

MIRA INFORM REPORT

Report No. :	536330
Report Date :	24.10.2018

IDENTIFICATION DETAILS

Name :	POSCO-THAINOX PUBLIC COMPANY LIMITED
Formerly Known As :	THAINOX STAINLESS PUBLIC COMPANY LIMITED
Registered Office :	Floor 15/6-8, Emporium Tower, 622 Sukhumvit Road, Klongton, Klongtoey, Bangkok 10110
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	30.07.1990
Com. Reg. No.:	0107547000419
Legal Form :	Public Limited Company
Line of Business :	Manufacturer, distributor and exporter of cold-rolled stainless steel sheets and coils.
No. of Employees :	545

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+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES:

Any query related to this report can be made on e-mail: 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

POSCO-THAINOX PUBLIC COMPANY LIMITED

[FORMER: THAINOX STAINLESS PUBLIC COMPANY LIMITED]

SUMMARY

BUSINESS ADDRESS : FLOOR 15/6-8, EMPORIUM TOWER,
622 SUKHUMVIT ROAD, KLONGTON,
KLONGTOEY, BANGKOK 10110,
THAILAND

TELEPHONE : [66] 2494-3130-49

FAX : [66] 2494-3178-9

E-MAIL ADDRESS : sales@poscothainox.com

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 1990

REGISTRATION / TAX ID NO. : 0107547000419

CAPITAL REGISTERED : BHT. 7,795,709,100

CAPITAL PAID-UP : BHT. 7,795,709,100

FISCAL YEAR CLOSING DATE : DECEMBER 31

LEGAL STATUS : PUBLIC LIMITED COMPANY

EXECUTIVE : MR. KYUNG HWA SONG, KOREAN
PRESIDENT

NO. OF STAFF : 545

LINES OF BUSINESS : COLD-ROLLED STAINLESS STEEL SHEETS AND COILS
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 July 30, 1990 as a private limited company under the registered name THAINOX STEEL LTD., by Thai and foreign groups, in order to manufacture and distribute premium cold rolled stainless steel sheets and coils for both domestic and international markets. It was initially a joint venture among Arcelor group of France, Japanese Consortium and the Thai PM group with Board of Investment [BOI] promoted.

In 2004, the Thai PM group became the major shareholder of the subject, and its status was converted to a public limited company under the name THAINOX STEEL PUBLIC COMPANY LIMITED on April 26, 2004.

On June 25, 2004, its registered name was changed to THAINOX STAINLESS PUBLIC COMPANY LIMITED.

On December 14, 2004, the subject was listed on the Stock Exchange of Thailand under its symbol "INOX".

On September 20, 2011, POSCO Ltd., the world's forth largest steel and stainless steel maker acquired Thainox, then its registered name was changed to POSCO-THAINOX PUBLIC COMPANY LIMITED on November 29, 2011. The subject currently employs 545 staff.

AWARDS

ISO 9002 : 1994 awarded by BVQI in 1999
ISO 9001 : 2000 awarded by BVQI in 2003
ISO/IEC 17025 : 1999 awarded by TISI in 2004
ISO 14001 : 2004 awarded by TUSI in 2004
OHSAS 18001 : 1999 awarded

The subject's registered address was initially at CTI Tower. 23rd Floor, 191 Ratchadapisek Rd., Klongtoey, Bangkok 10110.

In 2004 the subject's registered address was moved to Unit 3101-3, 31st Floor, CRC Tower, All Seasons Place, 87/2 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330.

In September 2017, the registered address was finally relocated to Floor 15/6-8, Emporium Tower, 622 Sukhumvit Rd., Klongton, Klongtoey, Bangkok 10110, and this is the subject's current operation address.

THE BOARD OF DIRECTORS

Name

Nationality

Age

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Mr. Byung Taek Lee		Korean	54
Mr. Chalermchai Mahagitsiri		Thai	40
Mr. Hirokazu Ajima		Japanese	51
Mr. Kyung Hwa Song : Chairman	[x]	Korean	56
Mr. Kyoung Jin Rhee	[x]	Korean	51
Mr. Songsak Limbanyen		Thai	67
Mr. Man Jae Lee		Korean	67
Mr. Lee Keun Hak		Korean	63
Mr. Noppadon Sarawasi		Thai	65

AUTHORIZED PERSON

Both of the mentioned directors [x] can jointly sign on behalf of the subject with company's affixed.

MANAGEMENT

Mr. Kyung Hwa Song is the President.
He is Korean nationality with the age of 56 years old.

Mr. Sang Gyun Lee is the Finance Director.
He is Korean nationality.

Mr. Hyung Mok Kim is the Sales & Marketing Director.
He is Korean nationality.

Mr. Tae Hyung Kang is the Production Director.
He is Korean nationality.

BUSINESS OPERATIONS

The subject's activity is a manufacturer of premium cold-rolled stainless steel sheets and coils, which are divided into 2 product types: cold-rolled austenitic stainless steel and cold-rolled ferritic stainless steel. Both types have around 0.30 mm.-3 mm. of thickness and 30 mm.- 1,265 mm. of width. Its production capacity are around 63.1% and 35.9% of total production, respectively.

1. Cold-Rolled Austenitic Stainless Steel

This type of stainless steel is non-magnetic. In addition to chromium, typically at a level of 1-14%, austenitic stainless steel contains nickel, which increases corrosion resistance and makes it easy to fabricate. This is the most widely used type of stainless steel. Over 70% of stainless steel consumed in Asia is austenitic grade. INOX main products in this category include grade 304 304L and grade 316L.

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2. Cold- Rolled Ferritic Stainless Steel

This is a magnetic type of stainless steel. It has a low carbon content and contain chromium as a main element, typically at a level of 16%-18%. Ferritic steel has slightly higher yield strength than austenitic steel; therefore, ferritic steel finds greater use where there is a risk of stress-corrosion cracking. INOX main products in this category included grade 409, 430 and grade 439.

Its products are used in various industries especially automotive assembling, construction, foods containers, household equipments and electronic products.

PRODUCTION CAPACITY

300,000 tons/year

MAJOR BRANDS

"POSCO-THAINOX"

IMPORT [COUNTRIES]

Some of hot-rolled steel sheet and coil as well as machinery and spare parts are imported from France, South Africa, Japan, Taiwan, Republic of China, India and Korea.

MAJOR SUPPLIERS

Nippon Steel & Sumikin Stainless Corporation	: Japan
Arcelor	: France
POSCO Ltd.	: Korea
Nippon Metal Industrial Co., Ltd.	: Japan

SALES

70% of the products is sold directly to local customers and dealers.

EXPORT

30% of the products is exported to Republic of China, Singapore, Malaysia, United States of America, Australia, Middle East, India, Korea, Bangladesh, Denmark, Germany, France, Russia, Turkey, Egypt, Indonesia, Vietnam, Philippines and etc., as well as export directly to POSCO Ltd., Korea.

REVENUE STRUCTURE

[Unit: million baht]

	2017		2016	
	Amount	%	Amount	%
Income from				
Sales	15,414.7	99.3	13,709.9	99.6

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Gain from exchange rate	67.6	0.4	10.6	0.1
Other income	39.8	0.3	36.7	0.3
Total revenue	15,582.1	100.0	13,757.2	100.0

JOINT VENTURE COMPANY

NS-Thainox Auto Co., Ltd.

Business : Distributor of stainless steel sheets

Investment : Subject is holding around 49% of the company's total shares.

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 for the past two years.

CREDIT

Sales are by cash or on the credits term of 30-60-90 days.

Local bills are paid by cash or on the credits term of 30-60-90 days.

Imports are by L/C at sight & T/T.

Exports are against L/C at sight & T/T on the credit term of 30 days.

BANKING

The Siam Commercial Bank Public Company Limited

[Head Office : 9 Ratchadapisek Rd., Ladyao, Jatujak, Bangkok 10900]

Deutsche Bank AG.

[Bangkok Branch : 208 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330]

Bangkok Bank Public Company Limited

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

Bank of Ayudhya Public Company Limited

[Head office : 1222 Rama 3 Rd., Bangpongpan, Yannawa, Bangkok]

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EMPLOYMENT

The subject currently employs 545 staff [office staff and factory workers].

LOCATION DETAILS

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

Factory I :

: 324 Moo 8, Rayong Industrial Park, Highway No. 3191, T. Mabkha,
A. Nikompattana, Rayong 21180, Thailand. Located on the 51 acres of land
Tel : [66] 38 636-125-32, Fax. [66] 38 636-099

Factory II :

: 700/453 Moo 7, Amatanakorn Industrial Estate, T. Donhuaroh, A. Muang,
Chonburi 20000
Tel. [66] 38 454-141-3, Fax. [66] 38 454-179

COMMENT

Posco-Thainox's manufacturing facility is the first and the most advanced of its kind in the entire ASEAN region. The products have been produced according to major international standards. Thainox stainless steel products are highly appreciated in more than 30 countries worldwide, and can be categorized into austenitic and ferritic grades and are available in roll and sheet forms, all of which meet the highest demands of the market.

The subject's operating performance in 2017 was satisfactory with strong sales revenue but a decrease in net profit comparing to the previous year. The decrease in net profit was derived from higher operating expenses as well as higher income tax which eroded the profit margin. Nevertheless, the subject was able to maintain its business growth to achieve sale volume from both domestic and international markets by a firm marketing strategy in secure customer base while reaching to new retail customers at the same time together with improving products quality.

FINANCIAL INFORMATION

The capital was registered at Bht. 2,300,000,000 divided into 23,000,000 shares of Bht. 100 each.

The capital was increased / decreased later as followings :

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	Bht. 5,925,900,000 on December 4, 1998
	Bht. 6,968,400,000 on May 25, 1999
	Bht. 7,804,104,000 on September 29, 1999
Decreased were :	Bht. 4,768,913,280 on May 2, 2000
	Bht. 4,321,827,660 on November 6, 2003
Increased were :	Bht. 7,670,411,666 on November 12, 2003
	Bht. 8,000,000,000 on May 8, 2004

The latest registered capital was decreased to Bht. 7,795,709,100 divided into 7,795,709,100 shares of Bht. 1 each with fully paid.

MAIN SHAREHOLDERS

[as at March 8, 2018] at Bht. 7,795,709,100 of capitalization.

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
POSCO	5,420,532,219	69.53
POSCO Ltd.	1,005,107,272	12.89
Mr. Chalermchai Mahagitsiri	789,570,000	10.13
Nippon Steel & Sumikin Stainless Steel Corporation	202,127,100	2.59
POSCO by KTB (Thailand) Company Limited	184,112,028	2.36
Mr. Suthee Limatiboon	56,910,000	0.73
Others	137,350,481	1.77

Total shareholders : 2,057

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO

Ms. Varaporn Vorathitikul No. 4474

BALANCE SHEET [BAHT]

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

	<u>ASSETS</u>		
<u>Current Assets</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	910,362,644	1,386,705,622	1,303,238,004
Current investment	2,141,035,325	830,047,178	511,448,411

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Trade account receivable	2,180,344,617	2,354,891,690	1,948,793,085
Current portion of receivables under debt restructuring	32,979,077	32,854,362	27,339,912
Other accounts receivable	103,667,316	68,788,095	43,870,321
Advance payment for purchase raw material	-	356,844,806	-
Inventories	3,717,223,685	2,832,795,835	3,082,861,384
Other current assets	148,742,695	59,016,089	5,116,430
Total current assets	9,234,355,359	7,921,943,677	6,922,667,547
Investment in associate	4,900,000	4,900,000	4,900,000
Other long-term investments	60,000	60,000	50,060,000
Receivable under debt restructuring	72,580,367	105,515,525	138,164,135
Property, plant and equipment	3,576,969,124	3,763,986,632	4,009,148,575
Intangible assets	9,448,600	4,560,075	5,544,837
Deferred tax assets	12,614,166	-	-
Other non-current assets	18,679,265	49,073,486	20,629,206
Total Assets	12,929,606,881	11,850,939,395	11,151,114,300

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Trade accounts payable	3,481,492,713	2,537,001,753	2,300,130,163
Other accounts payable	210,482,885	78,762,580	98,615,834
Current Portion of long-term loans from financial institutions	65,034,431	-	-
Other current liabilities	1,291,229	1,100,893	2,122,264
Total Current Liabilities	3,758,301,258	2,616,865,226	2,400,868,261
Employee benefit obligations	107,660,842	85,373,787	78,383,419
Total Liabilities	3,865,962,100	2,702,239,013	2,479,251,680
Shareholders' Equity			
Share capital :			
Authorised share capital	7,795,709,100	7,795,709,100	7,795,709,100
Issued and paid-up share capital	7,795,709,100	7,795,709,100	7,795,709,100
Premium on ordinary shares	332,131,264	332,131,264	332,131,264
Retained earnings			
Appropriated - statutory reserve	468,056,069	468,056,069	438,056,069
Unappropriated	451,748,348	552,206,994	105,520,025
Other components of Equity	-	[303,045]	446,162
Total Shareholders' Equity	9,063,644,781	9,147,800,382	8,671,862,620

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Total Liabilities and Shareholders' Equity	12,929,606,881	11,850,039,395	11,151,114,300
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PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Revenue from sale for goods and rendering of services	15,474,701,272	13,709,872,220	11,705,393,694
Net foreign exchange gain	67,575,388	10,645,204	83,365,812
Other income	39,777,171	36,666,477	28,689,919
Total Revenues	15,582,053,831	13,757,183,901	11,817,449,425
Expenses			
Cost of goods sold	14,449,929,390	12,666,745,132	11,184,966,093
Selling expenses	202,736,776	194,325,674	187,357,418
Administrative expenses	335,549,840	313,805,310	323,598,697
Tax penalty and surcharges	93,214,943	-	-
Finance costs	1,165,418	191,441	10,518,733
Total Expenses	15,082,596,367	13,175,067,557	11,706,440,941
Profit before Income Tax expenses	499,457,464	582,116,344	111,008,484
Income Tax [Expenses]	[187,304,378]	[187,302]	111,541
Profit for the year	312,153,086	581,929,042	111,120,025
Other comprehensive income [expenses]			
Net change in fair value of available - for- sale investments	378,806	[936,509]	557,703
Income tax on other comprehensive income	[75,761]	187,302	111,541
Total items that will be reclassified subsequently to profit or loss	303,045	[749,207]	446,162
Items that will not be reclassified to profit or loss			
Loss on remeasurements of defined benefit plans	[13,405,165]	-	-
Income tax relating to items that will not be reclassified	2,681,033	-	-
Total items that will not be reclassified to profit or loss	[10,724,132]	-	-

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Other comprehensive expense for the year, net of tax	[10,421,087]	[749,207]	-
Net Profit / [Loss]	301,731,999	581,179,835	111,566,187

FINANCIAL ANALYSIS

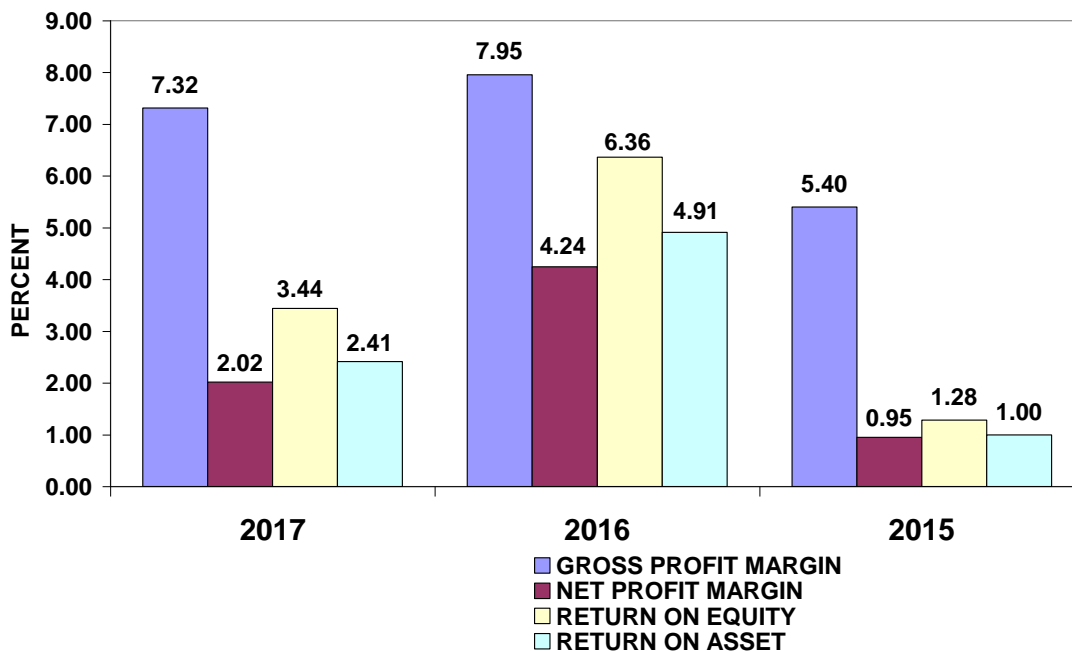
ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	2.46	3.03	2.88
QUICK RATIO	TIMES	1.43	1.92	1.60
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	4.33	3.64	2.92
TOTAL ASSETS TURNOVER	TIMES	1.20	1.16	1.05
INVENTORY CONVERSION PERIOD	DAYS	93.90	81.63	100.60
INVENTORY TURNOVER	TIMES	3.89	4.47	3.63
RECEIVABLES CONVERSION PERIOD	DAYS	51.43	62.69	60.77
RECEIVABLES TURNOVER	TIMES	7.10	5.82	6.01
PAYABLES CONVERSION PERIOD	DAYS	87.94	73.11	75.06
CASH CONVERSION CYCLE	DAYS	57.38	71.22	86.31
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	93.38	92.39	95.55
SELLING & ADMINISTRATION INTEREST	%	3.48	3.71	4.37
GROSS PROFIT MARGIN	%	0.01	0.00	0.09
NET PROFIT MARGIN BEFORE EX. ITEM	%	7.32	7.95	5.40
NET PROFIT MARGIN	%	3.23	4.25	0.95
RETURN ON EQUITY	%	2.02	4.24	0.95
RETURN ON ASSET	%	3.44	6.36	1.28
EARNING PER SHARE	BAHT	2.41	4.91	1.00
		4.00	7.46	1.43
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.30	0.23	0.22
DEBT TO EQUITY RATIO	TIMES	0.43	0.30	0.29
TIME INTEREST EARNED	TIMES	428.57	3,040.71	10.55
ANNUAL GROWTH				
SALES GROWTH	%	12.87	17.12	
OPERATING PROFIT	%	(14.20)	424.39	
NET PROFIT	%	(46.36)	423.69	
FIXED ASSETS	%	(4.97)	(6.12)	
TOTAL ASSETS	%	9.11	6.27	

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ANNUAL GROWTH: ACCEPTABLE

An annual sales growth is 12.87%. Sales Income has increased from THB 13,709,872,220.00 in 2016 to THB 15,474,701,272.00 in 2017. While net profit has decreased from THB 581,929,042.00 in 2016 to THB 312,153,086.00 in 2017. And total assets has increased from THB 11,850,039,395.00 in 2016 to THB 12,929,606,881.00 in 2017.

PROFITABILITY: EXCELLENT



PROFITABILITY RATIO

Gross Profit Margin	7.32	Impressive	Industrial Average	5.97
Net Profit Margin	2.02	Impressive	Industrial Average	(1.31)
Return on Assets	2.41	Impressive	Industrial Average	(1.70)
Return on Equity	3.44	Impressive	Industrial Average	(4.12)

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 7.32%. 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 2.02%, higher figure when compared with those of its

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average competitors in the same industry, indicated that business was an efficient operator in a dominant position within its industry.

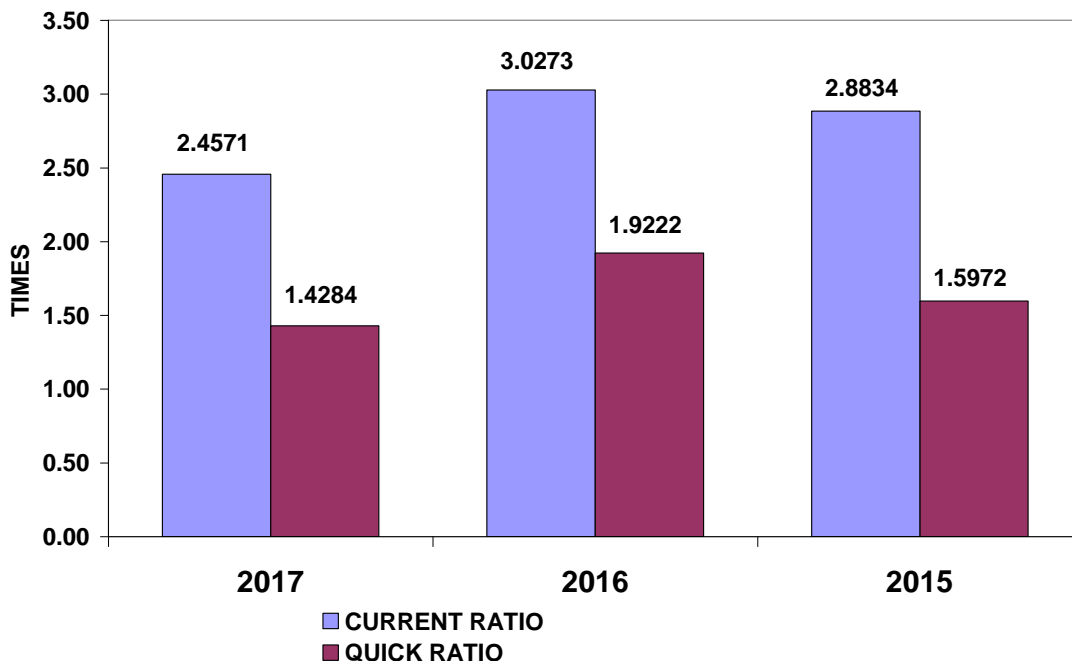
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 2.41%, 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 3.44%, 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	2.46	Impressive	Industrial Average	0.87
Quick Ratio	1.43			
Cash Conversion Cycle	57.38			

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 2.46 times in 2017, decrease from 3.03 times, then it is generally considered to have good short-term financial strength. When compared with the industry average, the ratio of the company was higher, indicated that company was an efficient operator in a dominant position within its industry.

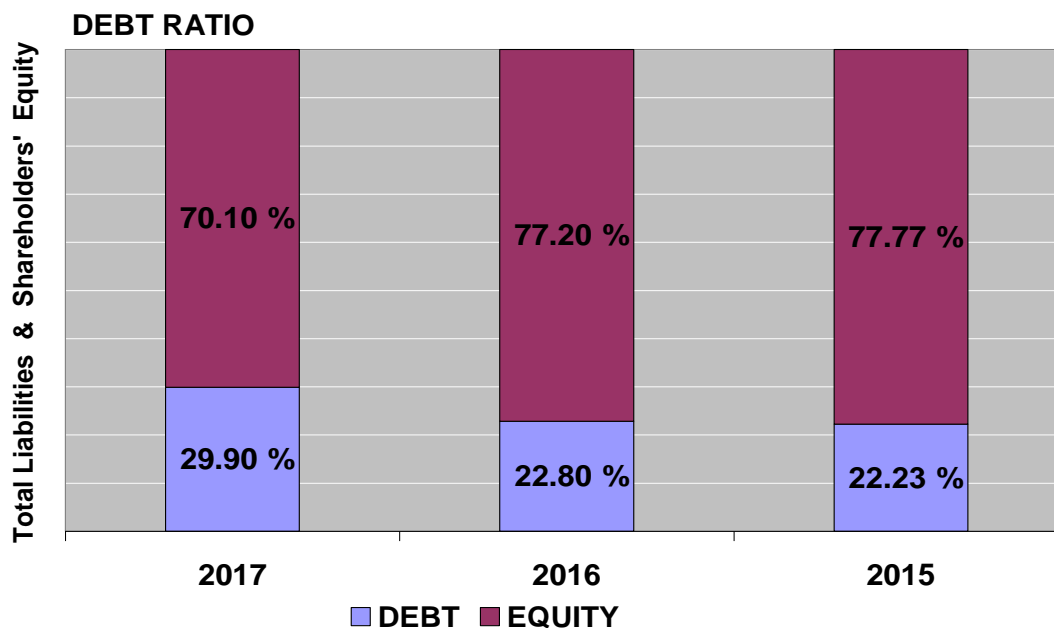
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.43 times in 2017, decrease from 1.92 times, although excluding inventory so the company still have 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 58 days.

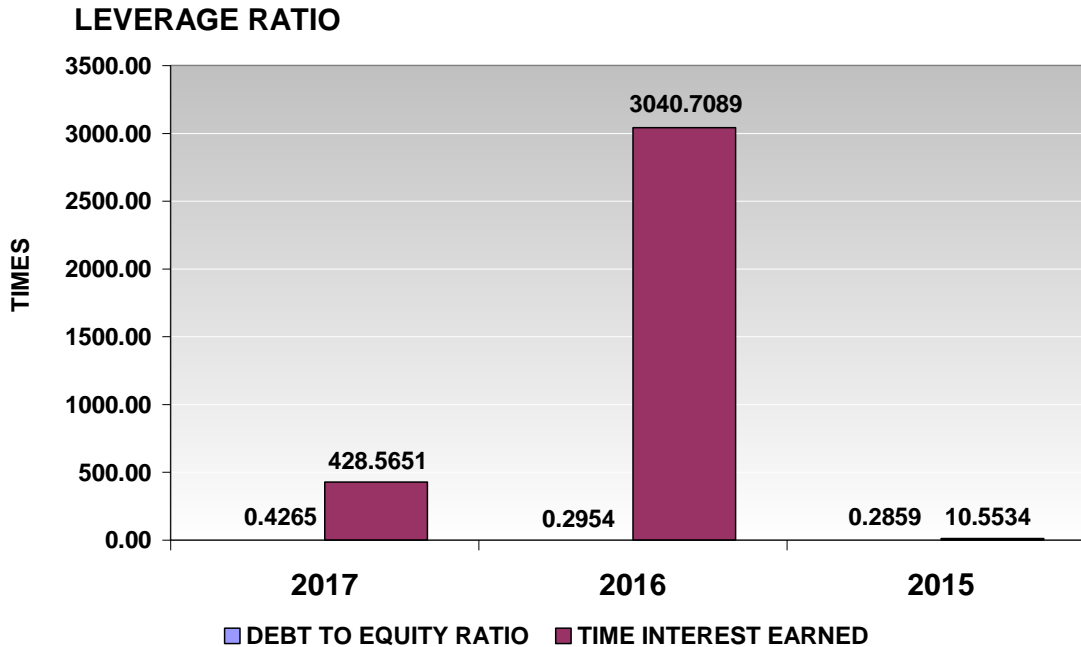
Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

LEVERAGE: EXCELLENT



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LEVERAGE RATIO

Debt Ratio	0.30	Impressive	Industrial Average	0.61
Debt to Equity Ratio	0.43	Impressive	Industrial Average	1.58
Times Interest Earned	428.57	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.

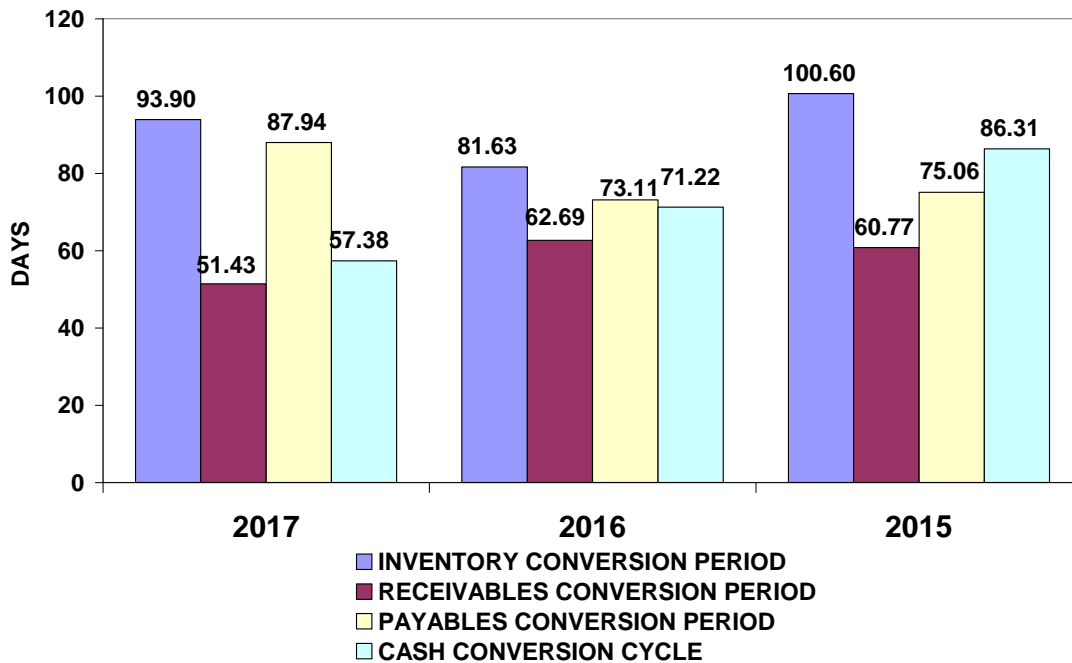
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 428.57 higher than 1, so the company can pay interest expenses on outstanding debt.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.3 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	4.33	Impressive	Industrial Average	-
Total Assets Turnover	1.20	Satisfactory	Industrial Average	1.30
Inventory Conversion Period	93.90			
Inventory Turnover	3.89	Satisfactory	Industrial Average	4.63
Receivables Conversion Period	51.43			
Receivables Turnover	7.10	Satisfactory	Industrial Average	12.82
Payables Conversion Period	87.94			

The company's Account Receivable Ratio is calculated as 7.10 and 5.82 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 overtly 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 increased from 82 days at the end of 2016 to 94 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 4.47 times in year 2016 to 3.89 times in year 2017.

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The company's Total Asset Turnover is calculated as 1.2 times and 1.16 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	Uptrend
Receivables Turnover	Uptrend

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 :	NIS
Report Prepared by :	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)