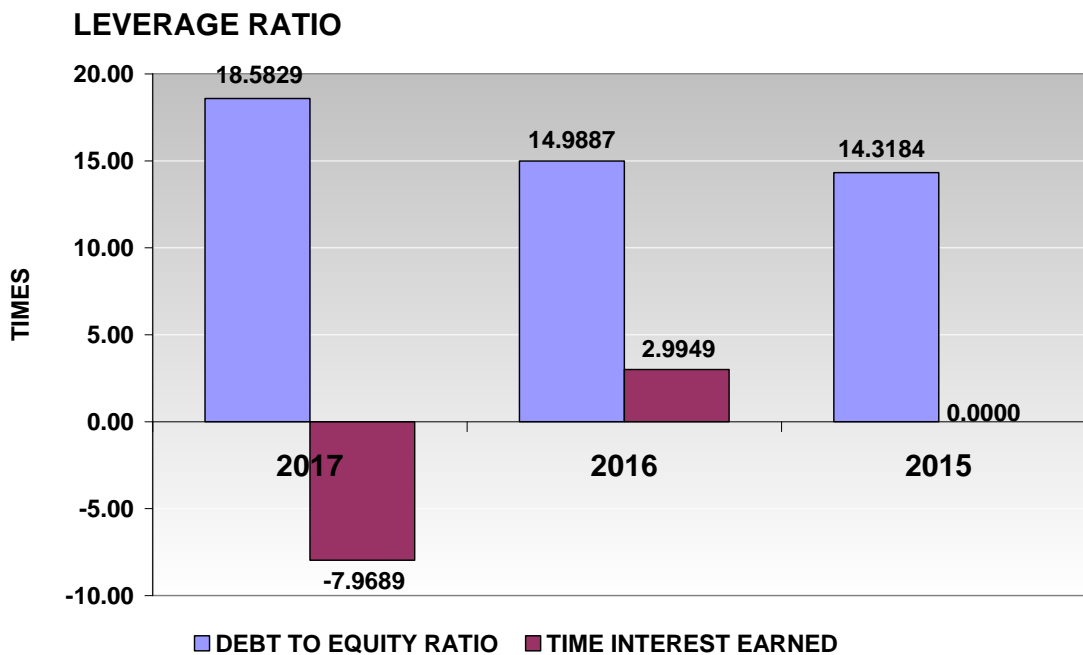
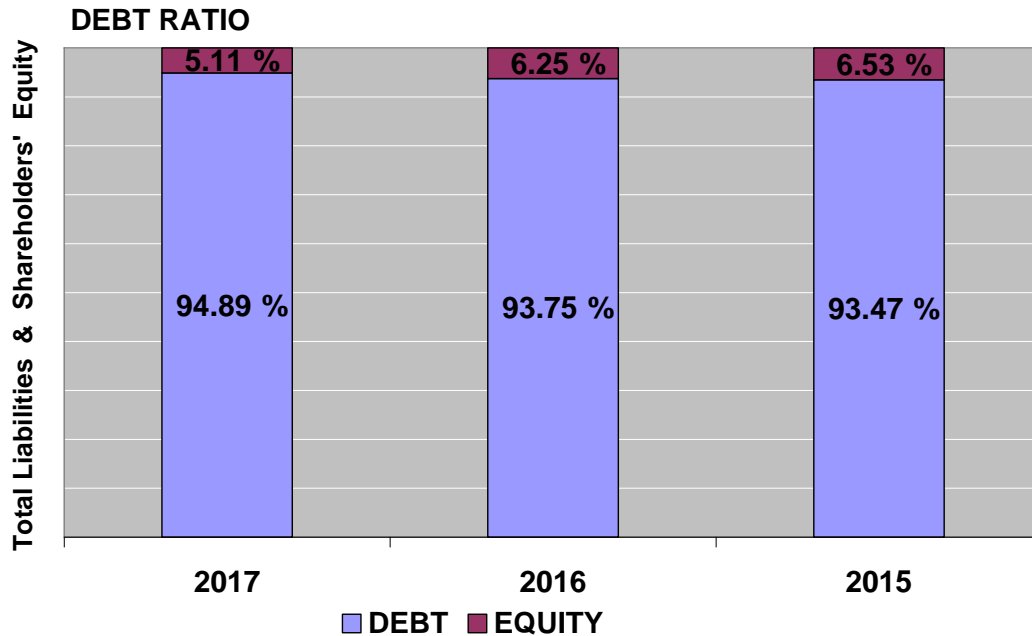
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 0.75 times in 2017, decrease from 0.8 times, then the company has not enough current assets that presumably 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 116 days.

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

Current Ratio Uptrend

LEVERAGE : RISKY



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LEVERAGE RATIO

Debt Ratio	0.95	Acceptable	Industrial Average	0.44
Debt to Equity Ratio	18.58	Risky	Industrial Average	0.79
Times Interest Earned	(7.97)	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 higher the percentage means that the company is using less equity and has stronger leverage position.

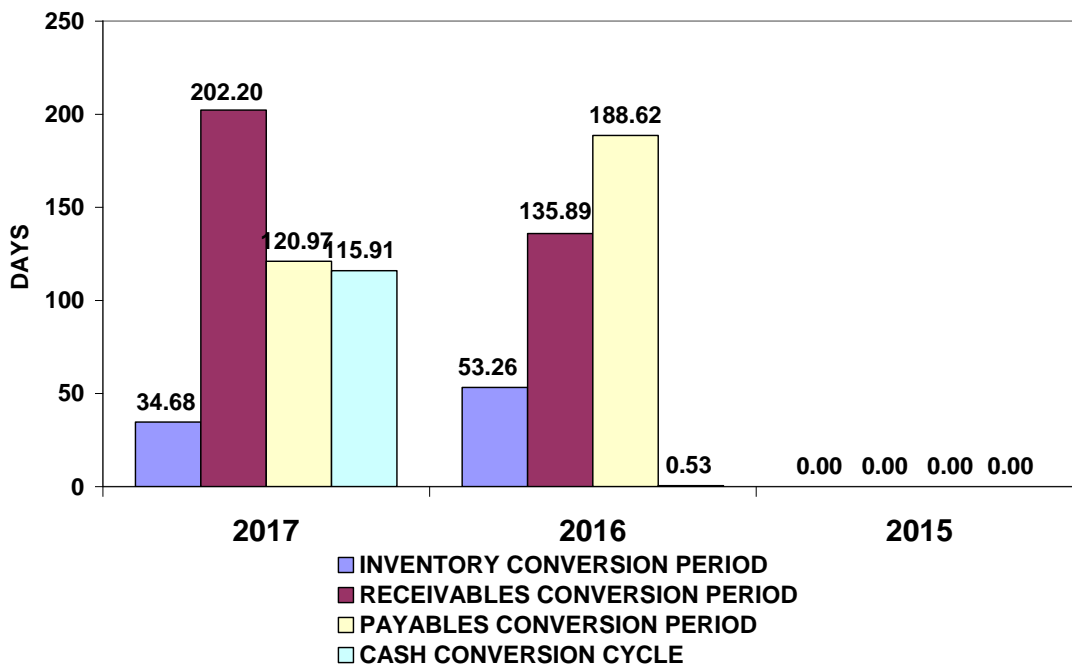
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is -7.97 lower than 1, so the company is not generating enough cash from EBIT to meet its interest obligations.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.95 greater than 0.5, most of the company's assets are financed through debt.

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	12.44	Impressive	Industrial Average	-
Total Assets Turnover	1.13	Satisfactory	Industrial Average	1.28
Inventory Conversion Period	34.68			
Inventory Turnover	10.53	Impressive	Industrial Average	3.49
Receivables Conversion Period	202.20			
Receivables Turnover	1.81	Acceptable	Industrial Average	5.33
Payables Conversion Period	120.97			

The company's Account Receivable Ratio is calculated as 1.81 and 2.69 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 53 days at the end of 2016 to 35 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 6.85 times in year 2016 to 10.53 times in year 2017.

The company's Total Asset Turnover is calculated as 1.13 times and 1.09 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
THB	1	INR 2.19

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

INFORMATION DETAILS

Analysis Done by :	VIVR
Report Prepared by :	KET

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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)