

MIRA INFORM REPORT

Report No. :	537407
Report Date :	31.10.2018

IDENTIFICATION DETAILS

Name :	KOBE MIG WIRE (THAILAND) CO., LTD.
Registered Office :	491 Moo 4, Soi 1, Bangpoo Industrial Estate, Sukhumvit Road, T. Praeksa, A. Muang, Samutprakarn 10280
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	06.09.1988
Com. Reg. No.:	0105531069404
Legal Form :	Private Limited Company
Line of Business :	The subject is engaged in manufacturing, distributing and exporting solid wires for gas metal arc welding under its own "KOBELCO" brand.
No. of Employees :	150

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 :	Good
Payment Behaviour :	No Complaints
Litigation :	Clear

NOTES :

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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

KOBE MIG WIRE (THAILAND) CO., LTD.

SUMMARY

BUSINESS ADDRESS : 491 MOO 4, SOI 1, BANGPOO INDUSTRIAL
ESTATE, SUKHUMVIT ROAD, T. PRAEKSA, A. MUANG,
SAMUTPRAKARN 10280, THAILAND

TELEPHONE : [66] 2324-0588-91

FAX : [66] 2324-0797

E-MAIL ADDRESS : -

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 1988

REGISTRATION / TAX ID NO. : 0105531069404

CAPITAL REGISTERED : BHT. 83,000,000

CAPITAL PAID-UP : BHT. 83,000,000

SHAREHOLDER'S PROPORTION : THAI : 20.00%
JAPANESE : 80.00%

FISCAL YEAR CLOSING DATE : DECEMBER 31

LEGAL STATUS : PRIVATE LIMITED COMPANY

EXECUTIVE : MR. YOSHIYUKI HASEGAWA, JAPANESE
PRESIDENT

NO. OF STAFF : 150

LINES OF BUSINESS : SOLID WIRES FOR GAS METAL ARC WELDING
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 September 6, 1988 as a private limited company under the registered name KOBE MIG WIRE (THAILAND) CO., LTD. by Thai and Japanese groups, with the business objective to manufacture solid wire for gas metal arc welding. It currently employs 150 staff.

The subject is an affiliated company of Kobe Steel Ltd., in Japan, with holding around 66% of investment.

The subject's registered address is 491 Moo 4, Soi 1, Bangpoo Industrial Estate, T. Praeksa, A. Muang, Samutprakarn 10280, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>		<u>Nationality</u>	<u>Age</u>
Mr. Yoshiyuki Hasegawa	[x]	Japanese	50
Mr. Nipatpan Nutavej	[x]	Thai	57
Mr. Tetsuya Nakamura		Japanese	60
Mr. Kenichi Orita	[x]	Japanese	48
Mr. Ryo Yamada		Japanese	50
Mr. Katsuyuki Sako		Japanese	52
Mr. Toshihiko Hama		Japanese	47

AUTHORIZED PERSON

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

MANAGEMENT

Mr. Yoshiyuki Hasegawa is the President.
He is Japanese nationality with the age of 50 years old.

Mr. Kenichi Orita is the Chief Financial Officer.
He is Japanese nationality with the age of 48 years old.

Mr. Nipatpan Nutavej is the Vice President/Factory Manager.
He is Thai nationality with the age of 57 years old.

BUSINESS OPERATIONS

The subject is engaged in manufacturing, distributing and exporting solid wires for gas metal arc welding under its own "KOBELCO" brand.

PRODUCTION CAPACITY

750 metric tons per month

PURCHASE

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

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MAJOR SUPPLIERS

Kobe Steel Ltd. : Japan
Thai-Kobe Welding Co., Ltd. : Thailand

SALES [LOCAL]

60% of the products is sold and marketed locally by Thai-Kobe Welding Co., Ltd.

EXPORT

40% of the products is exported directly to Japan, Malaysia and Taiwan.

ASSOCIATED COMPANY

Thai-Kobe Welding Co., Ltd.

Business Type : Manufacturer and distributor of welding electrodes

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 T/T.
Exports are against T/T.

BANKING

Bangkok Bank Public Company Limited

EMPLOYMENT

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The subject employs approximately 150 staff.

LOCATION DETAILS

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

COMMENT

The subject encountered a slow growth in 2017 from a decrease in both sales or service income and net profit comparing to the previous year. Nevertheless, its business remains moderately fair and profitable.

FINANCIAL INFORMATION

The capital was registered at Bht. 83,000,000 divided into 16,600 shares of Bht. 5,000 each with fully paid.

THE SHAREHOLDERS LISTED WERE : [as at April 24, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Kobe Steel Ltd. Nationality: Japanese Address : 9-12 Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo, Japan	10,956	66.00
Thai Escorp Ltd. Nationality: Thai Address : 1126/2 New Petchburi Road, Makkasan, Ratchathewi, Bangkok	1,660	10.00
Watana Inter-Trade Co., Ltd. Nationality: Thai Address : 52 Silom Road, Suriyawongse, Bangrak, Bangkok	1,660	10.00
Kanematsu Corporation Nationality: Japanese Address : 1-2-1, Shibaura 1-chome, Minato-ku, Tokyo 105-8005, Japan	1,494	9.00
Shinsho Corporation Nationality: Japanese Address : 2-5, Nihonbashi 1-Chome, Chuo-ku, Tokyo, Japan	830	5.00

Total Shareholders : 5

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Share Structure [as at April 24, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	2	3,320	20.00
Foreign - Japanese	3	13,280	80.00
Total	5	16,600	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Mr. Krit Chachawanwong No. 5016

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	6,808,867	117,050,500	26,796,194
Trade Accounts and Other Receivable	72,269,840	71,538,370	66,955,693
Short-term Loans	59,647,051	-	-
Inventories	227,552,653	227,541,406	183,869,547
Other Current Assets	1,345,408	7,602,130	4,433,550
Total Current Assets	367,623,819	423,732,406	282,054,984
Other Long-term Investment	199,900	199,900	199,900
Investment Property	11,523,875	-	-
Property, Plant and Equipment	91,401,723	106,881,619	117,319,205
Intangible Assets	191,899	254,468	339,289
Other Non-current Assets	160,000	160,005	160,005
Total Assets	471,101,216	531,228,398	400,073,383

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Trade Accounts and Other Payable	125,525,845	157,015,251	77,430,084
Current Portion of Long-term Liabilities	-	335,013	342,471
Short-term Loans	-	-	55,000,000
Accrued Income Tax	2,048,767	8,542,662	-
Other Current Liabilities	3,421,797	3,594,883	4,315,557

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Total Current Liabilities	130,996,409	169,487,809	137,088,112
Provision for Employee Benefits	26,189,920	22,761,030	20,273,787
Other Non-current Liabilities	-	-	333,361
Total Liabilities	157,186,329	192,248,839	157,695,260
Shareholders' Equity			
Share capital : Baht 5,000 par value authorized, and issued share capital 16,600 shares	83,000,000	83,000,000	83,000,000
Capital Paid	83,000,000	83,000,000	83,000,000
Retained Earning - [Deficit]			
Appropriated statutory reserve	8,300,000	8,300,000	8,300,000
Unappropriated	222,614,887	247,679,559	151,078,123
Total Shareholders' Equity	313,914,887	338,979,559	242,378,123
Total Liabilities and Shareholders' Equity	471,101,216	531,228,398	400,073,383

PROFIT & LOSS ACCOUNT

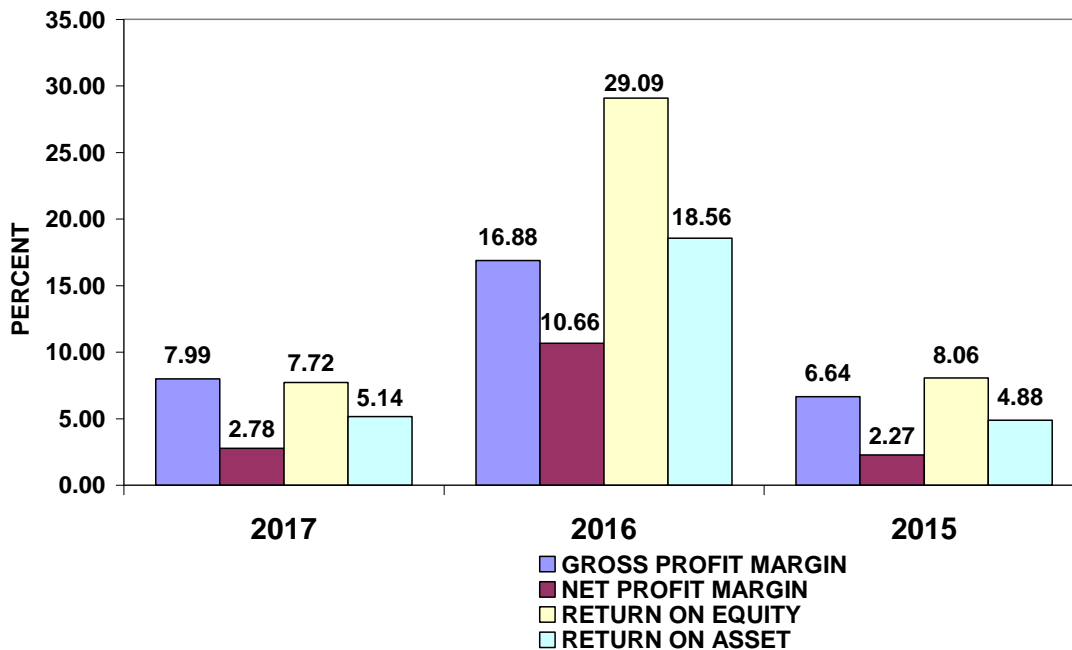
Revenue	2017	2016	2015
Sales or Services Income	872,602,244	924,950,371	860,333,291
Other Income	3,252,855	3,117,979	3,737,962
Total Revenues	875,855,099	928,068,350	864,071,253
Expenses			
Cost of Goods Sold or Services	806,144,523	771,959,814	806,917,323
Selling Expenses	35,424,937	34,905,796	26,613,253
Administrative Expenses	2,275,413	7,775,942	9,359,512
Other Expenses	91,808	4,993	3,266
Total Expenses	843,936,681	814,646,545	842,893,354
Profit/[Loss] before Financial Cost and Income Tax	31,918,418	113,421,805	21,177,899
Financial Cost	[401,561]	[521,006]	[1,358,926]
Profit/[Loss] before Income Tax Income Tax	31,516,857 [7,281,529]	11,900,799 [14,299,363]	19,818,973 [290,627]

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ANNUAL GROWTH : RISKY

An annual sales growth is -5.66%. Sales Income has decreased from THB 924,950,371.00 in 2016 to THB 872,602,244.00 in 2017. While net profit has decreased from THB 98,601,436.00 in 2016 to THB 24,235,328.00 in 2017. And total assets has decreased from THB 531,228,398.00 in 2016 to THB 471,101,216.00 in 2017.

PROFITABILITY : IMPRESSIVE



PROFITABILITY RATIO

Gross Profit Margin	7.99	Impressive	Industrial Average	-
Net Profit Margin	2.78	Satisfactory	Industrial Average	4.70
Return on Assets	5.14	Satisfactory	Industrial Average	5.46
Return on Equity	7.72	Satisfactory	Industrial Average	8.89

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 7.99%. 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. The company's figure is 2.78%. When compared with the industry average, the ratio of the company was lower.

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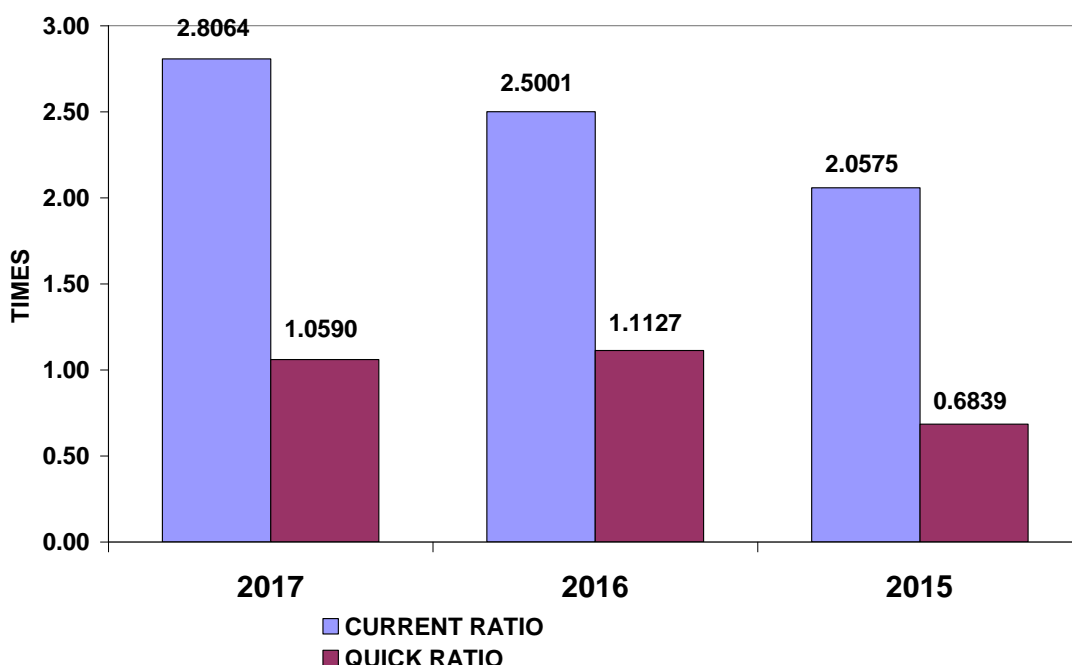
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is 5.14%.

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 7.72%.

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

Return on Assets Downtrend
Return on Equity Downtrend

LIQUIDITY : SATISFACTORY



LIQUIDITY RATIO

Current Ratio	2.81	Impressive	Industrial Average	2.49
Quick Ratio	1.06			
Cash Conversion Cycle	76.42			

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 2.81 times in 2017, increase from 2.5 times, then it is generally considered

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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.

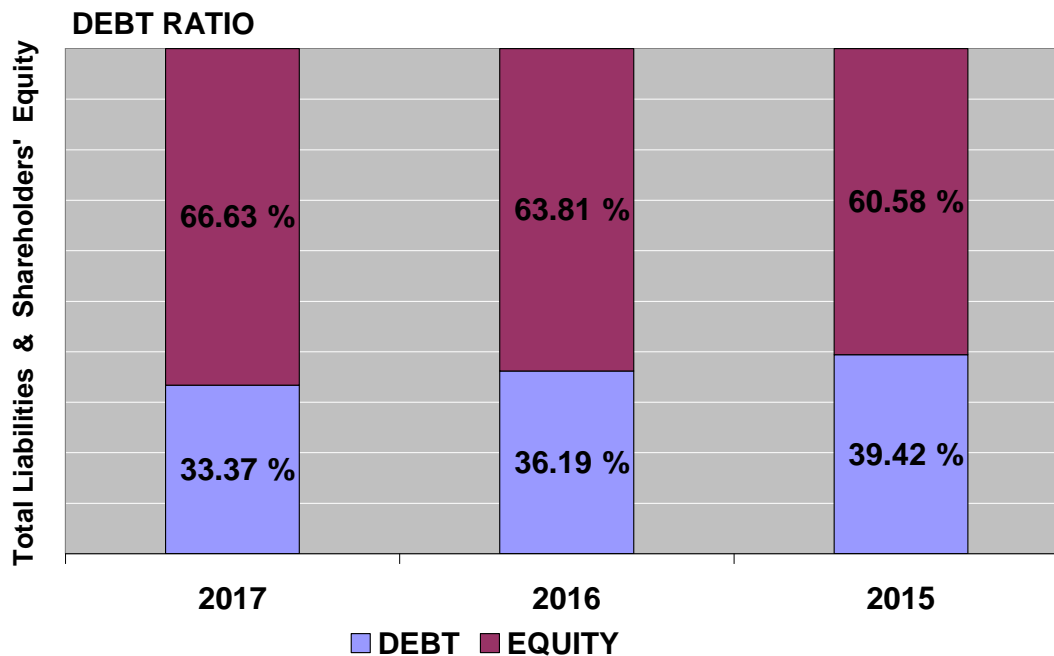
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.06 times in 2017, decrease from 1.11 times, although excluding inventory so the company still have 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 77 days.

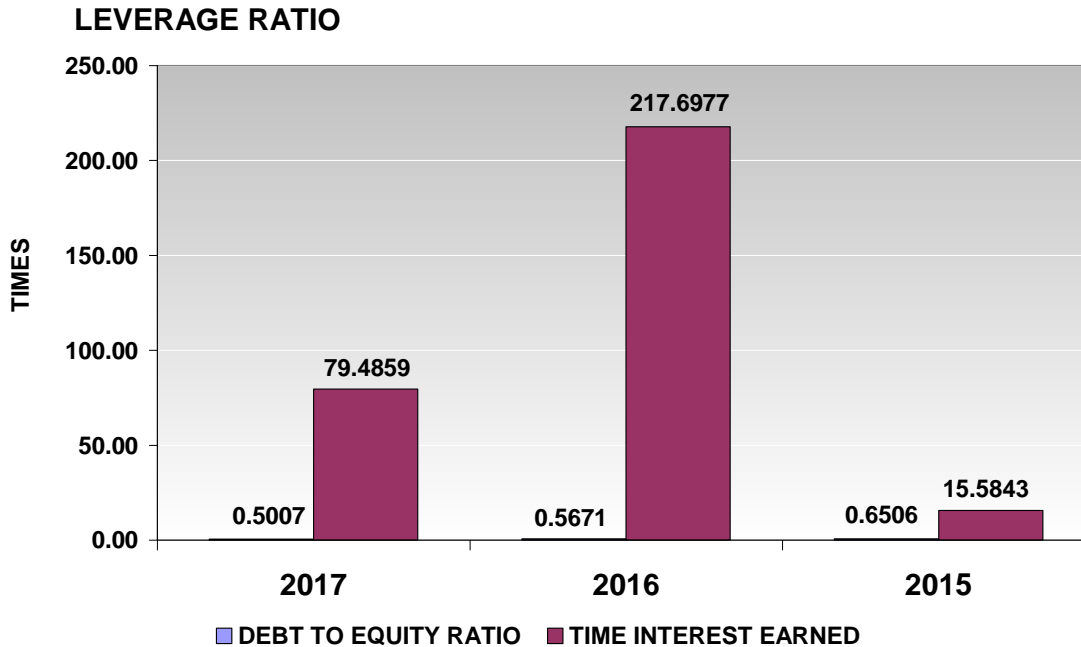
Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

LEVERAGE : EXCELLENT



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LEVERAGE RATIO

Debt Ratio	0.33	Impressive	Industrial Average	0.35
Debt to Equity Ratio	0.50	Impressive	Industrial Average	0.55
Times Interest Earned	79.49	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 79.49 higher than 1, so the company can pay interest expenses on outstanding debt.

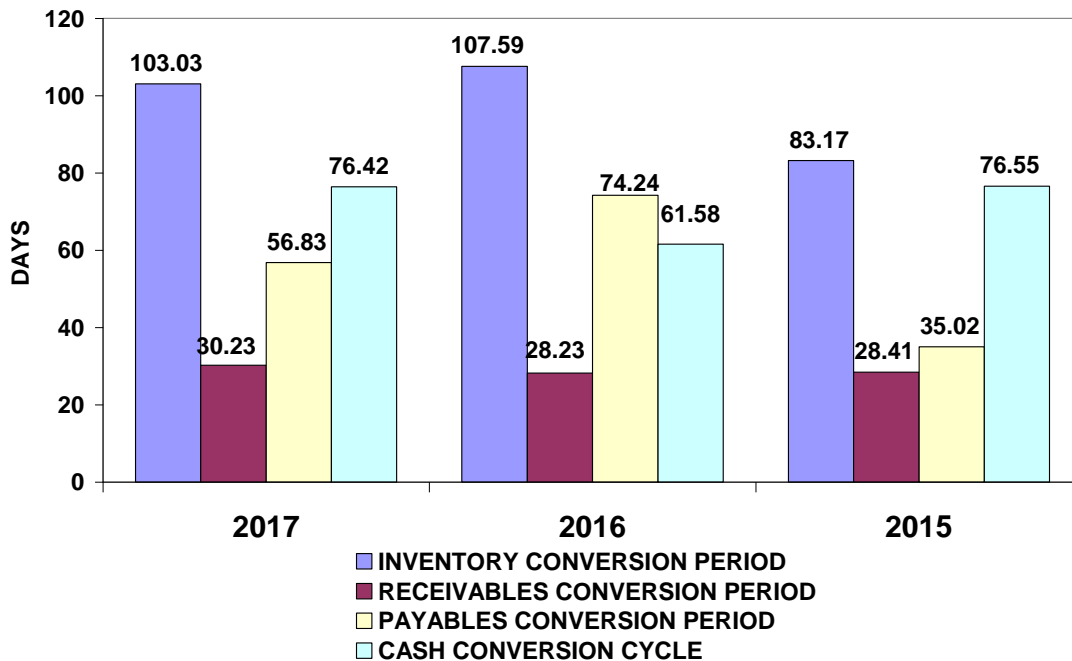
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.33 less than 0.5, most of the company's assets are financed through equity.

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

Debt Ratio	Downtrend
Times Interest Earned	Stable

ACTIVITY : EXCELLENT

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ACTIVITY RATIO

Fixed Assets Turnover	9.55	Impressive	Industrial Average	-
Total Assets Turnover	1.85	Impressive	Industrial Average	1.16
Inventory Conversion Period	103.03			
Inventory Turnover	3.54	Impressive	Industrial Average	2.45
Receivables Conversion Period	30.23			
Receivables Turnover	12.07	Impressive	Industrial Average	7.78
Payables Conversion Period	56.83			

The company's Account Receivable Ratio is calculated as 12.07 and 12.93 in 2017 and 2016 respectively. This ratio measures the efficiency of the company in managing its trade debtors to generate revenue. A lower ratio may indicate over extension and collection problems. Conversely, a higher ratio may indicate an overly stringent policy. In this case, the company's A/R ratio in 2017 decreased from 2016. This would suggest the company had deteriorated in the management of its debt collections.

Inventory Turnover in Days Ratio indicates the liquidity of inventory. It estimates the number of days that it will take to sell the current inventory. Inventory is particularly sensitive to change in business activities. The inventory turnover in days has decreased from 108 days at the end of 2016 to 103 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 3.39 times in year 2016 to 3.54 times in year 2017.

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The company's Total Asset Turnover is calculated as 1.85 times and 1.74 times in 2017 and 2016 respectively. This ratio is determined by dividing total assets into total sales turnover. The ratio measures the activity of the assets and the ability of the firm to generate sales through the use of the assets.

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

Fixed Assets Turnover	Stable
Total Assets Turnover	Downtrend
Inventory Turnover	Downtrend
Receivables Turnover	Uptrend

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.57
UK Pound	1	INR 94.18
Euro	1	INR 83.71
Thai Baht	1	INR 2.23

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	TPT

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)