

MIRA INFORM REPORT

| | |
|---------------|------------|
| Report No. : | 541109 |
| Report Date : | 24.11.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|---|
| Name : | NGARM ROONG TEXTILE INDUSTRY COMPANY LIMITED |
| Registered Office : | 99/2 Moo 2, Settakij 1 Road, T. Nadee, A. Muang, Samutsakorn 74000 |
| Country : | Thailand |
| Financials (as on) : | 31.12.2017 |
| Date of Incorporation : | 26.06.1987 |
| Com. Reg. No.: | 0745530000227 |
| Legal Form : | Private Limited Company |
| Line of Business : | The subject is engaged in textile manufacturing, printing and dyeing services for various types of fabrics such as cotton, gray, plain, satin, dobby and etc., according to customer's requirement. |
| No. of Employees : | 320 |

RATING & COMMENTS

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

MIRA's Rating : A

| Credit Rating | Explanation | Rating Comments |
|---------------|-----------------|---|
| A | Acceptable Risk | Business dealings permissible with moderate risk of default |

| | |
|---------------------|---------------|
| Status : | Good |
| Payment Behaviour : | No Complaints |
| Litigation : | Clear |

NOTES :

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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

NGARM ROONG TEXTILE INDUSTRY COMPANY LIMITED

SUMMARY

BUSINESS ADDRESS : 99/2 MOO 2, SETTAKIJ 1 ROAD, T. NADEE,
A. MUANG, SAMUTSAKORN 74000, THAILAND
TELEPHONE : [66] 34 830-083-5
FAX : [66] 34 830-086
E-MAIL ADDRESS : info@nrtextile.com
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS
ESTABLISHED : 1987
REGISTRATION/TAX ID NO. : 0745530000227
CAPITAL REGISTERED : BHT. 34,000,000
CAPITAL PAID-UP : BHT. 34,000,000
SHARES PROPORTION : THAI : 100%
FISCAL YEAR CLOSING DATE : DECEMBER 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MR. SOMPOL LERTSIRIPANICH, THAI
MANAGING DIRECTOR
NO. OF STAFF : 320
LINES OF BUSINESS : TEXTILE MANUFACTURING, DYEING
AND PRINTING SERVICES

CORPORATE PROFILE

OPERATING TREND : STABLE
PRESENT SITUATION : OPERATING NORMALLY
REPUTATION : GOOD WITH NORMAL BUSINESS ENGAGEMENT
MANAGEMENT STANDARD : MANAGEMENT WITH FAIR PERFORMANCE

HISTORY

The subject was established on June 26, 1987 as a private limited company under the registered name NGARM ROONG TEXTILE INDUSTRY COMPANY LIMITED, by Thai group, with the objective to be engaged in textile manufacturing, dyeing and printing services to both domestic and overseas markets. It currently employs approximately 320 staff.

The subject's registered address is 99/2 Moo 2, Settakij 1 Road, T. Nadee, A. Muang, Samutsakorn 74000, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

| <u>Name</u> | <u>Nationality</u> | <u>Age</u> |
|-----------------------------|--------------------|------------|
| Mr. Pornchai Lertsiripanich | Thai | 68 |
| Mr. Pongsan Lertsiripanich | Thai | 40 |
| Mr. Sompol Lertsiripanich | Thai | 44 |

AUTHORIZED PERSON

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

MANAGEMENT

Mr. Sompol Lertsiripanich is the Managing Director.
He is Thai nationality with the age of 44 years old.

Mr. Pongsan Lertsiripanich is the Deputy Managing Director and Export Manager.
He is Thai nationality with the age of 40 years old.

Mr. Surapong Lertsiripanich is the Assistant Managing Director.
He is Thai nationality.

BUSINESS OPERATIONS

The subject is engaged in textile manufacturing, printing and dyeing services for various types of fabrics such as cotton, gray, plain, satin, dobby and etc., according to customer's requirement.

PURCHASE

Most of raw materials are purchased from local suppliers, the remaining is imported from Japan, Republic of China and India.

SERVICES

The products are served to both local and overseas customers in Japan, Singapore, Indonesia, U.S.A., India, Pakistan and the country in Europe.

SUBSIDIARY AND AFFILIATED COMPANY

The subject is not found to have any subsidiary or affiliated company here in Thailand.

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

BANKING

Kasikornbank Public Company Limited
The Siam Commercial Bank Public Company Limited

EMPLOYMENT

The subject currently employs approximately 320 staff.

LOCATION DETAILS

The premise is owned for administrative office, factory and warehouse at the heading address. Premise is located in provincial.

COMMENT

The subject's operating performance in 2017 was satisfactory with an increase in both sales or service income and net profit comparing to the previous year, mainly caused by high consumption of the products and service from related industries of both local and overseas countries. Generally, the subject's business is promising and growing steadily in line with the growth and improvement of garment, apparel, home textile and technical textile industries.

FINANCIAL INFORMATION

The capital was registered at Bht. 2,000,000 divided into 20,000 shares of Bht. 100

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each with fully paid.

The capital was increased later as follows:

Bht. 5,000,000 on December 22, 2004
Bht. 10,000,000 on October 11, 2005
Bht. 24,000,000 on October 21, 2011
Bht. 34,000,000 on October 21, 2011

The latest registered capital was increased to Bht. 34,000,000 divided into 340,000 shares of Bht. 100 each with fully paid.

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

| <u>NAME</u> | <u>HOLDING</u> | <u>%</u> |
|--|----------------|----------|
| Mr. Sompol Lertsiripanich Nationality: Thai Address : 99/2 Moo 2, Settakij 1 Road, T. Nadee, A. Muang, Samutsakorn | 85,000 | 25.00 |
| Mr. Pongsan Lertsiripanich Nationality: Thai Address : 99/2 Moo 2, Settakij 1 Road, T. Nadee, A. Muang, Samutsakorn | 68,000 | 20.00 |
| Mr. Pornchai Lertsiripanich Nationality: Thai Address : 99/2 Moo 2, Settakij 1 Road, T. Nadee, A. Muang, Samutsakorn | 68,000 | 20.00 |
| Mr. Surapong Lertsiripanich Nationality: Thai Address : 99/2 Moo 2, Settakij 1 Road, T. Nadee, A. Muang, Samutsakorn | 68,000 | 20.00 |
| Ms. Pornpen Lertsiripanich Nationality: Thai Address : 28/231 Rama 2 Road, Bangmod, Jomthong, Bangkok | 34,000 | 10.00 |
| Mrs. Sarida Lertsiripanich Nationality: Thai Address : 61/5 Moo 2, Suksawad Road, Jomthong, Bangkok | 17,000 | 5.00 |

Total Shareholders : 6

Share Structure [as at April 30, 2018]

| Nationality | Shareholders | No. of Share | % Shares |
|--------------------|---------------------|---------------------|-----------------|
| Thai | 6 | 340,000 | 100.00 |

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| | | | |
|--------------|----------|----------------|---------------|
| Foreign | - | - | - |
| Total | 6 | 340,000 | 100.00 |

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Mrs. Chaveewan Srivattanakul No. 3113

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 | 750,849.59 | 578,401.37 | 575,311.58 |
| Trade Accounts and Other Receivable | 76,684,704.53 | 41,501,967.24 | 29,704,828.26 |
| Short-term Loans | - | 17,000,000.00 | 39,500,000.00 |
| Inventories | 43,761,482.95 | 50,157,986.97 | 39,705,158.85 |
| Total Current Assets | 121,197,037.07 | 109,238,355.58 | 109,485,298.69 |
| Property, Plant and Equipment | 6,027,175.60 | 6,881,744.19 | 8,343,618.50 |
| Other Non-current Assets | 2,899,000.00 | 2,899,000.00 | - |
| Total Assets | 130,123,212.67 | 119,019,099.77 | 117,828,917.19 |

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

| Current Liabilities | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|
| Bank Overdraft and Short-term Loan from Financial Institutions | 7,668,109.71 | 4,528,688.86 | 3,026,562.12 |
| Trade Accounts and Other Payable | 32,578,674.86 | 24,046,203.49 | 17,584,181.79 |
| Short-term Loans | 6,000,000.00 | - | - |
| Accrued Income Tax | 626,364.40 | 550,155.21 | 347,666.57 |
| Total Current Liabilities | 46,873,148.97 | 29,125,047.56 | 20,958,410.48 |
| Long-term Loan | 17,908,800.18 | 29,453,082.23 | 40,204,170.61 |
| Total Liabilities | 64,781,949.15 | 58,578,129.79 | 61,162,581.09 |

Shareholders' Equity

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NGARM ROONG TEXTILE INDUSTRY COMPANY LIMITED - 541109

PAGE NO. : 9

| | | | |
|--|-----------------------|-----------------------|-----------------------|
| Share capital : Baht 100 par value authorized, and issued share capital 340,000 shares | 34,000,000.00 | 34,000,000.00 | 34,000,000.00 |
| Capital Paid | 34,000,000.00 | 34,000,000.00 | 34,000,000.00 |
| Retained Earning -Unappropriated [Deficit] | 31,341,263.52 | 26,440,969.98 | 22,666,336.10 |
| Total Shareholders' Equity | 65,341,263.52 | 60,440,969.98 | 56,666,336.10 |
| Total Liabilities and Shareholders' Equity | 130,123,212.67 | 119,019,099.77 | 117,828,917.19 |

PROFIT & LOSS ACCOUNT

| Revenue | 2017 | 2016 | 2015 |
|--|--------------------------------|--------------------------------|------------------------------|
| Sales or Services Income | 429,885,698.97 | 381,431,633.10 | 329,632,875.34 |
| Other Income | 896.75 | 1,216,635.72 | 72,149.60 |
| Total Revenues | 429,886,595.72 | 382,648,268.82 | 329,705,024.94 |
| Expenses | | | |
| Cost of Goods Sold or Services | 406,866,041.37 | 362,771,419.87 | 309,598,362.05 |
| Selling Expenses | 2,600,805.65 | 2,087,128.72 | 1,426,046.67 |
| Administrative Expenses | 11,545,859.34 | 10,071,884.97 | 13,253,667.53 |
| Other Expenses | 661,669.11 | 20,218.74 | 5,700.00 |
| Total Expenses | 421,674,375.47 | 374,950,652.30 | 324,283,776.25 |
| Profit /[Loss] before Financial Cost and Income Tax | 8,212,220.25 | 7,697,616.52 | 5,421,248.69 |
| Financial Cost | [2,085,562.31] | [2,829,070.73] | [3,315,415.83] |
| Profit /[Loss] before Income Tax Income Tax | 6,126,657.94 [1,226,364.40] | 4,868,545.79 [1,093,911.91] | 2,105,832.86 [697,666.57] |
| Net Profit / [Loss] | 4,900,293.54 | 3,774,633.88 | 1,408,166.29 |

FINANCIAL ANALYSIS

| ITEM | UNIT | 2017 | 2016 | 2015 |
|------------------------|-------------|-------------|-------------|-------------|
| LIQUIDITY RATIO | | | | |
| CURRENT RATIO | TIMES | 2.59 | 3.75 | 5.22 |
| QUICK RATIO | TIMES | 1.65 | 2.03 | 3.33 |

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ACTIVITY RATIO

| | | | | |
|-------------------------------|-------|-------|-------|-------|
| FIXED ASSETS TURNOVER | TIMES | 71.32 | 55.43 | 39.51 |
| TOTAL ASSETS TURNOVER | TIMES | 3.30 | 3.20 | 2.80 |
| INVENTORY CONVERSION PERIOD | DAYS | 39.26 | 50.47 | 46.81 |
| INVENTORY TURNOVER | TIMES | 9.30 | 7.23 | 7.80 |
| RECEIVABLES CONVERSION PERIOD | DAYS | 65.11 | 39.71 | 32.89 |
| RECEIVABLES TURNOVER | TIMES | 5.61 | 9.19 | 11.10 |
| PAYABLES CONVERSION PERIOD | DAYS | 29.23 | 24.19 | 20.73 |
| CASH CONVERSION CYCLE | DAYS | 75.14 | 65.99 | 58.97 |

PROFITABILITY RATIO

| | | | | |
|-----------------------------------|------|-------|-------|-------|
| COST OF GOODS SOLD | % | 94.65 | 95.11 | 93.92 |
| SELLING & ADMINISTRATION | % | 3.29 | 3.19 | 4.45 |
| INTEREST | % | 0.49 | 0.74 | 1.01 |
| GROSS PROFIT MARGIN | % | 5.36 | 5.21 | 6.10 |
| NET PROFIT MARGIN BEFORE EX. ITEM | % | 1.91 | 2.02 | 1.64 |
| NET PROFIT MARGIN | % | 1.14 | 0.99 | 0.43 |
| RETURN ON EQUITY | % | 7.50 | 6.25 | 2.49 |
| RETURN ON ASSET | % | 3.77 | 3.17 | 1.20 |
| EARNING PER SHARE | BAHT | 14.41 | 11.10 | 4.14 |

LEVERAGE RATIO

| | | | | |
|----------------------|-------|------|------|------|
| DEBT RATIO | TIMES | 0.50 | 0.49 | 0.52 |
| DEBT TO EQUITY RATIO | TIMES | 0.99 | 0.97 | 1.08 |
| TIME INTEREST EARNED | TIMES | 3.94 | 2.72 | 1.64 |

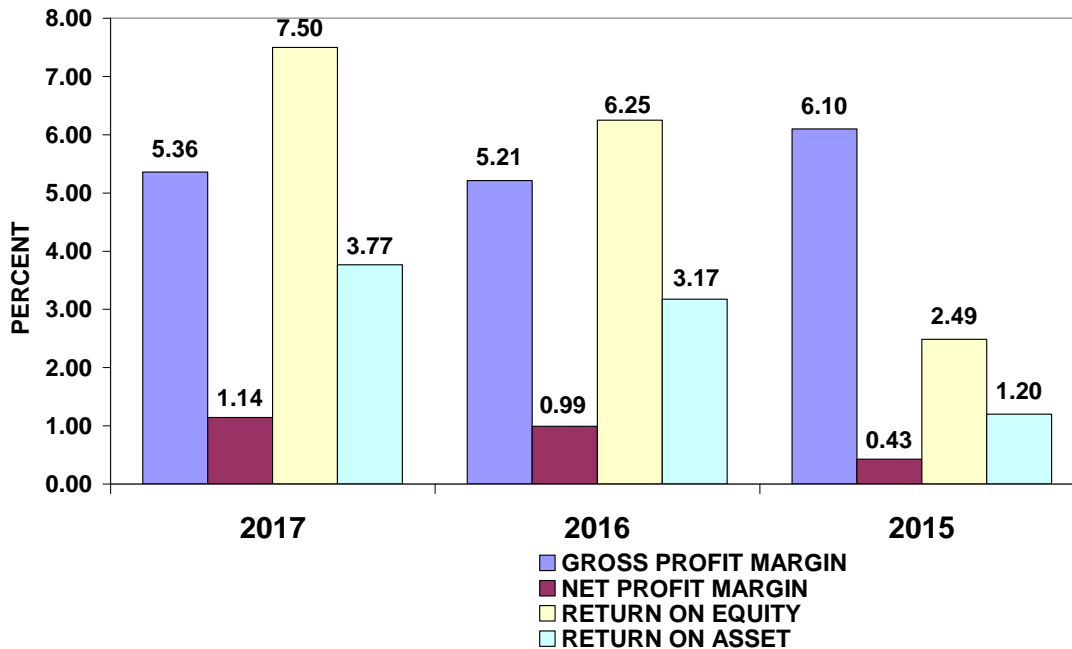
ANNUAL GROWTH

| | | | |
|------------------|---|---------|---------|
| SALES GROWTH | % | 12.70 | 15.71 |
| OPERATING PROFIT | % | 6.69 | 41.99 |
| NET PROFIT | % | 29.82 | 168.05 |
| FIXED ASSETS | % | (12.42) | (17.52) |
| TOTAL ASSETS | % | 9.33 | 1.01 |

ANNUAL GROWTH : IMPRESSIVE

An annual sales growth is 12.7%. Sales Income has increased from THB 381,431,633.10 in 2016 to THB 429,885,698.97 in 2017. While net profit has increased from THB 3,774,633.88 in 2016 to THB 4,900,293.54 in 2017. And total assets has increased from THB 119,019,099.77 in 2016 to THB 130,123,212.67 in 2017.

PROFITABILITY : IMPRESSIVE



PROFITABILITY RATIO

| | | | | |
|---------------------|------|--------------|--------------------|------|
| Gross Profit Margin | 5.36 | Impressive | Industrial Average | 4.85 |
| Net Profit Margin | 1.14 | Satisfactory | Industrial Average | 2.07 |
| Return on Assets | 3.77 | Impressive | Industrial Average | 2.76 |
| Return on Equity | 7.50 | Satisfactory | Industrial Average | 8.56 |

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 is 5.36%. 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 1.14%. 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. Return on Assets ratio is 3.77%, 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.

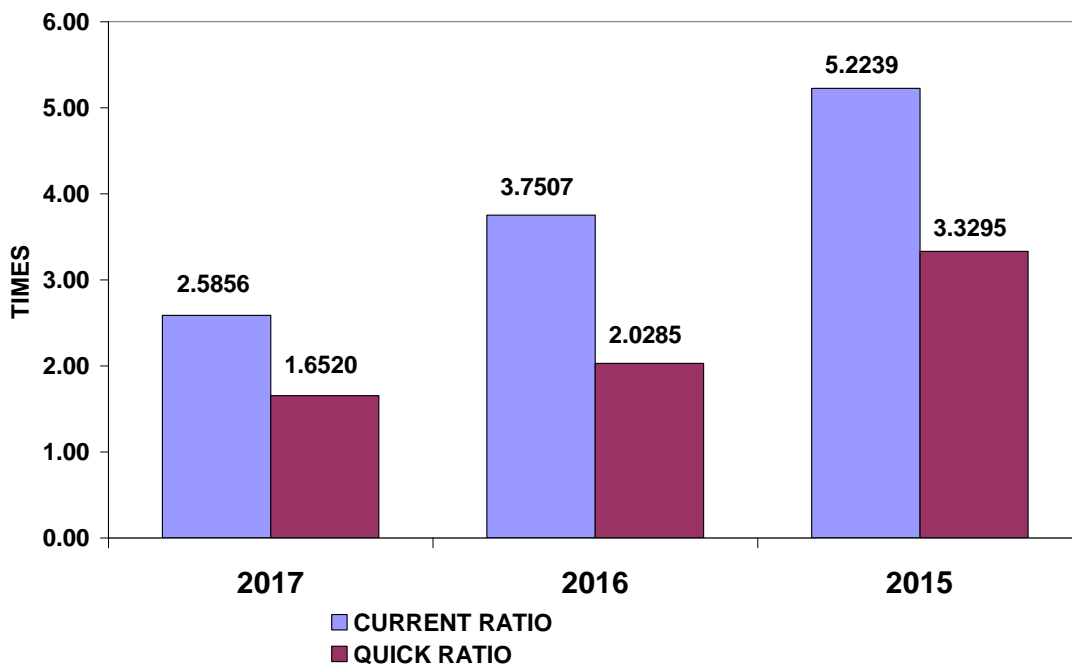
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Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. When compared with the industry average, it was lower, the company's figure is 7.5%.

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

Return on Assets Uptrend
 Return on Equity Uptrend

LIQUIDITY : SATISFACTORY



LIQUIDITY RATIO

| | | | | |
|-----------------------|-------|------------|--------------------|------|
| Current Ratio | 2.59 | Impressive | Industrial Average | 1.59 |
| Quick Ratio | 1.65 | | | |
| Cash Conversion Cycle | 75.14 | | | |

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 2.59 times in 2017, decrease from 3.75 times, then it is generally considered to have good short-term financial strength. When compared with the industry average, the ratio of the company was higher, indicated that company was an efficient operator in a dominant position within its industry.

The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.65 times in 2017, decrease from 2.03 times, although excluding inventory so the company still have good short-term financial strength.

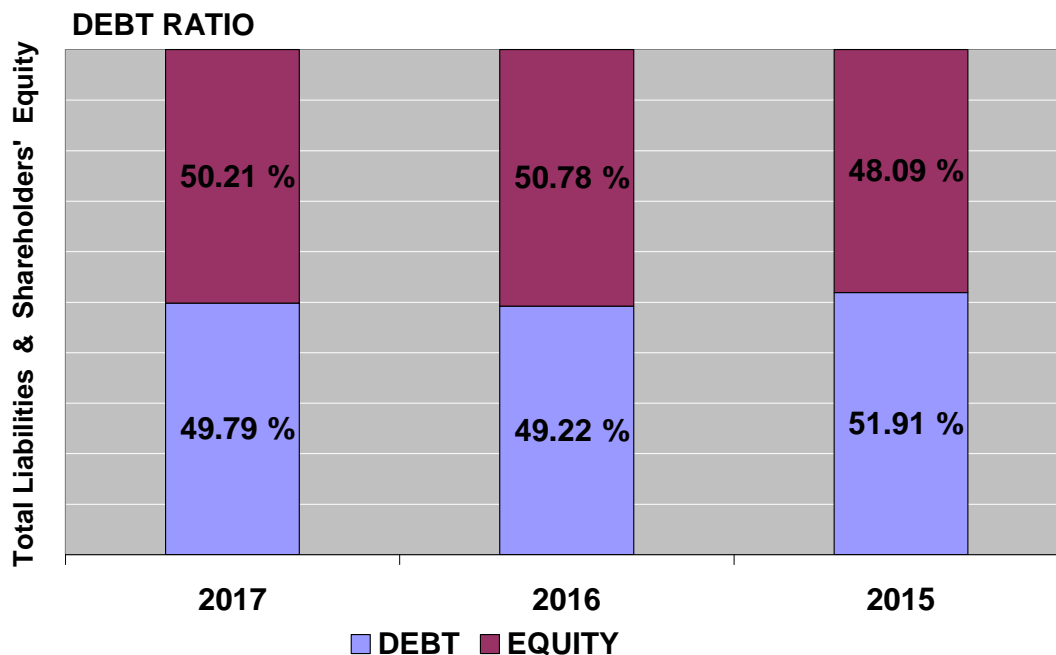
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The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 76 days.

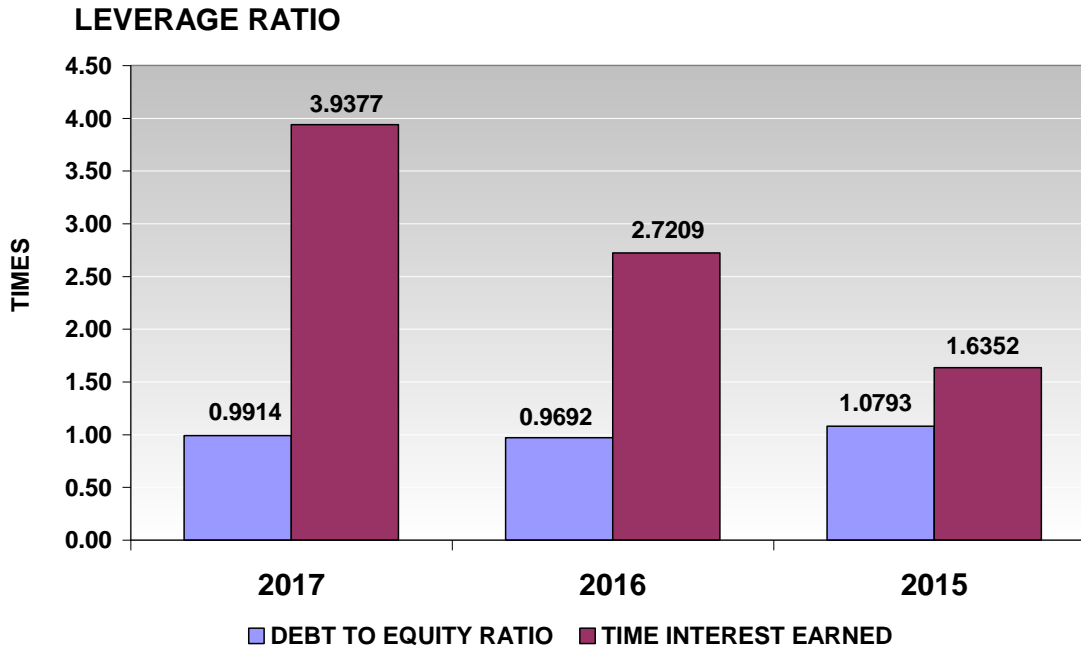
Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

LEVERAGE : EXCELLENT



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LEVERAGE RATIO

| | | | | |
|-----------------------|------|------------|--------------------|------|
| Debt Ratio | 0.50 | Impressive | Industrial Average | 0.67 |
| Debt to Equity Ratio | 0.99 | Impressive | Industrial Average | 2.02 |
| Times Interest Earned | 3.94 | Impressive | Industrial Average | - |

Debt to Equity Ratio a measurement of how much suppliers, lenders, creditors and obligors have committed to the company versus what the shareholders have committed. A lower the percentage means that the company is using less leverage and has a stronger equity position.

Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 3.94 higher than 1, so the company can pay interest expenses on outstanding debt.

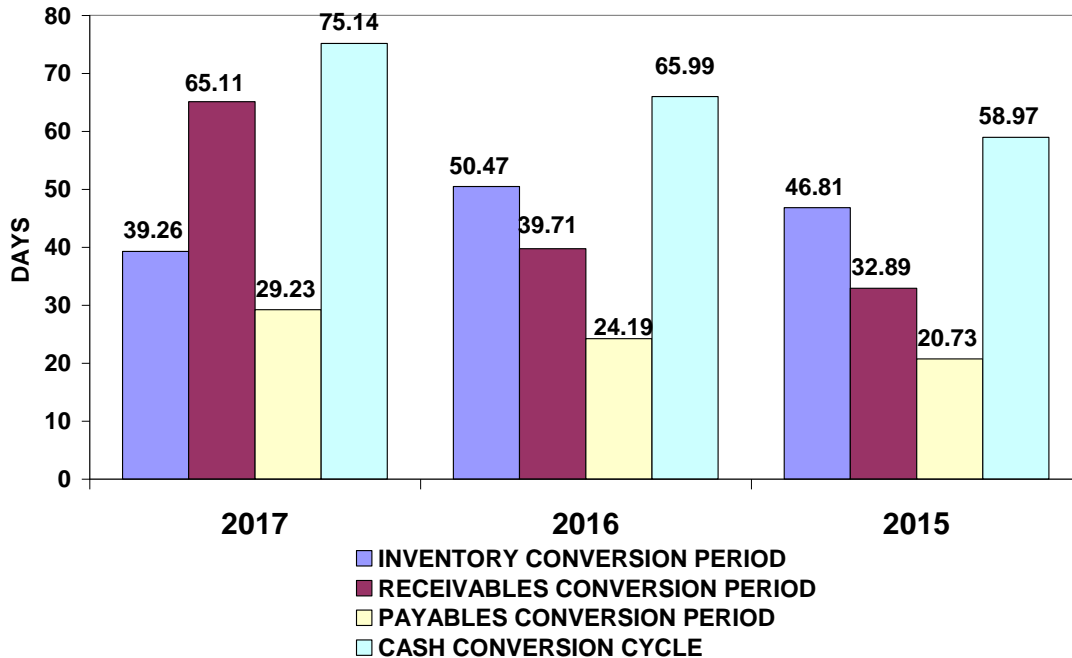
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.5, most of the company's assets are financed through equity.

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

| | |
|-----------------------|---------|
| Debt Ratio | Uptrend |
| Times Interest Earned | Stable |

ACTIVITY : EXCELLENT

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ACTIVITY RATIO

| | | | | |
|-------------------------------|-------|------------|--------------------|------|
| Fixed Assets Turnover | 71.32 | Impressive | Industrial Average | - |
| Total Assets Turnover | 3.30 | Impressive | Industrial Average | 1.33 |
| Inventory Conversion Period | 39.26 | | | |
| Inventory Turnover | 9.30 | Impressive | Industrial Average | 2.70 |
| Receivables Conversion Period | 65.11 | | | |
| Receivables Turnover | 5.61 | Impressive | Industrial Average | 4.49 |
| Payables Conversion Period | 29.23 | | | |

The company's Account Receivable Ratio is calculated as 5.61 and 9.19 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 50 days at the end of 2016 to 39 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 7.23 times in year 2016 to 9.3 times in year 2017.

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The company's Total Asset Turnover is calculated as 3.3 times and 3.2 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 | Downtrend |
| Receivables Turnover | Uptrend |

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 71.17 |
| UK Pound | 1 | INR 91.04 |
| Euro | 1 | INR 81.19 |
| Thai Baht | 1 | INR 2.14 |

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

INFORMATION DETAILS

| | |
|-----------------------------|-----|
| Analysis Done by : | NIS |
| Report Prepared by : | TPT |

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RATING EXPLANATIONS

| Credit Rating | Explanation | Rating Comments |
|---------------|------------------|--|
| A++ | Minimum Risk | Business dealings permissible with minimum risk of default |
| A+ | Low Risk | Business dealings permissible with low risk of default |
| A | Acceptable Risk | Business dealings permissible with moderate risk of default |
| B | Medium Risk | Business dealings permissible on a regular monitoring basis |
| C | Medium High Risk | Business dealings permissible preferably on secured basis |
| D | High Risk | Business dealing not recommended or on secured terms only |
| NB | New Business | No recommendation can be done due to business in infancy stage |
| NT | No Trace | No recommendation can be done as the business is not traceable |

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)