

## MIRA INFORM REPORT

Report No. :	541596
Report Date :	26.11.2018

### IDENTIFICATION DETAILS

Name :	RUAM UDOM TOWEL INDUSTRY CO., LTD.
Registered Office :	411 Moo 7, Soi Suksawat 76, Suksawat Road, T. Bangchak, A. Phrapradaeng, Samutprakarn 10130
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	08.10.1992
Com. Reg. No.:	0115535007420
Legal Form :	Private Limited Company
Line of Business :	The subject is engaged in textile business such as textile weaving, towel manufacturing, yarn spinning, textile dyeing and printing.
No. of Employees :	120

### RATING & COMMENTS

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

<b>MIRA's Rating :</b>	<b>B</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 but correct
Litigation :	Clear

### NOTES :

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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**

<b>Country Name</b>	<b>Previous Rating (30.06.2018)</b>	<b>Current Rating (30.09.2018)</b>
Thailand	A2	A2

<b>Risk Category</b>	<b>ECGC Classification</b>
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 & ADDRESS**

**RUAM UDOM TOWEL INDUSTRY CO., LTD.**

## **SUMMARY**

**BUSINESS ADDRESS** : 411 MOO 7, SOI SUKSAWAT 76, SUKSAWAT  
ROAD, T. BANGCHAK, A. PHRAPRADAENG,  
SAMUTPRAKARN 10130, THAILAND

**TELEPHONE** : [66] 2817-6286-8

**FAX** : [66] 2817-6289

**E-MAIL ADDRESS** : -

**REGISTRATION ADDRESS** : SAME AS BUSINESS ADDRESS

**ESTABLISHED** : 1992

**REGISTRATION/TAX ID NO.** : 0115535007420

**CAPITAL REGISTERED** : BHT. 30,000,000

**CAPITAL PAID-UP** : BHT. 30,000,000

**SHARES PROPORTION** : THAI : 80.00%  
CHINESE : 20.00%

**FISCAL YEAR CLOSING DATE** : DECEMBER 31

**LEGAL STATUS** : PRIVATE LIMITED COMPANY

**EXECUTIVE** : MR. CHAWENG UDOMCHARN, THAI  
MANAGING DIRECTOR

**NO. OF STAFF** : 120

**LINES OF BUSINESS** : TEXTILE WEAVING, DYEING AND SPINNING  
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 October 8, 1992 as a private limited company under the registered name RUAM UDOM TOWEL INDUSTRY CO., LTD., by Thai and Chinese groups, with the objective to be engaged in textile weaving, dyeing and spinning business. It currently employs approximately 120 staff.

The subject's registered address is 411 Moo 7, Soi Suksawat 76, Suksawat Road, T. Bangchak, A. Phrapradaeng, Samutprakarn 10130, 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. Chaweng Udomcharn	[x]	Thai	66
Mr. Chalerm Udomcharn	[x]	Thai	60
Mr. Chawin Udomcharn	[x]	Thai	56
Mr. Prasong Jitmanasak	[x]	Thai	61
Mr. Ho Chi Kay		Chinese	59
Mr. Kwan Ki Lai		Chinese	69

## AUTHORIZED PERSON

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

## MANAGEMENT

**Mr. Chaweng Udomcharn** is the Managing Director.  
He is Thai nationality with the age of 66 years old.

**Mr. Chalerm Udomcharn** is the Deputy Managing Director.  
He is Thai nationality with the age of 60 years old.

## BUSINESS OPERATIONS

The subject is engaged in textile business such as textile weaving, towel manufacturing, yarn spinning, textile dyeing and printing.

## PURCHASE

100% of raw materials is purchased from local suppliers.

## SALES

The products are sold to manufacturers and traders both locally and overseas in India, Japan, Hong Kong and Singapore.

## 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.  
Exports are against T/T.

## **BANKING**

Bangkok Bank Public Company Limited  
Kasikornbank Public Company Limited

## **EMPLOYMENT**

The subject employs approximately 120 staff.

## **LOCATION DETAILS**

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

## **COMMENT**

The subject's operating performance in 2017 was slowdown from a decrease in sales or service income and higher net loss comparing to the previous year. The subject has encountered a slow growth for the past two years from high competition, high cost of goods sold or service and financial cost which are unfavourable to the subject's business.

## **FINANCIAL INFORMATION**

The capital was registered at Bht. 10,000,000 divided into 100,000 shares of Bht. 100 each with fully paid.

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The capital was increased later as follows:

Bht. 20,000,000 on May 13, 1996  
Bht. 30,000,000 on July 8, 2003

The latest registered capital was increased to Bht. 30,000,000 divided into 300,000 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>
<b>Mr. Chaweng Udomcharn</b> Nationality: Thai Address : 195/1 Moo 2, Suksawat Road, T. Bangchak, A. Phrapradaeng, Samutprakarn	30,000	10.00
<b>Mr. Prasong Jitmanasak</b> Nationality: Thai Address : 115 Soi Werng Nakornkasem, Samphantawong, Bangkok	30,000	10.00
<b>Mr. Ho Chi Kay</b> Nationality: Chinese Address : A-4, 7 <sup>th</sup> Floor, Yee On Court, 79H Waterloo Road, Kowloon, Hong Kong	30,000	10.00
<b>Mr. Kwan Ki Lai</b> Nationality: Chinese Address : 9 Block J, 10 <sup>th</sup> Floor, Man Ming House, Chun Man Court, Ho Man Tin, Kowloon, Hong Kong	30,000	10.00
<b>Mr. Chalerm Udomcharn</b> Nationality: Thai Address : 507 Charoenrat Road, Klongsan, Bangkok	30,000	10.00
<b>Mrs. Sirima Jitmanasak</b> Nationality: Thai Address : 115 Soi Werbf Nakornkasem, Samphantawong, Bangkok	30,000	10.00
<b>Mrs. Orasa Udomcharn</b> Nationality: Thai Address : 195 Moo 2, Suksawat Road, T. Bangchak, A. Phrapradaeng, Samutprakarn	30,000	10.00
<b>Mrs. Puangthong Udomcharn</b> Nationality: Thai Address : 507 Charoenrat Road, Klongsan, Bangkok	30,000	10.00
<b>Mr. Chawin Udomcharn</b> Nationality: Thai Address : 102 Mahanakorn Road, Mahaprutharam,	30,000	10.00

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Bangrak, Bangkok <b>Mrs. Nisha Udomcharn</b> Nationality: Thai Address : 102 Mahanakorn Road, Mahaprutharam, Bangrak, Bangkok	15,000	5.00
<b>Mrs. Porn Asawasintawee</b> Nationality: Thai Address : 195 Moo 2, Suksawat Road, T. Bangchak, A. Phrapradaeng, Samutprakarn	15,000	5.00

**Total Shareholders : 11**

**Share Structure** [as at April 30, 2018]

<b>Nationality</b>	<b>Shareholders</b>	<b>No. of Share</b>	<b>% Shares</b>
Thai	9	240,000	80.00
Foreign - Chinese	2	60,000	20.00
<b>Total</b>	<b>11</b>	<b>300,000</b>	<b>100.00</b>

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

Ms. Surawadee Leethaweekul No. 5042

**BALANCE SHEET [BAHT]**

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

**ASSETS**

<b>Current Assets</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash and Cash Equivalents	164,243.31	234,358.77	118,651.94
Trade Accounts and Other Receivable	18,174,916.57	9,745,706.57	12,688,108.03
Inventories	47,328,184.61	47,157,763.10	49,429,839.72
Other Current Assets	1,510,207.91	1,501,433.91	2,200,063.97
<b>Total Current Assets</b>	<b>67,177,552.40</b>	<b>58,639,262.35</b>	<b>64,436,663.66</b>
Property, Plant and Equipment	26,643,965.68	28,610,640.40	30,433,596.00
<b>Total Assets</b>	<b>93,821,518.08</b>	<b>87,249,902.75</b>	<b>94,870,259.66</b>

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

<b>Current Liabilities</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Bank Overdraft and Short-term Loan from Financial Institutions	9,968,462.77	3,227,118.86	10,453,704.54
Trade Accounts and Other Payable	11,092,049.34	8,000,002.69	6,828,035.53
Short-term Loans	2,700,000.00	27,100,000.00	27,700,000.00
Other Current Liabilities	260,255.87	271,317.36	171,624.41
<b>Total Current Liabilities</b>	<b>24,020,767.98</b>	<b>38,598,438.91</b>	<b>45,153,364.48</b>
Long-term Loan	37,100,000.00	10,000,000.00	10,000,000.00
Provision for Employee Benefits	979,399.29	822,857.88	650,331.18
<b>Total Liabilities</b>	<b>62,100,167.27</b>	<b>49,421,296.79</b>	<b>55,803,695.66</b>
<b>Shareholders' Equity</b>			
Share capital : Baht 100 par value authorized, and issued share capital 300,000 shares	30,000,000.00	30,000,000.00	30,000,000.00
Capital Paid	30,000,000.00	30,000,000.00	30,000,000.00
Retained Earning -Unappropriated [Deficit]	1,721,350.81	7,828,605.96	9,066,564.00
<b>Total Shareholders' Equity</b>	<b>31,721,350.81</b>	<b>37,828,605.96</b>	<b>39,066,564.00</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>93,821,518.08</b>	<b>87,249,902.75</b>	<b>94,870,259.66</b>

**PROFIT & LOSS ACCOUNT**

<b>Revenue</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Sales or Services Income	102,958,651.08	106,761,293.28	110,466,082.57
Other Income	773,729.46	2,648.05	50,610.64
<b>Total Revenues</b>	<b>103,732,380.54</b>	<b>106,763,941.33</b>	<b>110,516,693.21</b>
<b>Expenses</b>			
Cost of Goods Sold or Services	98,166,965.53	96,535,663.16	110,275,248.18
Administrative Expenses	10,389,869.72	10,299,428.35	12,268,802.29
<b>Total Expenses</b>	<b>108,556,835.25</b>	<b>106,835,091.51</b>	<b>122,544,050.47</b>

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Profit /[Loss] before Financial Cost	[4,824,454.71]	[71,150.18]	[12,027,357.26]
Financial Cost	[1,282,800.44]	[1,166,807.86]	[2,156,935.15]
<b>Net Profit / [Loss]</b>	<b>[6,107,255.15]</b>	<b>[1,237,958.04]</b>	<b>[14,184,292.41]</b>

**FINANCIAL ANALYSIS**

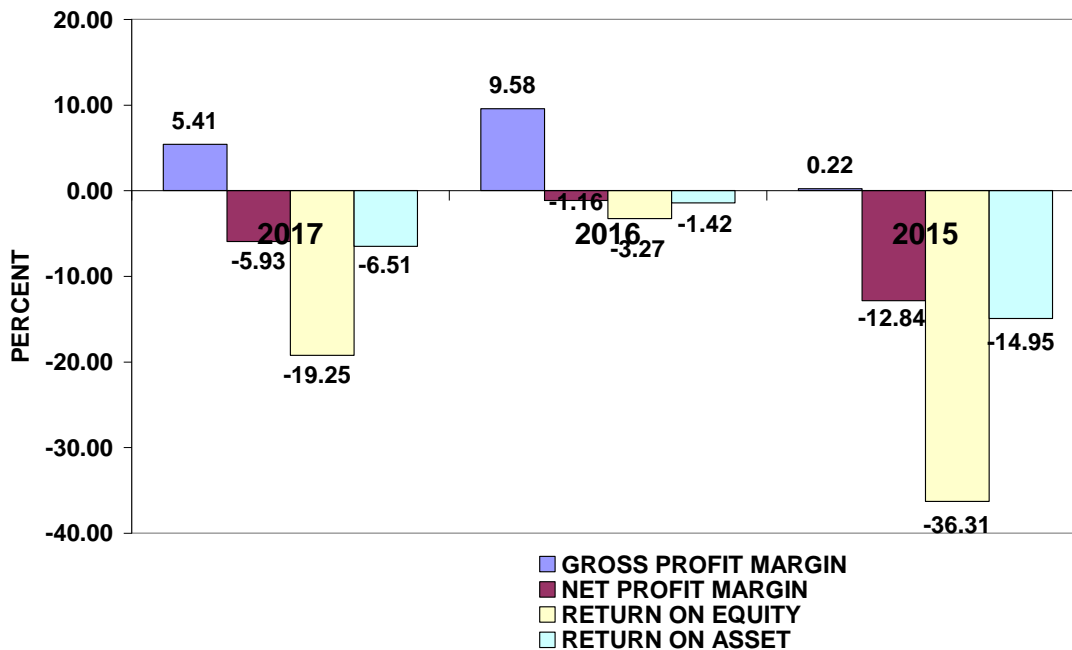
<b>ITEM</b>	<b>UNIT</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>LIQUIDITY RATIO</b>				
CURRENT RATIO	TIMES	2.80	1.52	1.43
QUICK RATIO	TIMES	0.76	0.26	0.28
<b>ACTIVITY RATIO</b>				
FIXED ASSETS TURNOVER	TIMES	3.86	3.73	3.63
TOTAL ASSETS TURNOVER	TIMES	1.10	1.22	1.16
INVENTORY CONVERSION PERIOD	DAYS	175.97	178.30	163.61
INVENTORY TURNOVER	TIMES	2.07	2.05	2.23
RECEIVABLES CONVERSION PERIOD	DAYS	64.43	33.32	41.92
RECEIVABLES TURNOVER	TIMES	5.66	10.95	8.71
PAYABLES CONVERSION PERIOD	DAYS	41.24	30.25	22.60
CASH CONVERSION CYCLE	DAYS	199.16	181.37	182.93
<b>PROFITABILITY RATIO</b>				
COST OF GOODS SOLD	%	95.35	90.42	99.83
SELLING & ADMINISTRATION INTEREST	%	10.09	9.65	11.11
GROSS PROFIT MARGIN	%	5.41	9.58	0.22
NET PROFIT MARGIN BEFORE EX. ITEM	%	(4.69)	(0.07)	(10.89)
NET PROFIT MARGIN	%	(5.93)	(1.16)	(12.84)
RETURN ON EQUITY	%	(19.25)	(3.27)	(36.31)
RETURN ON ASSET	%	(6.51)	(1.42)	(14.95)
EARNING PER SHARE	BAHT	(20.36)	(4.13)	(47.28)
<b>LEVERAGE RATIO</b>				
DEBT RATIO	TIMES	0.66	0.57	0.59
DEBT TO EQUITY RATIO	TIMES	1.96	1.31	1.43
TIME INTEREST EARNED	TIMES	(3.76)	(0.06)	(5.58)
<b>ANNUAL GROWTH</b>				
SALES GROWTH	%	(3.56)	(3.35)	
OPERATING PROFIT	%	6,680.66	(99.41)	
NET PROFIT	%	(393.33)	91.27	
FIXED ASSETS	%	(6.87)	(5.99)	
TOTAL ASSETS	%	7.53	(8.03)	

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**ANNUAL GROWTH : ACCEPTABLE**

An annual sales growth is -3.56%. Sales Income has decreased from THB 106,761,293.28 in 2016 to THB 102,958,651.08 in 2017. While net profit has decreased from THB -1,237,958.04 in 2016 to THB -6,107,255.15 in 2017. And total assets has increased from THB 87,249,902.75 in 2016 to THB 93,821,518.08 in 2017.

**PROFITABILITY : ACCEPTABLE**



**PROFITABILITY RATIO**

Gross Profit Margin	5.41	Impressive	Industrial Average	3.57
Net Profit Margin	(5.93)	Deteriorated	Industrial Average	(3.69)
Return on Assets	(6.51)	Deteriorated	Industrial Average	(3.82)
Return on Equity	(19.25)	Deteriorated	Industrial Average	(14.06)

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 5.41%. 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

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profits and result in a net loss. The company's figure is -5.93%. When compared with the industry average, the ratio of the company was lower.

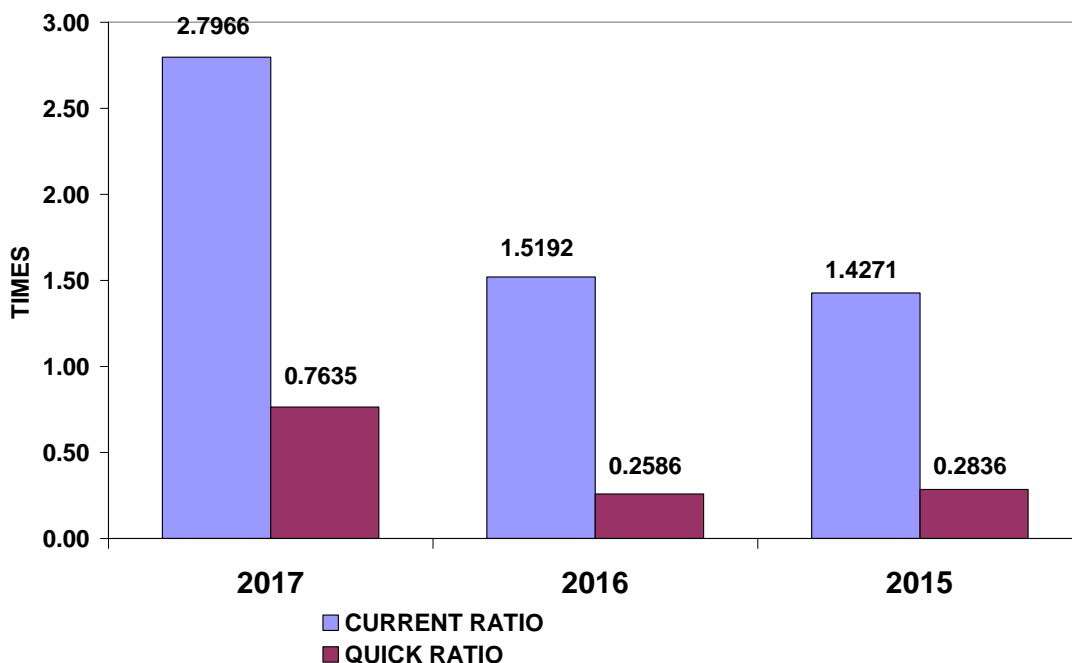
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is -6.51%.

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 -19.25%.

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

Return on Assets                      Downtrend  
Return on Equity                      Downtrend

**LIQUIDITY : ACCEPTABLE**



**LIQUIDITY RATIO**

Current Ratio	2.80	Impressive	Industrial Average	1.71
Quick Ratio	0.76			
Cash Conversion Cycle	199.16			

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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 2.8 times in 2017, increase from 1.52 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.

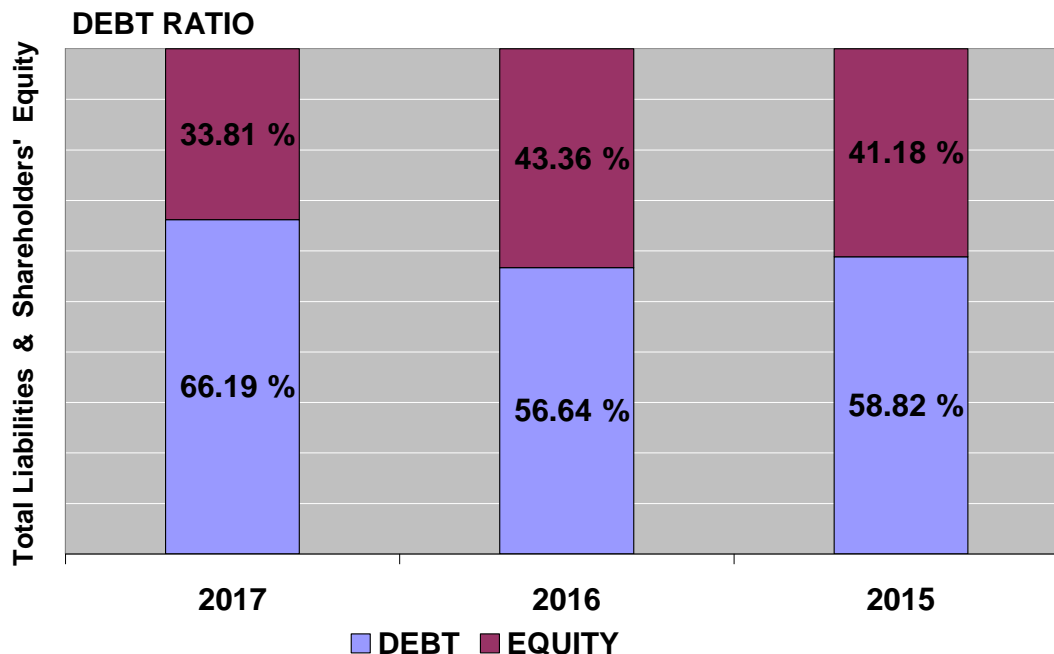
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 0.76 times in 2017, increase from 0.26 times, then the company has not enough current assets that presumably 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 200 days.

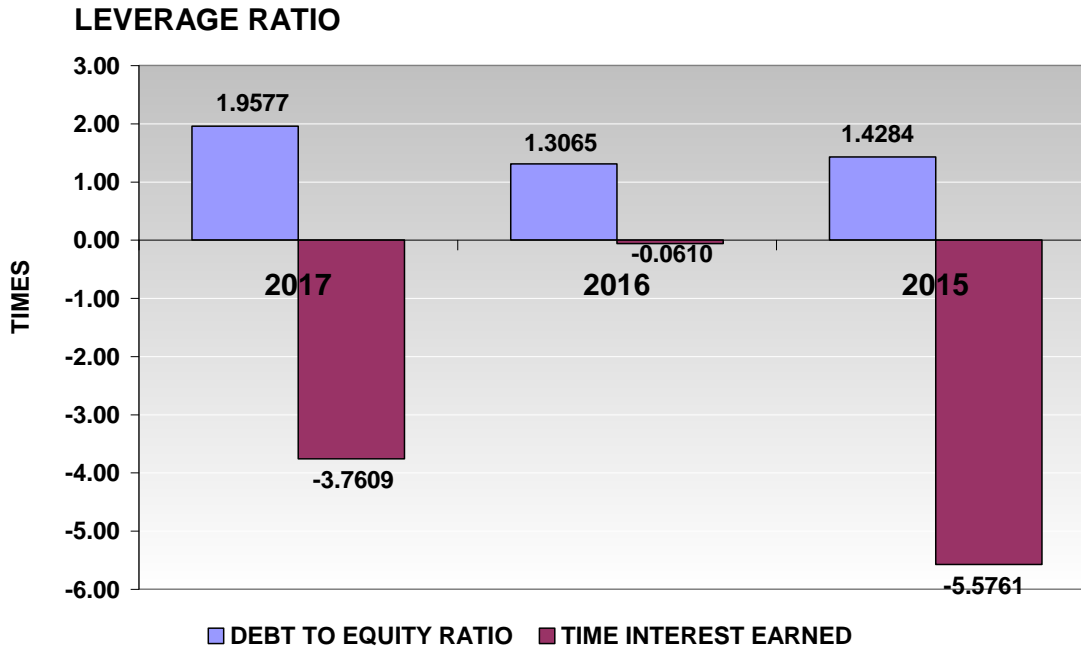
**Trend of the average competitors in the same industry for last 5 years**

Current Ratio                      Uptrend

**LEVERAGE : ACCEPTABLE**



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**LEVERAGE RATIO**

Debt Ratio	0.66	Impressive	Industrial Average	0.72
Debt to Equity Ratio	1.96	Acceptable	Industrial Average	2.60
Times Interest Earned	(3.76)	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 -3.77 lower than 1, so the company is not generating enough cash from EBIT to meet its interest obligations.

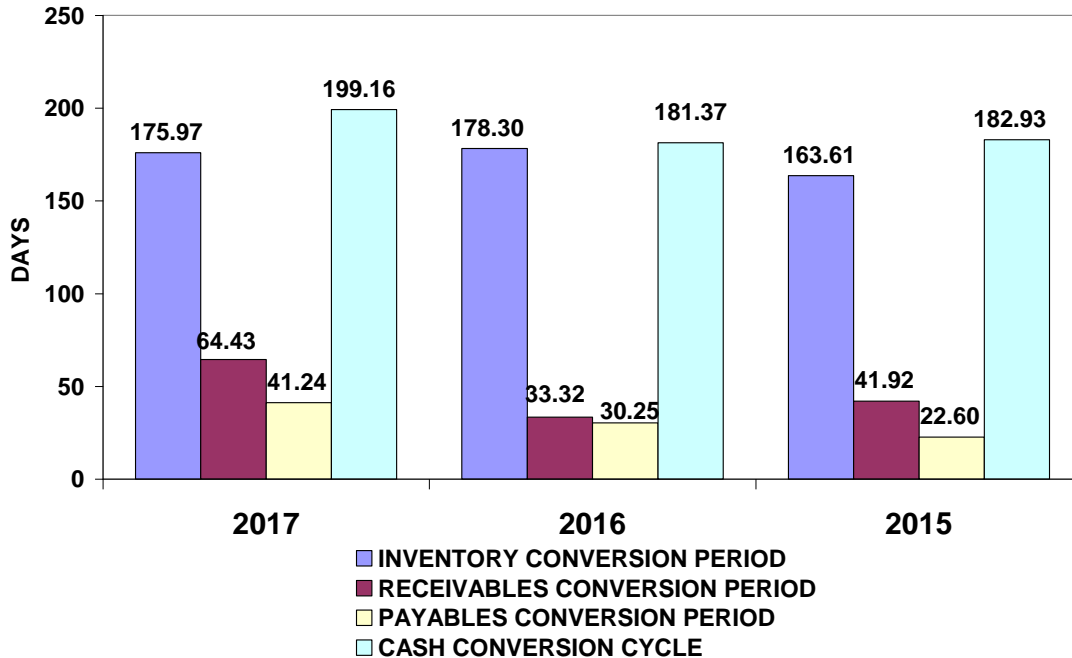
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.66 greater than 0.5, most of the company's assets are financed through debt.

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

Debt Ratio	Uptrend
Times Interest Earned	Stable

**ACTIVITY : IMPRESSIVE**

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**ACTIVITY RATIO**

Fixed Assets Turnover	3.86	Impressive	Industrial Average	-
Total Assets Turnover	1.10	Impressive	Industrial Average	1.03
Inventory Conversion Period	175.97			
Inventory Turnover	2.07	Satisfactory	Industrial Average	2.83
Receivables Conversion Period	64.43			
Receivables Turnover	5.66	Impressive	Industrial Average	4.48
Payables Conversion Period	41.24			

The company's Account Receivable Ratio is calculated as 5.66 and 10.95 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 178 days at the end of 2016 to 176 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 2.05 times in year 2016 to 2.07 times in year 2017.

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The company's Total Asset Turnover is calculated as 1.1 times and 1.22 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	Downtrend
Inventory Turnover	Uptrend
Receivables Turnover	Downtrend

**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**

<b>Analysis Done by :</b>	NIY
<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)