

## MIRA INFORM REPORT

<b>Report No. :</b>	535234
<b>Report Date :</b>	17.10.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	K.N. TEXTILES CO., LTD.
<b>Registered Office :</b>	161/1 Soi Charansanitwong 8, Charansanitwong Road, Watthapra, Bangkokyai, Bangkok 10600
<b>Country :</b>	Thailand
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	24.01.1992
<b>Com. Reg. No.:</b>	0105535013420
<b>Legal Form :</b>	Private Limited Company
<b>Line of Business :</b>	The subject is engaged in importing, distributing and re-exporting various kinds of fabrics such as non-woven fabric, PU spun bond woven, cotton, PP spun bond fabric, printed fabric, canvas, high quality spun bond fabric, jeans / denim as well as exporting of the local products to garment, home furniture, packaging, hygiene and household products industries.
<b>No. of Employees :</b>	16

**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+	Low Risk	Business dealings permissible with low risk of default

<b>Status :</b>	Excellent
<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

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**THAILAND - ECONOMIC OVERVIEW**

With a relatively well-developed infrastructure, a free-enterprise economy, and generally pro-investment policies, Thailand is highly dependent on international trade, with exports accounting for about two-thirds of GDP. Thailand's exports include electronics, agricultural commodities, automobiles and parts, and processed foods. The industry and service sectors produce about 90% of GDP. The agricultural sector, comprised mostly of small-scale farms, contributes only 10% of GDP but employs about one-third of the labor force. Thailand has attracted an estimated 3.0-4.5 million migrant workers, mostly from neighboring countries.

Over the last few decades, Thailand has reduced poverty substantially. In 2013, the Thai Government implemented a nationwide 300 baht (roughly \$10) per day minimum wage policy and deployed new tax reforms designed to lower rates on middle-income earners.

Thailand's economy is recovering from slow growth during the years since the 2014 coup. Thailand's economic fundamentals are sound, with low inflation, low unemployment, and reasonable public and external debt levels. Tourism and government spending - mostly on infrastructure and short-term stimulus measures – have helped to boost the economy, and The Bank of Thailand has been supportive, with several interest rate reductions. Over the longer-term, household debt levels, political uncertainty, and an aging population pose risks to growth.

Source : CIA

## **COMPANY NAME**

**K.N. TEXTILES CO., LTD.**

## **SUMMARY**

**BUSINESS ADDRESS** : 161/1 SOI CHARANSANITWONG 8,  
CHARANSANITWONG ROAD, WATTHAPRA,  
BANGKOKYAI, BANGKOK 10600, THAILAND

**TELEPHONE** : [66] 2864-1322, 083 686-8687

**FAX** : [66] 2864-1322

**E-MAIL ADDRESS** : sales@kntex.com

**REGISTRATION ADDRESS** : SAME AS BUSINESS ADDRESS

**ESTABLISHED** : 1992

**REGISTRATION NO.** : 0105535013420

**TAX ID NO.** : 3011080726

**CAPITAL REGISTERED** : BHT. 2,000,000

**CAPITAL PAID-UP** : BHT. 2,000,000

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

**FISCAL YEAR CLOSING DATE** : DECEMBER 31

**LEGAL STATUS** : PRIVATE LIMITED COMPANY

**EXECUTIVE** : MR. SUKHIT NARULA, THAI  
MANAGING DIRECTOR

**NO. OF STAFF** : 16

**LINES OF BUSINESS** : FABRICS  
IMPORTER, 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 formed on January 24, 1992 as a private limited company under the registered name K.N. TEXTILES CO., LTD. by Thai group, with the objective to import, distribute and export various kinds of fabrics for variety of industries. It currently employs 16 staff.

The subject's registered address was initially located at 156/63 Soi Watmaipiren, Charansanitwong Road, Watthapra, Bangkokyai, Bangkok 10600.

On January 2, 2014, its registered address was relocated to 161/1 Soi Charansanitwong 8, Charansanitwong Road, Watthapra, Bangkokyai, Bangkok 10600, and this is the subject's current operation address.

## ***THE BOARD OF DIRECTOR***

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Sukhit Narula	Thai	61
Mrs. Manyu Narula	Thai	56
Mr. Kamol Narula	Thai	33
Mr. Amorn Narula	Thai	32

## ***AUTHORIZED PERSON***

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

## ***MANAGEMENT***

**Mr. Sukhit Narula** is the Managing Director.  
He is Thai nationality with the age of 61 years old.

**Mr. Kamol Narula** is the Deputy Managing Director / Sales & Marketing Manager.  
He is Thai nationality with the age of 33 years old.

## ***BUSINESS OPERATIONS***

The subject is engaged in importing, distributing and re-exporting various kinds of fabrics such as non-woven fabric, PU spun bond woven, cotton, PP spun bond fabric, printed fabric, canvas, high quality spun bond fabric, jeans / denim and etc., as well as exporting of the local products to garment, home furniture, packaging, hygiene and household products industries.

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#### **PURCHASE**

80% of the products is purchased from local suppliers, the remaining 20% is imported from India, Republic of China and Korea.

#### **SALES**

The products are sold locally by wholesale to manufacturers and traders, and by retail to end-users.

#### **EXPORT**

The products are also exported and re-exported to India, Malaysia, Vietnam, Japan, Hong Kong and Indonesia.

## ***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 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***

Bangkok Bank Public Company Limited

## ***EMPLOYMENT***

The subject employs 16 staff.

## ***LOCATION DETAILS***

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

Branch is located at 4/20 Moo 5, Soi Watpaknamkrachomthong, Bangprom, Talingchan, Bangkok 10170.

## ***COMMENT***

The subject's operating performance in 2017 was satisfactory with an increase in both sales income and net profit comparing to the previous year. Its business is solid and profitable in accordance with a regular demand of the fabrics from both local and overseas countries.

## ***FINANCIAL INFORMATION***

The capital was registered at Bht. 1,000,000 divided into 10,000 shares of Bht. 100 each.

On October 24, 2007, the registered capital was increased to Bht. 2,000,000 divided into 20,000 shares of Bht. 100 each with fully paid.

## ***THE SHAREHOLDERS LISTED WERE***

[As at April 30, 2017]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
<b>Mr. Sukhit Narula</b> Nationality: Thai Address : 353/8 Soi Ramkamhaeng 43/1, Pubpla, Wangthonglang, Bangkok	10,100	55.00
<b>Mrs. Many Narula</b> Nationality: Thai Address : 161/1 Soi Charansanitwong 8, Watthapra, Bangkokyai, Bangkok	3,300	15.00
<b>Mr. Kamol Narula</b> Nationality: Thai	3,300	15.00

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***K.N. TEXTILES CO., LTD. - 535234***

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Address : 353/8 Soi Ramkamhaeng 43/1, Pubpla,  
Wangthonglang, Bangkok

**Mr. Amorn Narula**

3,300

15.00

Nationality: Thai

Address : 353/8 Soi Ramkamhaeng 43/1, Pubpla,  
Wangthonglang, Bangkok

**Total Shareholders : 4**

## ***SHARE STRUCTURE***

[AS AT APRIL 30, 2017]

<b>Nationality</b>	<b>Shareholders</b>	<b>No. of Share</b>	<b>% Shares</b>
Thai	4	20,000	100.00
Foreign	-	-	-
<b>Total</b>	<b>4</b>	<b>20,000</b>	<b>100.00</b>

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

Mr. Wisit Tanpipataree No. 2848

## ***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	5,018,314.62	4,440,030.51	27,040.40
Trade Accounts and Other Receivable	40,218,711.43	35,834,026.61	29,127,776.23
Short-term Loans	3,300,000.00	2,000,000.00	-
Inventories	12,080,322.12	12,583,328.52	17,261,201.10
Other Current Assets	1,067,182.43	414,658.60	3,026,817.88
<b>Total Current Assets</b>	<b>61,684,530.60</b>	<b>55,272,044.24</b>	<b>49,442,835.61</b>
Property, Plant and Equipment	20,940,967.28	21,155,057.10	21,913,996.88

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<b>Total Assets</b>	<b>82,625,497.88</b>	<b>76,427,101.34</b>	<b>71,356,832.49</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	-	-	19,161,436.29
Trade Accounts and Other Payable	42,918,882.97	44,585,142.16	18,552,266.21
Current Portion of Long-term Liabilities	2,736,606.00	2,934,084.00	2,828,594.00
Other Current Liabilities	1,401,185.77	1,084,296.51	527,763.20
<b>Total Current Liabilities</b>	<b>47,056,674.74</b>	<b>48,603,522.67</b>	<b>41,070,059.70</b>
Long-term Loan	3,581,870.24	610,296.68	6,759,897.62
<b>Total Liabilities</b>	<b>50,638,544.98</b>	<b>49,213,819.35</b>	<b>47,829,957.32</b>
<b>Shareholders' Equity</b>			
Share capital : Baht 100 par value authorized, and issued share capital 20,000 shares	2,000,000.00	2,000,000.00	2,000,000.00
Capital Paid	2,000,000.00	2,000,000.00	2,000,000.00
Retained Earning -Unappropriated [Deficit]	29,986,952.90	25,213,281.99	21,526,875.17
<b>Total Shareholders' Equity</b>	<b>31,986,952.90</b>	<b>27,213,281.99</b>	<b>23,526,875.17</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>82,625,497.88</b>	<b>76,427,101.34</b>	<b>71,356,832.49</b>

***PROFIT & LOSS ACCOUNT***

<b>Revenue</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Sales or Services Income	228,365,347.75	185,726,483.33	159,179,856.42
Other Income	3,347,651.04	311,582.69	40,960.43
<b>Total Revenues</b>	<b>231,712,998.79</b>	<b>186,038,066.02</b>	<b>159,220,816.85</b>
<b>Expenses</b>			
Cost of Goods Sold or Services	216,695,053.02	172,427,763.63	146,810,035.81

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Selling Expenses	1,081,748.86	926,744.00	820,374.80
Administrative Expenses	7,046,809.14	6,780,580.73	5,975,532.38
<b>Total Expenses</b>	<b>224,823,611.02</b>	<b>180,135,088.36</b>	<b>153,605,942.99</b>
Profit /[Loss] before Financial Cost and Income Tax	6,889,387.77	5,902,977.66	5,614,873.86
Financial Cost	[897,116.49]	[1,244,514.38]	[1,552,492.98]
Profit/[Loss] before Income Tax	5,992,271.28	4,658,463.28	4,062,380.88
Income Tax	[1,218,600.37]	[972,056.46]	844,381.16]
<b>Net Profit / [Loss]</b>	<b>4,773,670.91</b>	<b>3,686,406.82</b>	<b>3,217,999.72</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	1.31	1.14	1.20
QUICK RATIO	TIMES	1.03	0.87	0.71
<b>ACTIVITY RATIO</b>				
FIXED ASSETS TURNOVER	TIMES	10.91	8.78	7.26
TOTAL ASSETS TURNOVER	TIMES	2.76	2.43	2.23
INVENTORY CONVERSION PERIOD	DAYS	20.35	26.64	42.91
INVENTORY TURNOVER	TIMES	17.94	13.70	8.51
RECEIVABLES CONVERSION PERIOD	DAYS	64.28	70.42	66.79
RECEIVABLES TURNOVER	TIMES	5.68	5.18	5.46
PAYABLES CONVERSION PERIOD	DAYS	72.29	94.38	46.12
CASH CONVERSION CYCLE	DAYS	12.34	2.68	63.58
<b>PROFITABILITY RATIO</b>				
COST OF GOODS SOLD	%	94.89	92.84	92.23
SELLING & ADMINISTRATION	%	3.56	4.15	4.27
INTEREST	%	0.39	0.67	0.98
GROSS PROFIT MARGIN	%	6.58	7.33	7.80
NET PROFIT MARGIN BEFORE EX. ITEM	%	3.02	3.18	3.53
NET PROFIT MARGIN	%	2.09	1.98	2.02
RETURN ON EQUITY	%	14.92	13.55	13.68
RETURN ON ASSET	%	5.78	4.82	4.51
EARNING PER SHARE	BAHT	238.68	184.32	160.90
<b>LEVERAGE RATIO</b>				
DEBT RATIO	TIMES	0.61	0.64	0.67
DEBT TO EQUITY RATIO	TIMES	1.58	1.81	2.03
TIME INTEREST EARNED	TIMES	7.68	4.74	3.62

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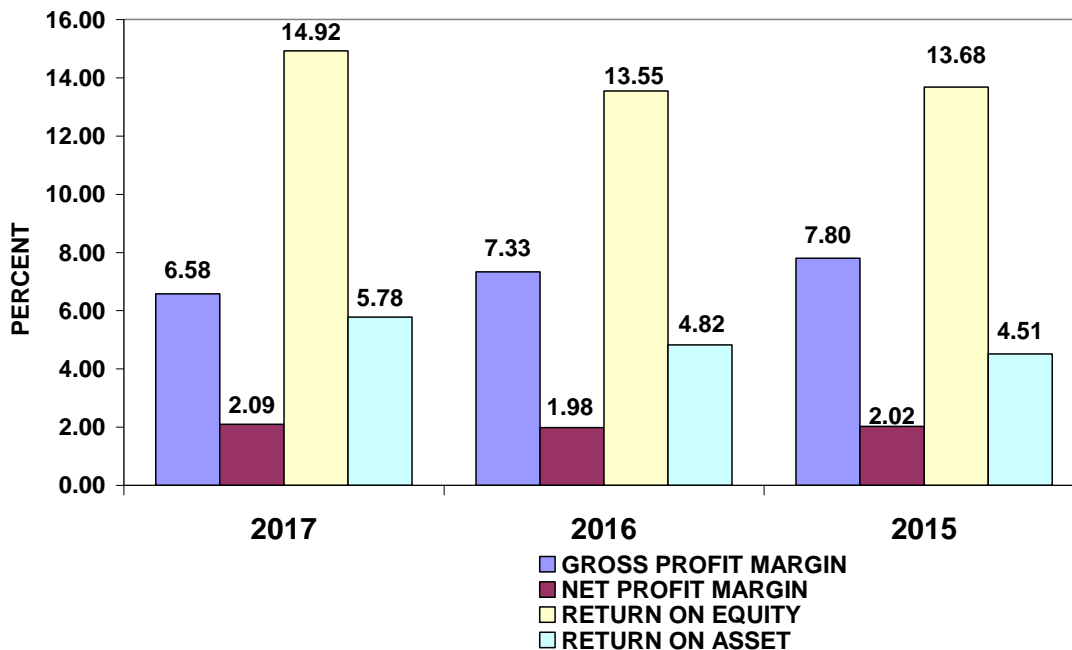
**ANNUAL GROWTH**

SALES GROWTH	%	22.96	16.68
OPERATING PROFIT	%	16.71	5.13
NET PROFIT	%	29.49	14.56
FIXED ASSETS	%	(1.01)	(3.46)
TOTAL ASSETS	%	8.11	7.11

**GROWTH : IMPRESSIVE**

An annual sales growth is 22.96%. Sales Income has increased from THB 185,726,483.33 in 2016 to THB 228,365,347.75 in 2017. While net profit has increased from THB 3,686,406.82 in 2016 to THB 4,773,670.91 in 2017. And total assets has increased from THB 76,427,101.34 in 2016 to THB 82,625,497.88 in 2017.

**PROFITABILITY : EXCELLENT**



**PROFITABILITY RATIO**

Gross Profit Margin	6.58	Impressive	Industrial Average	4.85
Net Profit Margin	2.09	Impressive	Industrial Average	2.07
Return on Assets	5.78	Impressive	Industrial Average	2.76
Return on Equity	14.92	Impressive	Industrial Average	8.56

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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 6.58%. 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. Net Profit Margin ratio is 2.09%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient operator in a dominant position within its industry.

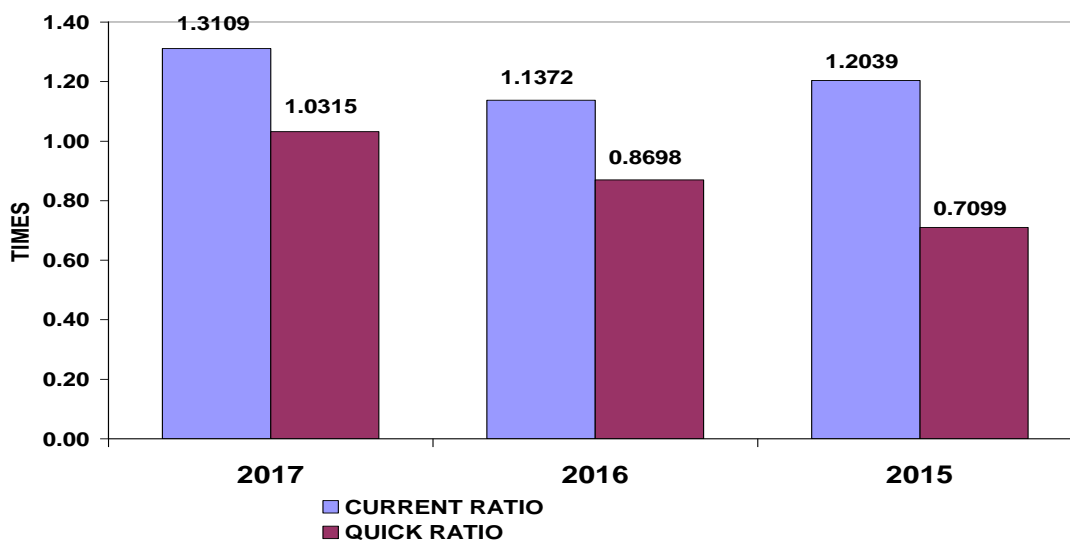
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 5.78%, 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.

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. Return on Equity ratio is 14.92%, 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.

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

Return on Assets                      Uptrend  
Return on Equity                      Uptrend

**LIQUIDITY : SATISFACTORY**



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**LIQUIDITY RATIO**

Current Ratio	1.31	Satisfactory	Industrial Average	1.59
Quick Ratio	1.03			
Cash Conversion Cycle	12.34			

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 1.31 times in 2017, increase from 1.14 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 lower.

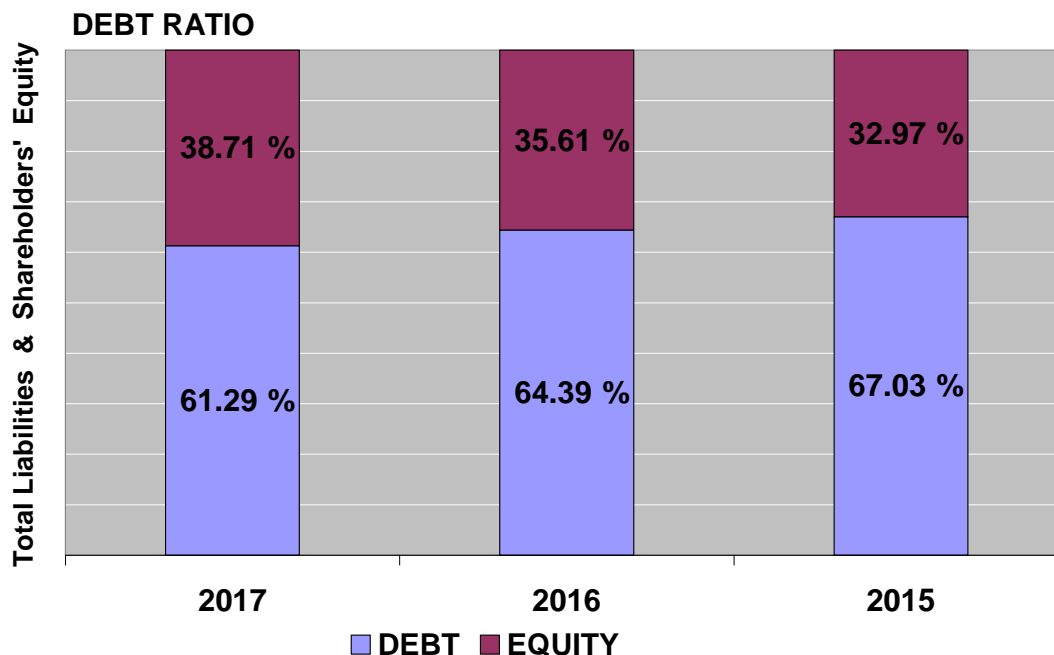
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.03 times in 2017, increase from 0.87 times, although excluding inventory so the company still have 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 13 days.

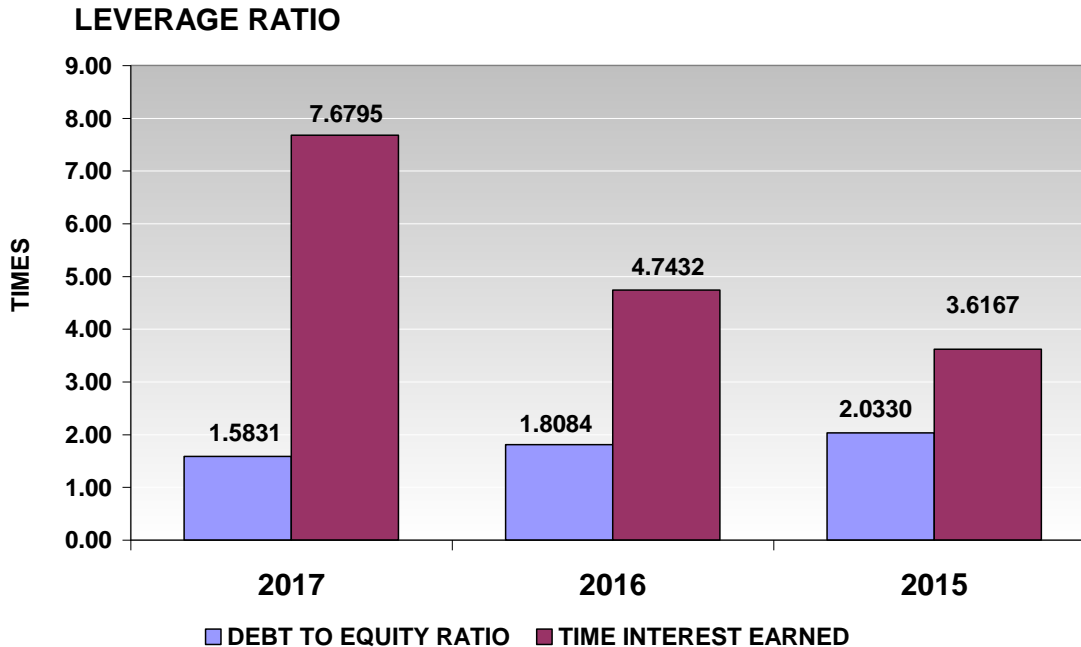
**Trend of the average competitors in the same industry for last 5 years**

Current Ratio            Uptrend

**LEVERAGE : IMPRESSIVE**



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**LEVERAGE RATIO**

Debt Ratio	0.61	Impressive	Industrial Average	0.67
Debt to Equity Ratio	1.58	Acceptable	Industrial Average	2.02
Times Interest Earned	7.68	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 higher the percentage means that the company is using less equity and has stronger leverage position.

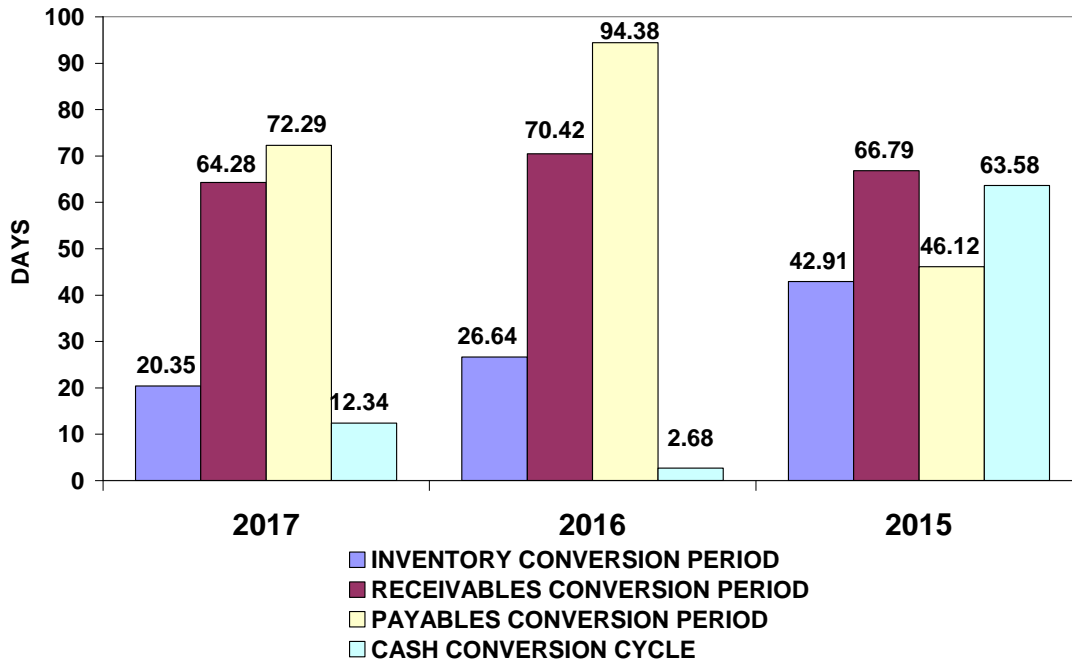
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 7.68 higher than 1, so the company can pay interest expenses on outstanding debt.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.61 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 : EXCELLENT**



**ACTIVITY RATIO**

Fixed Assets Turnover	10.91	Impressive	Industrial Average	-
Total Assets Turnover	2.76	Impressive	Industrial Average	1.33
Inventory Conversion Period	20.35			
Inventory Turnover	17.94	Impressive	Industrial Average	2.70
Receivables Conversion Period	64.28			
Receivables Turnover	5.68	Impressive	Industrial Average	4.49
Payables Conversion Period	72.29			

The company's Account Receivable Ratio is calculated as 5.68 and 5.18 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 increased from 2016. This would suggest the company had good performance 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 27 days at the end of 2016 to 20 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 13.7 times in year 2016 to 17.94 times in year 2017.

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The company's Total Asset Turnover is calculated as 2.76 times and 2.43 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 73.90
UK Pound	1	INR 97.33
Euro	1	INR 85.58
Thai Baht	1	INR 2.26

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

**INFORMATION DETAILS**

Analysis Done by :	NIY
Report Prepared by :	NIT

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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)