

## MIRA INFORM REPORT

<b>Report No. :</b>	533965
<b>Report Date :</b>	12.10.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	MMC ELECTRONICS (THAILAND) LIMITED
<b>Formerly Known As :</b>	KCK CERAMIC CAPACITORS LIMITED
<b>Registered Office :</b>	129/2 Moo 17, Bangplee Industrial Estate, Debaratana Road, T. Bangsaothong, A. Bangsaothong, Samutprakarn 10570
<b>Country :</b>	Thailand
<b>Financials (as on) :</b>	31.03.2018
<b>Date of Incorporation :</b>	13.11.1987
<b>Com. Reg. No.:</b>	0105530059529
<b>Legal Form :</b>	Private Limited Company
<b>Line of Business :</b>	The subject is engaged in manufacturing, exporting and distributing electronic components such as surge absorbers, thermistors and resistors for automotive and electric appliances industries i.e. air-conditioner, microwave oven, refrigerator and etc.
<b>No. of Employees :</b>	259

**RATING & COMMENTS**

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

**MIRA's Rating :**

A

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

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Regular
<b>Litigation :</b>	Clear

**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

**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**

**MMC ELECTRONICS (THAILAND) LIMITED**  
**[FORMER : KCK CERAMIC CAPACITORS LIMITED]**

## **SUMMARY**

**BUSINESS ADDRESS** : 129/2 MOO 17, BANGPLEE INDUSTRIAL ESTATE,  
DEBARATANA ROAD, T. BANGSAOTHONG,  
A. BANGSAOTHONG, SAMUTPRAKARN 10570,  
THAILAND

**TELEPHONE** : [66] 2315-1536, 2315-1547, 2315-2273-4, 2315-2044-6,  
2705-1346-7

**FAX** : [66] 2315-1210, 2315-1565, 2705-2540

**E-MAIL ADDRESS** : [mmthsa@mmc.co.jp](mailto:mmthsa@mmc.co.jp)  
[chutto@mmc.co.jp](mailto:chutto@mmc.co.jp)

**REGISTRATION ADDRESS** : SAME AS BUSINESS ADDRESS

**ESTABLISHED** : 1987

**REGISTRATION / TAX ID NO.** : 0105530059529

**CAPITAL REGISTERED** : BHT. 566,000,000

**CAPITAL PAID-UP** : BHT. 566,000,000

**SHAREHOLDER'S PROPORTION** : JAPANESE : 100%

**FISCAL YEAR CLOSING DATE** : MARCH 31

**LEGAL STATUS** : PRIVATE LIMITED COMPANY

**EXECUTIVE** : MR. YOSHIAKI TANAKA, JAPANESE  
PRESIDENT

**NO. OF STAFF** : 259

**LINES OF BUSINESS** : ELECTRONICS COMPONENTS  
MANUFACTURER, DISTRIBUTOR AND EXPORTER

## **CORPORATE PROFILE**

**OPERATING TREND** : STABLE

**PRESENT SITUATION** : OPERATING NORMALLY

**REPUTATION** : GOOD WITH NORMAL BUSINESS ENGAGEMENT

**MANAGEMENT STANDARD** : MANAGEMENT WITH GOOD PERFORMANCE

## HISTORY

The subject was established on November 13, 1987 as a private limited company under the originally registered name "KCK Ceramic Capacitors Limited" by Japanese group, with the business objective initially to manufacture disc ceramic capacitors.

On October 7, 1994, its registered name was changed to MMC ELECTRONICS (THAILAND) LIMITED. Presently, its production lines become to manufacture, distribute and export surge absorbers, thermistor and resistors for automotive and electric appliance industries. It currently employs 259 staff.

The subject is a wholly owned subsidiary of Mitsubishi Materials Corporation of Japan.

The subject's registered address is 129/2 Moo 17, Bangplee Industrial Estate, Debaratana Road, T. Bangsaothong, A. Bangsaothong, Samutprakarn 10570, and this is the subject's current operation address.

## THE BOARD OF DIRECTOR

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Yukinori Yamashita	Japanese	59
Mr. Yuichi Kumano	Japanese	56
Mr. Yoshiaki Tanaka	Japanese	57

## AUTHORIZED PERSON

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

## MANAGEMENT

**Mr. Yoshiaki Tanaka** is the President.  
He is Japanese nationality with the age of 57 years old.

**Mr. Yuichi Kumano** is the Sales Director.  
He is Japanese nationality with the age of 56 years old.

**Mrs. Pongpen Tevapatikorn** is the Legal Manager and Assistant General Manager.  
She is Thai nationality.

## BUSINESS OPERATIONS

The subject is engaged in manufacturing, exporting and distributing electronic components such as surge absorbers, thermistors and resistors for automotive and electric appliances industries i.e. air-conditioner, microwave oven, refrigerator and etc.

**BRAND NAME**

"MMC"

**PURCHASE**

Raw materials are purchased from both domestic and overseas suppliers in Japan.

**MAJOR SUPPLIER**

Mitsubishi Materials Corporation : Japan  
Kamaya Electric Co., Ltd. : Japan

**SALES**

70% of the products is exported to Japan, Malaysia, Taiwan, Hong Kong, and Korea, the remaining 30% is sold locally.

**MAJOR CUSTOMER**

MMC Electronics (Hong Kong) Inc. : Hong Kong  
MMC Electronics Korea Inc. : Korea  
MMC Electronics Sdn. Bhd. : Malaysia

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

## **BANKING**

Bank of Ayudhya Public Company Limited  
Sumitomo Mitsui Baking Corporation [Bangkok Branch]

## **EMPLOYMENT**

The subject currently employs 259 staff.

## **LOCATION DETAILS**

The premise is owned for administrative office and factory at the heading address.  
Premise is located in provincial/industrial area.

Bangkok branch office is located at 22<sup>nd</sup> Floor, CTI Tower, 191/38 Ratchadapisek Road,  
Klongtoey, Bangkok 10110. Tel. [66] 2258-2433-4, Fax. [66] 2262-0926.

## **COMMENT**

Though the subject's sales or service income as of March 31, 2018 was increased at 25.27% comparing to the previous year, it obtained a decrease in net profit mainly caused by higher cost or goods sold or service relatively which eroded the profit margin. Nevertheless, the subject is able to eliminate the deficit retained earnings and become profitable. Generally, its business is promising and growing in line with the recovery and growth of automotive and electric appliances industries.

## **FINANCIAL INFORMATION**

The capital was registered at Bht. 8,400,000 divided into 8,400 shares of Bht. 1,000 each with fully paid.

The capital was increased later as the followings:

Bht. 16,800,000 on July 7, 1989  
Bht. 38,800,000 on August 10, 1989  
Bht. 60,300,000 on November 11, 1991  
Bht. 90,000,000 on December 18, 1995  
Bht. 172,000,000 on April 24, 1996  
Bht. 566,000,000 on June 5, 2000

The latest registered capital was increased to Bht. 566,000,000 divided into 566,000 shares of Bht. 1,000 each with fully paid.

**THE SHAREHOLDERS LISTED WERE :** [as at July 9, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
<b>Mitsubishi Materials Corporation</b> Nationality: Japanese Address : 1-3-2, Otemachi, Chiyoda-ku, Tokyo 100-8117 Japan	565,994	99.999
<b>Mr. Yoshiaki Tanaka</b> Nationality: Japanese Address : 6194-22 Yokoze, Chichibu-gun, Saitama, Japan	5	= 0.001
<b>Mr. Yuichi Kumano</b> Nationality: Japanese Address : 406, 1-110 Kitabukuro-cho, Omiya-ku, Saitama, Saitama-ken, Japan	1	

**Total Shareholders : 3**

**Share Structure** [as at July 9, 2018]

<u>Nationality</u>	<u>Shareholders</u>	<u>No. of Share</u>	<u>% Shares</u>
Thai	-	-	-
Foreign - Japanese	3	566,000	100.00
<b>Total</b>	<b>3</b>	<b>566,000</b>	<b>100.00</b>

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

Mr. Chainarin Veerasatavanich No. 2959

**BALANCE SHEET [BAHT]**

The latest financial figures published for March 31, 2018, 2017 and 2016 were:

**ASSETS**

<b>Current Assets</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Cash and Cash Equivalents	140,713,163.26	158,460,336.00	137,617,680.25
Short-term Investment	113,418,158.15	112,599,573.05	112,577,546.58
Trade Accounts and Other Receivable	209,859,095.54	150,462,017.98	111,135,820.43
Inventories	106,532,941.59	102,731,928.70	97,704,098.22
Other Current Assets	2,659,768.69	1,319,842.18	2,807,986.67
<b>Total Current Assets</b>	<b>573,183,127.23</b>	<b>525,573,697.91</b>	<b>461,843,132.15</b>
Investment in Associated	32,230,400.00	32,230,400.00	32,230,400.00
Other Long-term Investment	2,697,402.10	2,695,749.66	2,694,106.62
Property, Plant and Equipment	151,458,499.21	136,213,663.79	123,954,222.58
Intangible Assets	3,577,628.79	3,882,619.06	745,735.95
Deferred Income Tax	6,068,465.30	5,716,418.07	5,255,823.69
Other Non-current Assets	1,120,272.00	931,353.03	1,172,045.00
<b>Total Assets</b>	<b>770,335,794.63</b>	<b>707,243,901.52</b>	<b>627,895,465.99</b>

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

<b>Current Liabilities</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Trade Accounts and Other Payable	148,548,801.73	112,796,468.84	89,668,866.47
Accrued Income Tax	1,537,936.27	5,658,965.15	3,192,983.71
Other Current Liabilities	614,701.67	546,840.94	472,464.54
<b>Total Current Liabilities</b>	<b>150,701,439.67</b>	<b>119,002,274.93</b>	<b>93,334,314.72</b>
Provision for Employee Benefits	29,866,659.00	27,555,300.17	26,228,754.19
<b>Total Liabilities</b>	<b>180,568,098.67</b>	<b>146,557,575.10</b>	<b>119,563,068.91</b>
<b>Shareholders' Equity</b>			
Share capital : Baht 1,000 par value authorized, and issued share capital 566,000 shares	566,000,000.00	566,000,000.00	566,000,000.00
Capital Paid	566,000,000.00	566,000,000.00	566,000,000.00
Retained Earning -Unappropriated [Deficit]	23,767,695.96	[5,313,673.58]	[57,667,602.92]

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<b>Total Shareholders' Equity</b>	589,767,695.96	560,686,326.42	508,332,397.08
<b>Total Liabilities and Shareholders' Equity</b>	<b>770,335,794.63</b>	<b>707,243,901.52</b>	<b>627,895,465.99</b>

**PROFIT & LOSS ACCOUNT**

<b>Revenue</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Sales or Services Income	853,192,657.13	681,090,247.75	536,573,414.39
Interest Income	1,648,268.05	1,843,916.01	2,406,778.76
Other Income	4,760,768.53	6,224,486.28	10,612,182.51
<b>Total Revenues</b>	<b>859,601,693.71</b>	<b>689,158,650.04</b>	<b>549,592,375.66</b>
<b>Expenses</b>			
Cost of Goods Sold or Services	764,862,810.87	570,961,805.41	444,668,032.02
Selling Expenses	15,789,124.99	13,155,425.52	12,912,567.95
Administrative Expenses	40,974,583.99	43,316,776.37	41,765,770.83
Other Expenses	3,692,183.79	-	-
<b>Total Expenses</b>	<b>825,318,703.64</b>	<b>627,434,007.30</b>	<b>499,346,370.80</b>
Profit /[Loss] before Financial Cost and Income Tax	34,282,990.07	61,724,642.74	50,246,004.86
Financial Cost	[5,201,620.53]	[9,370,713.40]	[5,029,799.46]
Profit /[Loss] before Income Tax	29,081,369.54	52,353,929.34	45,216,205.40
Income Tax	-	-	-
<b>Net Profit / [Loss]</b>	<b>29,081,369.54</b>	<b>52,353,929.34</b>	<b>45,216,205.40</b>

**FINANCIAL ANALYSIS**

<b>ITEM</b>	<b>UNIT</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>LIQUIDITY RATIO</b>				
CURRENT RATIO	TIMES	3.80	4.42	4.95
QUICK RATIO	TIMES	3.08	3.54	3.87
<b>ACTIVITY RATIO</b>				
FIXED ASSETS TURNOVER	TIMES	5.63	5.00	4.33
TOTAL ASSETS TURNOVER	TIMES	1.11	0.96	0.85
INVENTORY CONVERSION PERIOD	DAYS	50.84	65.67	80.20
INVENTORY TURNOVER	TIMES	7.18	5.56	4.55
RECEIVABLES CONVERSION PERIOD	DAYS	89.78	80.63	75.60
RECEIVABLES TURNOVER	TIMES	4.07	4.53	4.83

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**MMC ELECTRONICS (THAILAND) LIMITED - 533965**

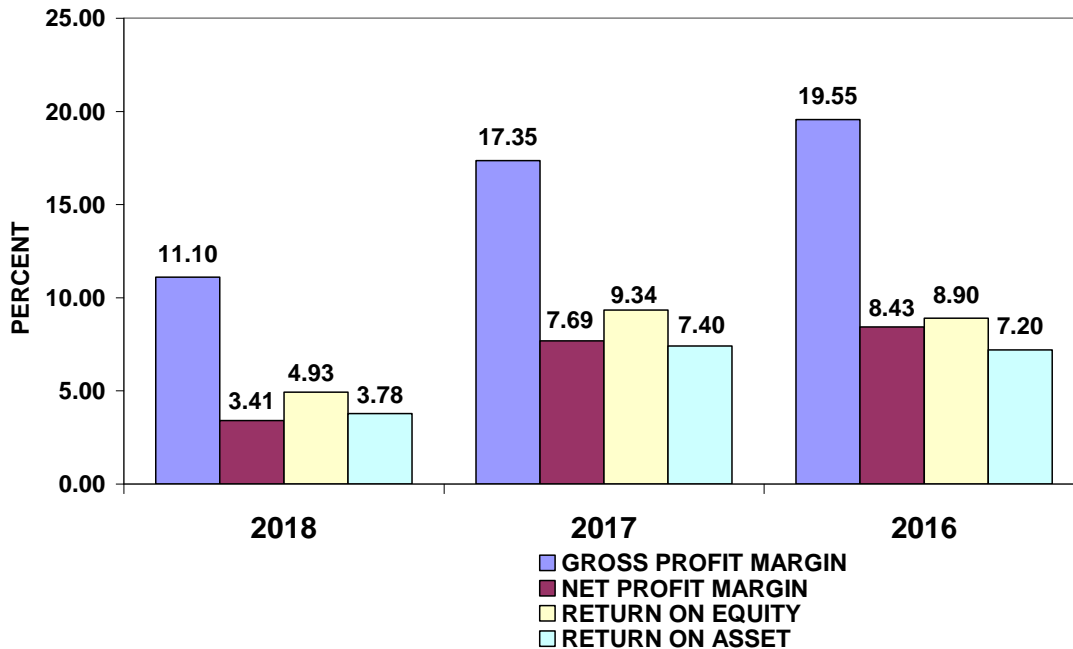
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PAYABLES CONVERSION PERIOD	DAYS	70.89	72.11	73.60
CASH CONVERSION CYCLE	DAYS	69.73	74.20	82.19
<b>PROFITABILITY RATIO</b>				
COST OF GOODS SOLD	%	89.65	83.83	82.87
SELLING & ADMINISTRATION	%	6.65	8.29	10.19
INTEREST	%	0.61	1.38	0.94
GROSS PROFIT MARGIN	%	11.10	17.35	19.55
NET PROFIT MARGIN BEFORE EX. ITEM	%	4.02	9.06	9.36
NET PROFIT MARGIN	%	3.41	7.69	8.43
RETURN ON EQUITY	%	4.93	9.34	8.90
RETURN ON ASSET	%	3.78	7.40	7.20
EARNING PER SHARE	BAHT	51.38	92.50	79.89
<b>LEVERAGE RATIO</b>				
DEBT RATIO	TIMES	0.23	0.21	0.19
DEBT TO EQUITY RATIO	TIMES	0.31	0.26	0.24
TIME INTEREST EARNED	TIMES	6.59	6.59	9.99
<b>ANNUAL GROWTH</b>				
SALES GROWTH	%	25.27	26.93	
OPERATING PROFIT	%	(44.46)	22.84	
NET PROFIT	%	(44.45)	15.79	
FIXED ASSETS	%	11.19	9.89	
TOTAL ASSETS	%	8.92	12.64	

**ANNUAL GROWTH : SATISFACTORY**

An annual sales growth is 25.27%. Sales Income has increased from THB 681,090,247.75 in 2017 to THB 853,192,657.13 in 2018. While net profit has decreased from THB 52,353,929.34 in 2017 to THB 29,081,369.54 in 2018. And total assets has increased from THB 707,243,901.52 in 2017 to THB 770,335,794.63 in 2018.

**PROFITABILITY : ACCEPTABLE**



**PROFITABILITY RATIO**

Gross Profit Margin	11.10	Acceptable	Industrial Average	26.54
Net Profit Margin	3.41	Satisfactory	Industrial Average	4.95
Return on Assets	3.78	Acceptable	Industrial Average	10.08
Return on Equity	4.93	Acceptable	Industrial Average	14.02

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. The company's figure is 11.1%. 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 3.41%. 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 3.78%.

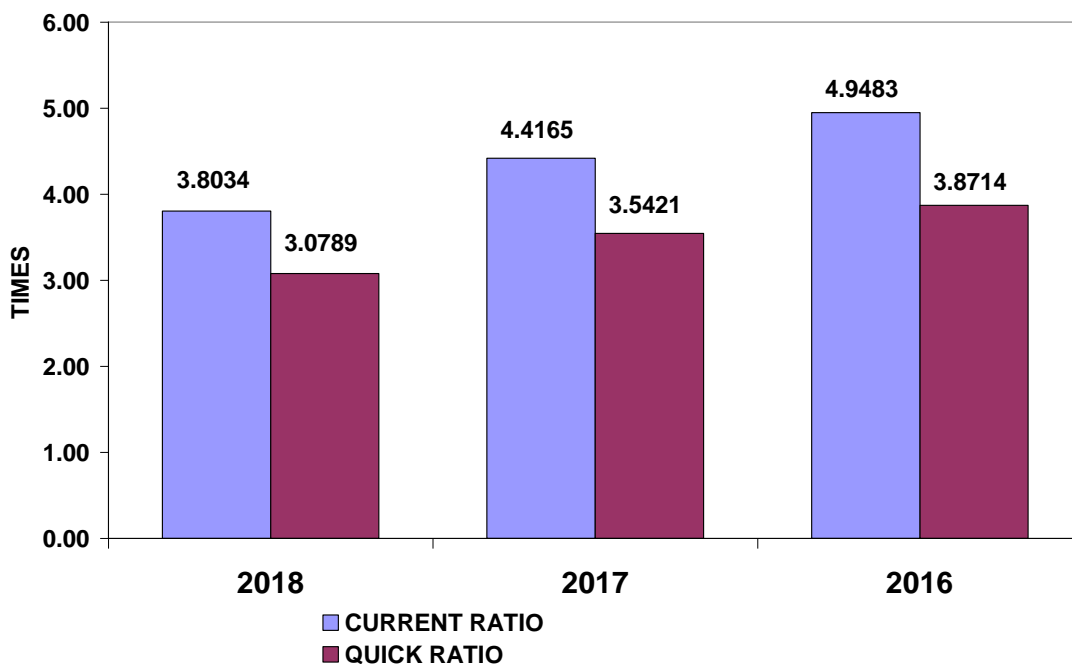
Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. When compared with the industry average, it was lower, the company's figure is 4.93%.

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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 : IMPRESSIVE**



**LIQUIDITY RATIO**

Current Ratio	3.80	Impressive	Industrial Average	2.77
Quick Ratio	3.08			
Cash Conversion Cycle	69.73			

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 3.8 times in 2018, decrease from 4.42 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 3.08 times in 2018, decrease from 3.54 times, although excluding inventory so the company still have good short-term financial strength.

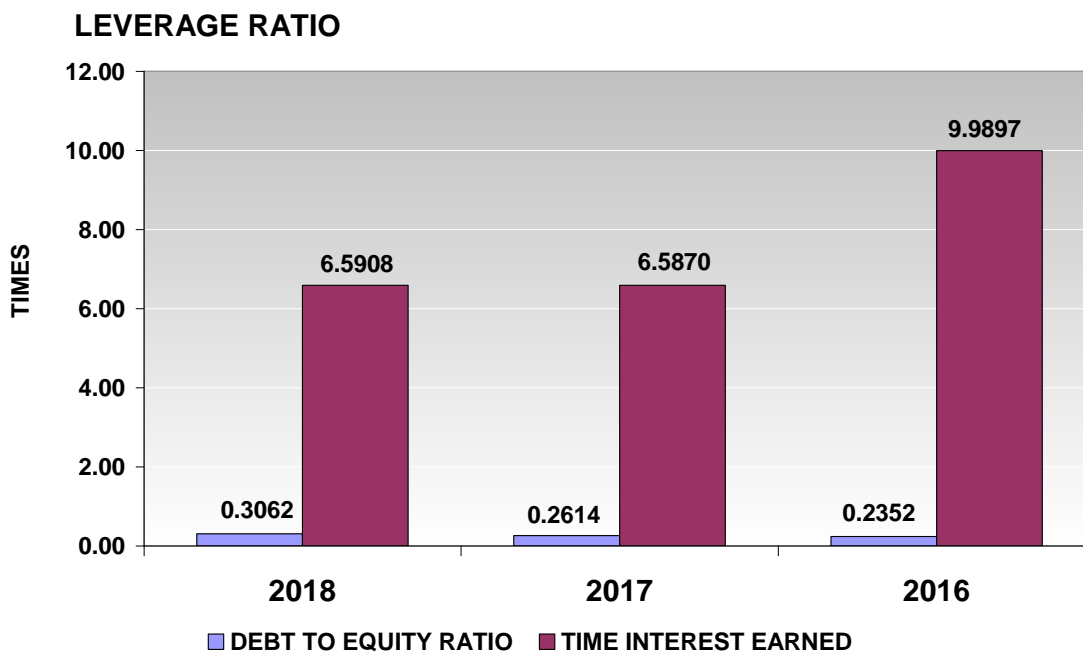
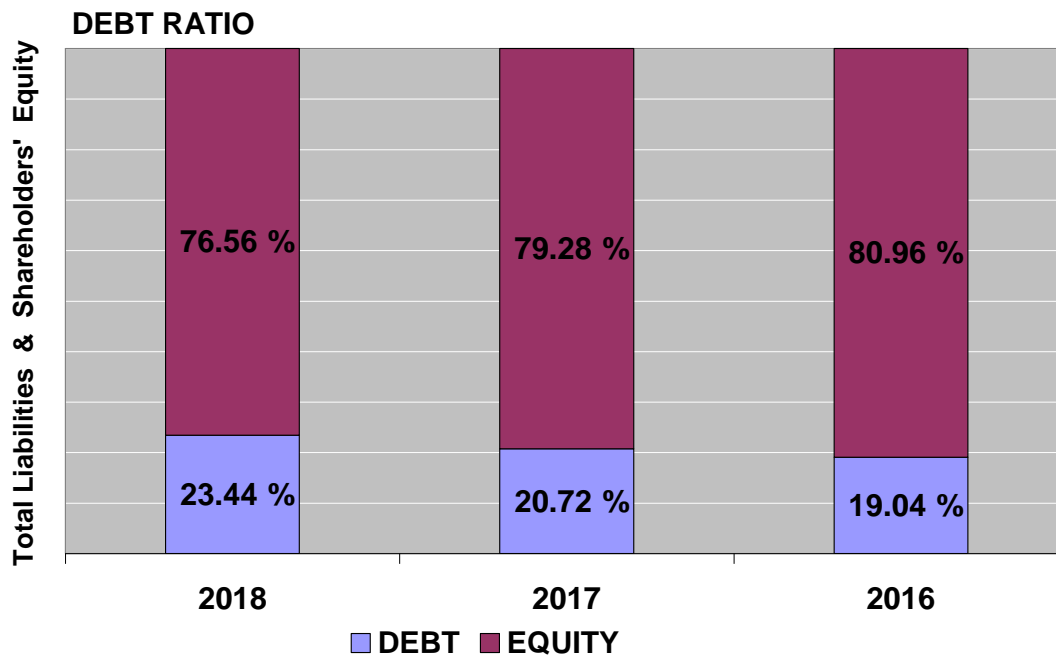
The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 70 days.

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**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	0.23	Impressive	Industrial Average	0.27
Debt to Equity Ratio	0.31	Impressive	Industrial Average	0.37
Times Interest Earned	6.59	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.

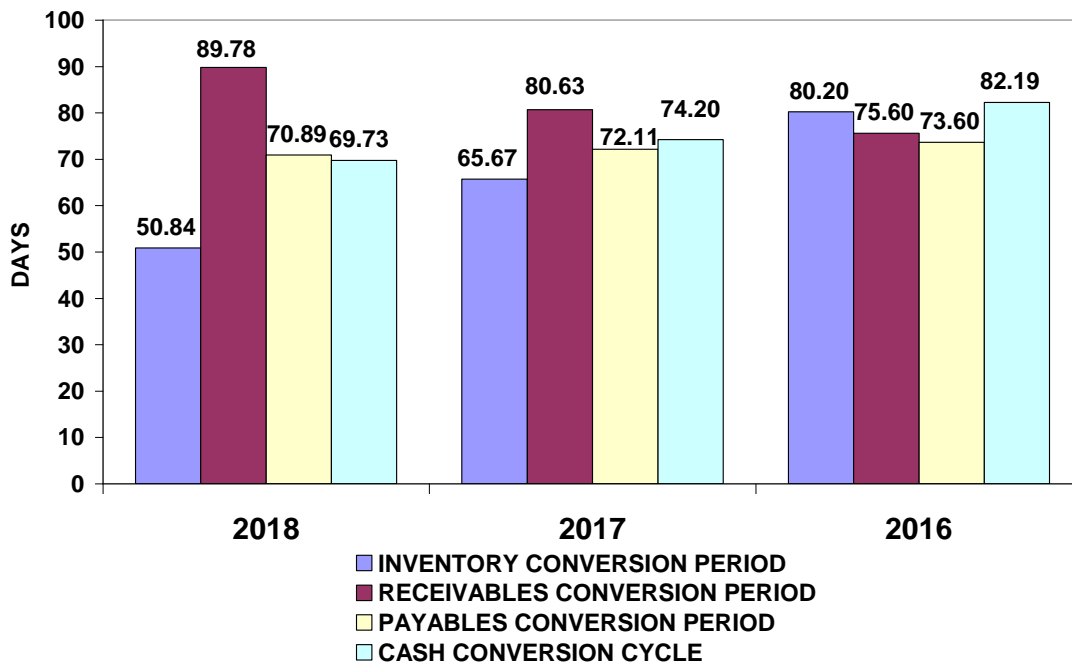
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 6.6 higher than 1, so the company can pay interest expenses on outstanding debt.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.23 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**



**ACTIVITY RATIO**

Fixed Assets Turnover	5.63	Impressive	Industrial Average	-
Total Assets Turnover	1.11	Satisfactory	Industrial Average	2.04

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Inventory Conversion Period	50.84				
Inventory Turnover	7.18	Satisfactory	Industrial Average	11.86	
Receivables Conversion Period	89.78				
Receivables Turnover	4.07	Satisfactory	Industrial Average	7.93	
Payables Conversion Period	70.89				

The company's Account Receivable Ratio is calculated as 4.07 and 4.53 in 2018 and 2017 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 2018 decreased from 2017. 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 66 days at the end of 2017 to 51 days at the end of 2018. This represents a positive trend. And Inventory turnover has increased from 5.56 times in year 2017 to 7.18 times in year 2018.

The company's Total Asset Turnover is calculated as 1.11 times and 0.96 times in 2018 and 2017 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 74.39
UK Pound	1	INR 98.30
Euro	1	INR 85.90
THB	1	INR 2.25

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

**INFORMATION DETAILS**

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