

MIRA INFORM REPORT

Report No. :	535617
Report Date :	24.10.2018

IDENTIFICATION DETAILS

Name :	HANWHA CHEMICAL (THAILAND) CO., LTD.
Formerly Known As :	HANYANG CHEMICAL (THAILAND) CO., LTD
Registered Office :	377 Moo 17, Bangplee Industrial Estate, Phase 2, T. Bangsaothong, A. Bangsaothong, Samutprakarn 10540
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	09.08.1989
Com. Reg. No.:	0105532073430
Legal Form :	Private Limited Company
Line of Business :	The subject is engaged in manufacturing, distributing and exporting Soluryl resins and emulsions i.e. Alkali Soluable Resin [ASR] and Emulsion Polymer [EMP] to various industries, such as printing inks, coating, paints, adhesives, furniture and home decorative industries.
No. of Employees :	180

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 :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Thailand	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

THAILAND - ECONOMIC OVERVIEW

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

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

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

Source : CIA

COMPANY NAME

HANWHA CHEMICAL (THAILAND) CO., LTD.

SUMMARY

BUSINESS ADDRESS : 377 MOO 17, BANGPLEE INDUSTRIAL ESTATE,
PHASE 2, T. BANGSAOTHONG,
A. BANGSAOTHONG, SAMUTPRAKARN 10540, THAILAND

TELEPHONE : [66] 2315-3204-7, 2705-9681-4

FAX : [66] 2315-3597, 2315-3591

E-MAIL ADDRESS : hanwhath@hanwhath.com
export@hanwhath.com

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 1989

REGISTRATION / TAX ID NO. : 0105532073430

CAPITAL REGISTERED : BHT. 1,146,175,500

CAPITAL PAID-UP : BHT. 1,146,175,500

SHAREHOLDER'S PROPORTION : KOREAN : 100%

FISCAL YEAR CLOSING DATE : DECEMBER 31

LEGAL STATUS : PRIVATE LIMITED COMPANY

EXECUTIVE : MR. SUNG HUN LIM, KOREAN
PRESIDENT

NO. OF STAFF : 180

LINES OF BUSINESS : SOLURYL RESINS AND EMULSIONS
MANUFACTURER, DISTRIBUTOR AND EXPORTER

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 August 9, 1989 as a private limited company under the registered name "*Hanyang Chemical (Thailand) Co., Ltd.*", with the purpose of manufacturing Soluryl resins and emulsions for both local and overseas markets. It was initially a joint venture between Thai and Korean groups, with the promotional privilege granted by the Board of Investment [BOI], Thailand.

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On November 30, 1994 the subject's name was changed to HANWHA CHEMICAL (THAILAND) CO., LTD. At present, the subject is a wholly owned subsidiary of Hanwha Chemical Corporation, Korea. It currently employs 180 staff.

The subject's registered address is 377 Moo 17, Bangplee Industrial Estate, Phase 2, T. Bangsaothong, A. Bangsaothong, Samutprakarn 10540, and this is the company's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Sung Hun Lim	Korean	54
Mr. Ahn Joon Woo	Korean	43

AUTHORIZED PERSON

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

MANAGEMENT

Mr. Sung Hun Lim is the President.
He is Korean nationality with the age of 54 years old.

Mr. Ahn Joon Woo is the Deputy Managing Director and Plant Manager.
He is Korean nationality with the age of 43 years old.

Mr. Hyun Jin Lim is the Sales & Marketing Manager.
He is Korean nationality.

BUSINESS OPERATIONS

The subject is engaged in manufacturing, distributing and exporting Soluryl resins and emulsions i.e. Alkali Soluable Resin [ASR] and Emulsion Polymer [EMP] to various industries, such as printing inks, coating, paints, adhesives, furniture and home decorative industries.

BRAND NAME

"HANWHA"

PRODUCTION

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ASR : 12,000 metric tons per annum
EMP : 7,500 metric tons per annum

PURCHASE

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

MAJOR SUPPLIER

Hanwha Chemical Corporation : Korea

SALES

80% of the products is exported to Korea, Japan, Malaysia, Singapore, U.S.A., Taiwan, Republic of China, Canada, Philippines, Vietnam, India, Hong Kong, Indonesia, Pakistan and countries in Europe and Africa, the remaining 20% is sold locally.

MAJOR CUSTOMER

Pakistan Accumulators (PVT) Ltd. : Pakistan

PARENT COMPANY

Hanwha Chemical Corporation

Nationality: Korean

Address : 1 Jangkyo-Dong, Chung-Ku, Seoul, Korea

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.

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CREDIT

Sales are 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 and T/T.
Exports are against T/T.

BUSINESS TRANSACTIONS

The products are sold by cash and credit, with the maximum credit given at 60 days. The subject is not found to have problem on its accounts receivable.

BANKING

Bangkok Bank Public Company Limited

[Head Office : 333 Silom Rd., Silom, Bangrak, Bangkok 10500]

Kasikornbank Public Company Limited

EMPLOYMENT

The subject employs 180 office staff and factory workers.

LOCATION DETAILS

The premise is owned for administrative office, factory and warehouse on 48,000 square meters plot of land at the heading address. It is located in industrial area.

COMMENT

The subject's is a manufacturer, distributor and exporter of Alkali Soluable Resin (ASR) and Emulsion Polymer (EMP). The products are the main raw materials for parts and components of many industries like automobile, electric appliances, household goods and construction materials.

The subject's products quality acclaimed by worldwide customers to be one of the best. The subject's operating performance in 2017 was slowdown from a drastic decrease in both sales or service income and net profit comparing to the previous year, mainly caused by decline consumption of the products from various industries. Without any distinctive sign of improvement or growth of economy and related industries, the subject would inevitably be affected this year too.

FINANCIAL INFORMATION

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The capital was initially registered at Bht. 94,500,000 divided into 945,000 shares of Bht. 100 each.

The capital was increased later as follows:

Bht. 434,500,000 on July 16, 2001
Bht. 438,500,000 on August 16, 2001
Bht. 513,881,000 on April 6, 2002
Bht. 699,987,000 on October 24, 2002
Bht. 973,483,000 on June 27, 2008
Bht. 998,718,500 on December 30, 2009
Bht. 1,146,175,500 on April 12, 2011

The latest registered capital was increased to Bht. 1,146,175,500 divided into 11,461,755 shares of Bht. 100 each with fully paid.

THE SHAREHOLDERS LISTED WERE : [as at April 13, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Hanwha Chemical Corporation Nationality: Korean Address : 1 Jangkyo-Dong, Chung-Ku, Seoul, Korea	11,461,753	100.00
Mr. Viratchai Tanachokanan Nationality: Thai Address : 333/121 Moo 19, T. Bangpleeyai, A. Bangplee, Samutprakarn	1	-
Mr. Sung Hun Lim Nationality: Korean Address : Seoul, Korea	1	-

Total Shareholders : 3

SHARE STRUCTURE [AS AT APRIL 13, 2018]

<u>Nationality</u>	<u>Shareholders</u>	<u>No. of Share</u>	<u>% Shares</u>
Thai	1	1	-
Foreign - Korean	2	11,461,754	100.00
Total	3	11,461,755	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO.

Mr. Watchara Thamnakasetchai No. 5039

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FINANCIALS

HANWHA CHEMICAL (THAILAND) CO., LTD.

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	160,543,852.26	283,204,619.57	192,700,954
Trade Accounts and Other Receivable	101,602,160.85	100,007,866.20	147,664,608
Inventories	174,053,019.86	195,103,514.89	230,825,530
Revenue Department Receivables	18,791,123.79	13,769,068.05	9,733,405
Short-term Loans	-	-	179,616,500
Other Current Assets	10,273,868.70	7,934,378.06	11,859,048
Total Current Assets	465,264,025.46	600,019,446.77	772,400,045
Loan to Director and Employees	715,250.00	1,458,991.00	1,966,250
Property, Plant and Equipment	509,580,836.17	555,301,788.23	634,837,235
Intangible Assets	993,641.15	162,218.62	474,043
Other Non-current Assets	29,500.00	29,500.00	2,850,278
Total Assets	976,583,252.78	1,156,971,944.62	1,412,527,851

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Bank Overdraft and Short-term Loan from Financial Institutions	164,236,000.00	360,025,000.00	743,202,900
Trade Accounts and Other Payable	100,246,642.99	92,441,279.80	112,618,222
Accrued Income Tax	-	16,104,293.77	-
Other Current Liabilities	107,227.80	89,024.05	-
Total Current Liabilities	264,589,870.79	468,659,597.62	855,821,122
Provision for Employee Benefits	6,133,863.00	7,630,209.00	14,585,938
Total Liabilities	270,723,733.79	476,289,806.62	870,407,060

Shareholders' Equity

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HANWHA CHEMICAL (THAILAND) CO., LTD. - 535617

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Share capital : Baht 100 par value authorized, and issued share capital 11,461,755 shares	1,146,175,500.00	1,146,175,500.00	1,146,175,500.00
Capital Paid	1,146,175,500.00	1,146,175,500.00	1,146,175,500.00
Retained Earning -Unappropriated [Deficit]	[440,315,981.01]	[465,493,362.00]	[604,054,709]
Total Shareholders' Equity	705,859,518.99	680,682,138.00	542,120,791
Total Liabilities and Shareholders' Equity	976,583,252.78	1,156,971,944.62	1,412,527,851

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales Income	721,072,785.29	926,413,520.11	1,166,990,321
Interest Income	705,872.14	1,573,581.09	1,186,322
Gain on Exchange Rate	12,084,742.01	13,206,646.66	-
Gain from the Sale of Machinery and Equipment from Discontinued Operations	-	64,794,483.58	-
Other Income	1,741,339.54	4,639,677.71	-
Total Revenues	735,604,738.98	1,010,627,909.19	1,168,176,643
Expenses			
Cost of Goods Sold	585,085,012.99	711,817,680.51	954,004,939
Selling Expenses	59,712,099.01	67,417,107.73	79,881,167
Administrative Expenses	50,565,134.07	46,011,674.11	52,485,877
Loss on Exchange Rate	-	-	38,644,406
Total Expenses	695,362,246.07	825,246,462.35	1,125,016,389
Profit /[Loss] before Financial Cost and Income Tax	40,242,492.91	185,381,446.80	46,530,358
Financial Cost	[9,508,808.31]	[20,650,194.66]	[23,843,078]
Profit /[Loss] before Income Tax Income Tax	30,733,684.60 [5,556,303.61]	164,731,252.14 [26,169,904.71]	22,687,280 -
Net Profit / [Loss]	25,177,380.99	138,561,347.43	22,687,280

HANWHA CHEMICAL (THAILAND) CO., LTD.

FINANCIAL ANALYSIS

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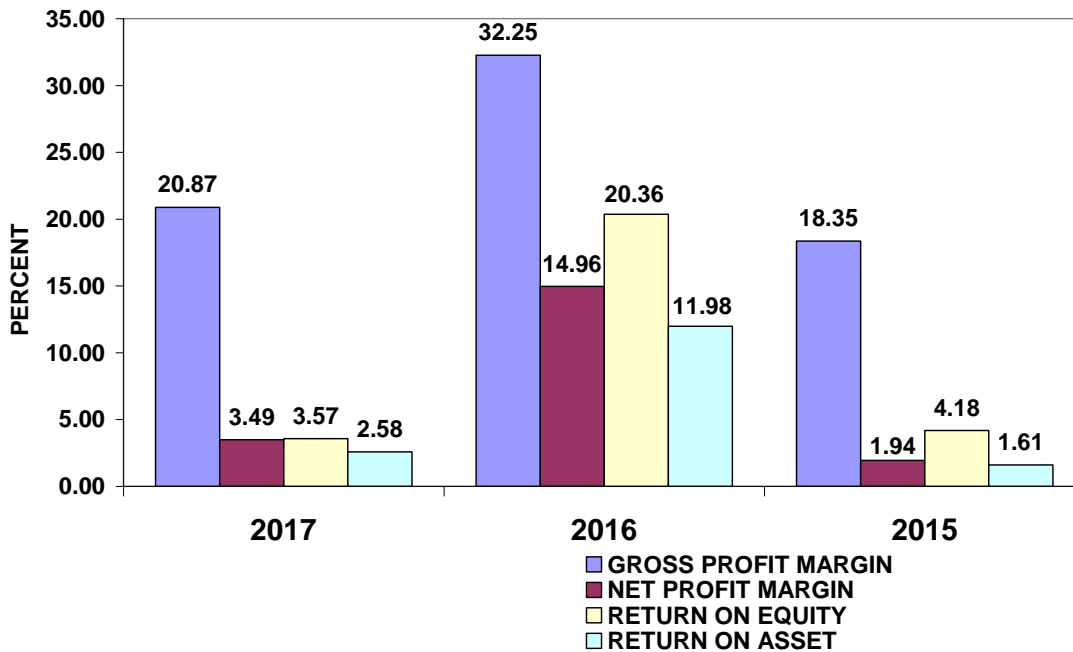
ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	1.76	1.28	0.90
QUICK RATIO	TIMES	1.06	0.85	0.62
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	1.42	1.67	1.84
TOTAL ASSETS TURNOVER	TIMES	0.74	0.80	0.83
INVENTORY CONVERSION PERIOD	DAYS	108.58	100.04	88.31
INVENTORY TURNOVER	TIMES	3.36	3.65	4.13
RECEIVABLES CONVERSION PERIOD	DAYS	51.43	39.40	46.19
RECEIVABLES TURNOVER	TIMES	7.10	9.26	7.90
PAYABLES CONVERSION PERIOD	DAYS	62.54	47.40	43.09
CASH CONVERSION CYCLE	DAYS	97.47	92.04	91.41
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	81.14	76.84	81.75
SELLING & ADMINISTRATION INTEREST	%	15.29	12.24	11.34
GROSS PROFIT MARGIN	%	1.32	2.23	2.04
NET PROFIT MARGIN BEFORE EX. ITEM	%	20.87	32.25	18.35
NET PROFIT MARGIN	%	5.58	20.01	3.70
RETURN ON EQUITY	%	3.49	14.96	1.94
RETURN ON ASSET	%	3.57	20.36	4.18
EARNING PER SHARE	BAHT	2.58	11.98	1.61
LEVERAGE RATIO				
DEBT RATIO	TIMES	2.20	12.09	1.98
DEBT TO EQUITY RATIO	TIMES	0.28	0.41	0.62
TIME INTEREST EARNED	TIMES	0.38	0.70	1.61
ANNUAL GROWTH				
SALES GROWTH	%	(22.17)	(20.62)	
OPERATING PROFIT	%	(78.29)	329.52	
NET PROFIT	%	(81.83)	510.74	
FIXED ASSETS	%	(8.23)	(12.53)	
TOTAL ASSETS	%	(15.59)	(18.09)	

ANNUAL GROWTH : RISKY

An annual sales growth is -22.17%. Sales Income has decreased from THB 926,413,520.11 in 2016 to THB 721,072,785.29 in 2017. While net profit has decreased from THB 138,561,347.43 in 2016 to THB 25,177,380.99 in 2017. And total assets has decreased from THB 1,156,971,944.62 in 2016 to THB 976,583,252.78 in 2017.

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PROFITABILITY : IMPRESSIVE



PROFITABILITY RATIO

Gross Profit Margin	20.87	Impressive	Industrial Average	-
Net Profit Margin	3.49	Impressive	Industrial Average	3.42
Return on Assets	2.58	Acceptable	Industrial Average	5.16
Return on Equity	3.57	Satisfactory	Industrial Average	7.13

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 20.87%. 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 3.49%, 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. When compared with the industry average, it was lower, the company's figure is 2.58%.

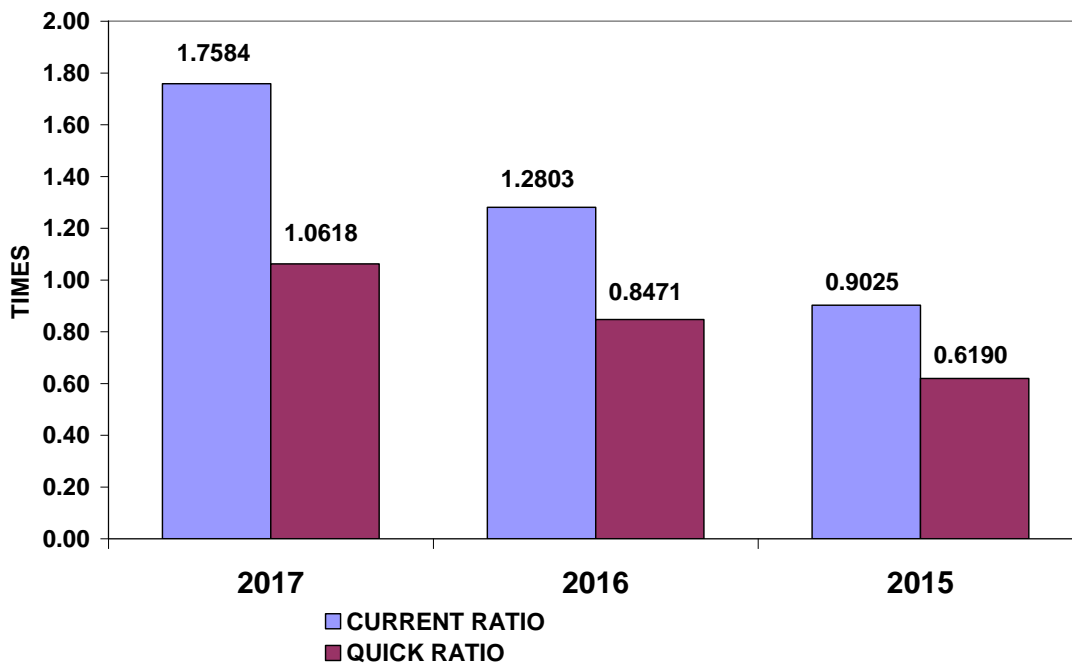
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Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. When compared with the industry average, it was lower, the company's figure is 3.57%.

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

Return on Assets Stable
 Return on Equity Stable

LIQUIDITY : ACCEPTABLE



LIQUIDITY RATIO

Current Ratio	1.76	Satisfactory	Industrial Average	1.76
Quick Ratio	1.06			
Cash Conversion Cycle	97.47			

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 1.76 times in 2017, increase from 1.28 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 the same.

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 1.06 times in 2017, increase from 0.85 times, although excluding inventory so the company still have good short-term financial strength.

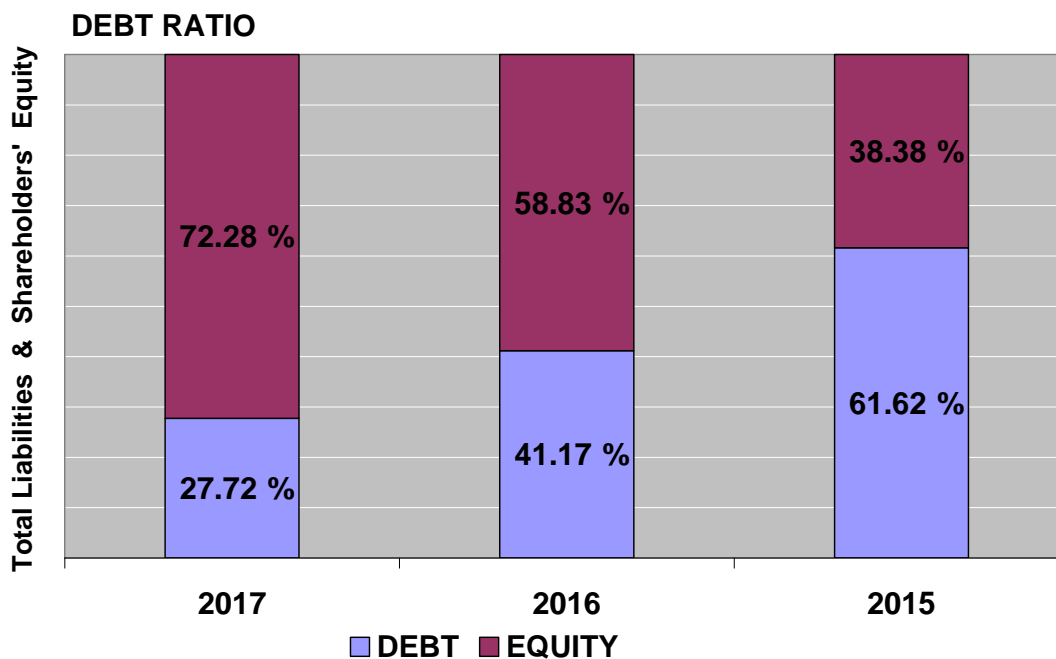
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The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 98 days.

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

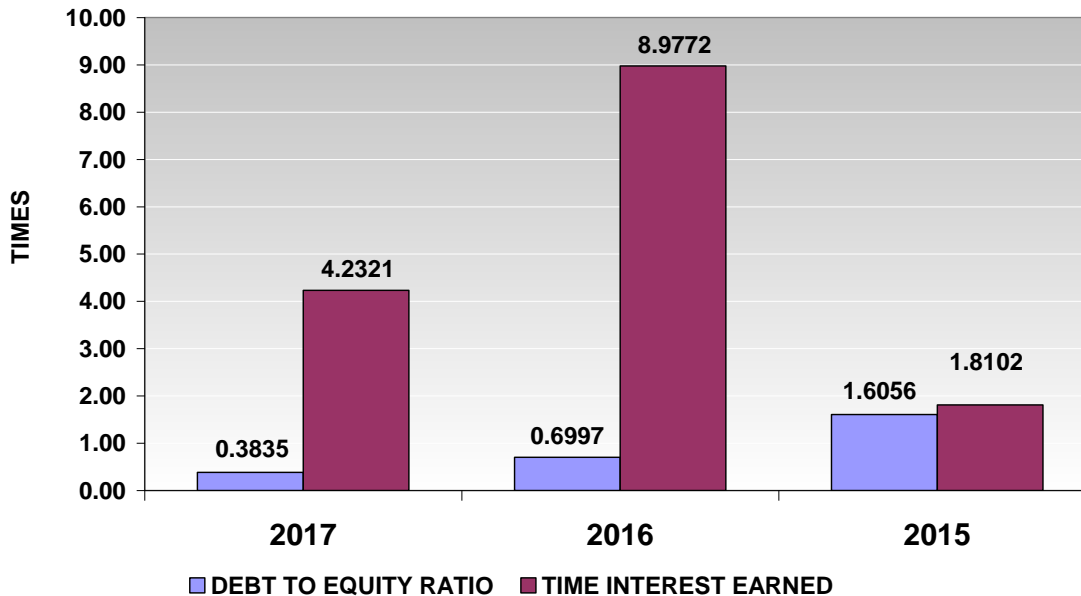
Current Ratio Stable

LEVERAGE : EXCELLENT



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LEVERAGE RATIO



LEVERAGE RATIO

Debt Ratio	0.28	Impressive	Industrial Average	0.28
Debt to Equity Ratio	0.38	Impressive	Industrial Average	0.38
Times Interest Earned	4.23	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 4.24 higher than 1, so the company can pay interest expenses on outstanding debt.

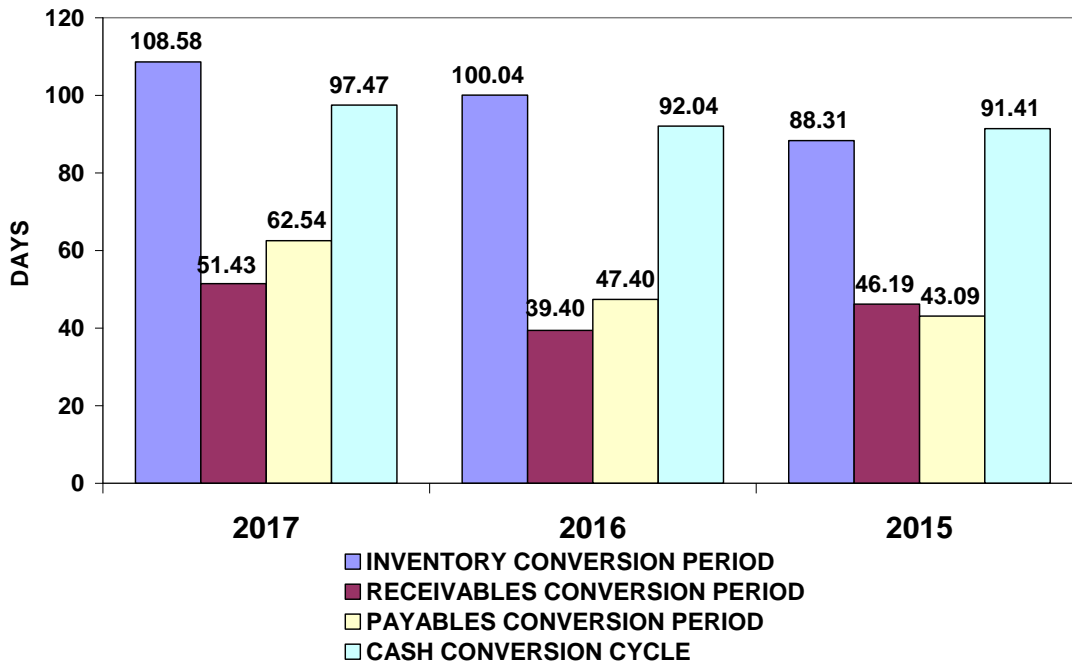
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.28 less than 0.5, most of the company's assets are financed through equity.

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

Debt Ratio	Stable
Times Interest Earned	Stable

ACTIVITY : SATISFACTORY

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ACTIVITY RATIO

Fixed Assets Turnover	1.42	Impressive	Industrial Average	-
Total Assets Turnover	0.74	Acceptable	Industrial Average	1.51
Inventory Conversion Period	108.58			
Inventory Turnover	3.36	Satisfactory	Industrial Average	6.72
Receivables Conversion Period	51.43			
Receivables Turnover	7.10	Satisfactory	Industrial Average	12.22
Payables Conversion Period	62.54			

The company's Account Receivable Ratio is calculated as 7.10 and 9.26 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 increased from 100 days at the end of 2016 to 109 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 3.65 times in year 2016 to 3.36 times in year 2017.

The company's Total Asset Turnover is calculated as 0.74 times and 0.8 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	Stable
Inventory Turnover	Stable
Receivables Turnover	Stable

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.78
UK Pound	1	INR 95.56
Euro	1	INR 84.47
Thai baht	1	INR 2.22

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	SYL

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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)