

## MIRA INFORM REPORT

Report No. :	528818
Report Date :	08.09.2018

### IDENTIFICATION DETAILS

Name :	G STEEL PUBLIC COMPANY LIMITED
Formerly Known As :	SIAM STRIP MILL PUBLIC COMPANY LIMITED
Registered Office :	18 <sup>th</sup> Floor, Paso Tower, 88 Silom Road, Suriyawongse, Bangrak, Bangkok 10500
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	31.10.1995
Com. Reg. No.:	0107538000746
Legal Form :	Private Limited Company
Line of Business :	Subject's activity is a producer and distributor of a wide range of high quality hot-rolled steel coil and slab in substituting imports and meeting domestic customers' demands. Its products serve as raw materials for such downstream industries as cold-rolled coils, galvanized steel, steel pipe, structural products for construction, automobile as well as steel furniture, LPG container, electrical appliances industries.
No. of Employees :	659

### RATING & COMMENTS

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

MIRA's Rating :	C
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Credit Rating	Explanation	Rating Comments
C	Medium High Risk	Business dealings permissible preferably on secured basis

Status :	Moderate
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<b>Payment Behaviour :</b>	Slow
<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**

<b>Country Name</b>	<b>Previous Rating (31.12.2017)</b>	<b>Current Rating (01.04.2018)</b>
Thailand	A2	A2

<b>Risk Category</b>	<b>ECGC Classification</b>
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**

**G STEEL PUBLIC COMPANY LIMITED**

[FORMER : SIAM STRIP MILL PUBLIC COMPANY LIMITED]

## **SUMMARY**

BUSINESS ADDRESS : 18<sup>th</sup> FLOOR, PASO TOWER, 88 SILOM ROAD,  
SURIYAWONGSE, BANGRAK, BANGKOK 10500, THAILAND  
TELEPHONE : [66] 2634-2222  
FAX : [66] 2634-3771, 2634-4114, 2634-3313  
E-MAIL ADDRESS : [info@gsteel.com](mailto:info@gsteel.com)  
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS  
ESTABLISHED : 1995  
REGISTRATION/ TAX ID NO. : 0107538000746  
CAPITAL REGISTERED : BHT. 48,775,743,730  
CAPITAL PAID-UP : BHT. 34,250,904,820  
FISCAL YEAR CLOSING DATE : DECEMBER 31  
LEGAL STATUS : PUBLIC LIMITED COMPANY  
EXECUTIVE : MR. AMRENDRA PRASAD CHOUDHARY, INDIAN  
CHIEF EXECUTIVE OFFICER

NO. OF STAFF : 659  
LINES OF BUSINESS : HOT-ROLLED STEEL COILS AND SLAB  
MANUFACTURER AND DISTRIBUTOR

### **CORPORATE PROFILE**

OPERATING TREND : STABLE  
PRESENT SITUATION : OPERATING NORMALLY  
REPUTATION : FAIR FOR NORMAL BUSINESS ENGAGEMENT  
MANAGEMENT STANDARD : MANAGEMENT WITH LOW PERFORMANCE

### **HISTORY**

The subject was established on October 31, 1995 as a private limited company under the registered name "Siam Strip Mill Co., Ltd." On December 12, 1995, its status was converted to a public limited company under the name "Siam Strip Mill Public Company Limited".

SSP Group of Companies [SSP], holding majority shares in the subject and the main sponsor of the project. SSP, one of Thailand's largest conglomerates, is the Southeast Asia's most dominant producer of steel pipes with a combined annual capacity of approximately 850,000 tons. It also owns one steel

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coil center with an annual capacity of approximately 150,000 tons. Dr. Somsak Leeswadtrakul, a pioneer in Thai and Southeast Asia steel industry, leads the SSP Group. The subject also has equity participation from a number of prominent Japanese companies including ITOCHU and etc. The project was strongly supported by The Japanese Government in the form of loan guarantees issued by The Ministry of International Trade and Industries (MITI).

The subject received promotional privilege from the Board of Investment on January 29, 1996 for the manufacturing of hot rolled coils. The main privilege included the exemption from import duty on approved machinery, the reduction of import duty on approved raw materials, and the exemption from corporate income tax for the promoted activities for a period of eight years from the date when income is first derived together with reduction of 50% corporate income tax for the promoted activities for a period of five years after the exemption period.

During 2001-2003, the subject operated its business under the rehabilitation plan, and out from the plan completely in June 2004.

On March 26, 2004, the subject's name was changed to G STEEL PUBLIC COMPANY LIMITED, then it was listed on the Stock Exchange of Thailand (SET) under the symbol name "GSTEL" on January 25, 2006. It currently employs 659 staff.

It achieved the ISO 14001, TIS 18001 and OSHAS 18001 by BVQI, UKAS, TUV NORD, TUV Cert and NAC.

The subject's registered and business address were 18<sup>th</sup> Floor, SSP Tower 3, 88 Silom Rd., Suriyawongse, Bangrak, Bangkok 10500.

In 2010, "SSP Tower 3" has been renamed to "PASO Tower".

## **THE BOARD OF DIRECTORS**

Name		Nationality	Age
Mr. Yanyong Kurovat : Chairman	[x]	Thai	80
Khunying Patama Leeswadtrakul		Thai	53
Mr. Paichitr Rojanavanich		Thai	90
Mr. Chainarong Monthienvichienchai		Thai	73
Mr. Ryuzo Ogino	[x]	Japanese	71
Mr. Teerapol Pussadet		Thai	68
Ms. Soontareeya Wongsirikul	[x]	Thai	51
Mr. Somchai Leeswadtrakul	[x]	Thai	56
Mrs. Churairat Panyarachun		Thai	64
Mr. Komol Wong-apai	[x]	Thai	81
Ms. Methikan Chutipongsiri		Thai	52
Dr. Teerachai Arunruangsirilert		Thai	-
Mr. Amrendra Prasad Choudhary		Indian	-

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## **AUTHORIZED PERSON**

Any two of the above directors [x] can jointly sign on behalf of the subject with the company's affixed.

## **MANAGEMENT**

Mr. Amrendra Prasad Choudhary is the Chief Executive Officer.  
He is Indian nationality.

Ms. Soontareeya Wongsirikul is the Chief Financial Officer.  
She is Thai nationality with the age of 51 years old.

Khunying Patama Leeswadtrakul is the Chief CSR (Corporate Social Responsibility).  
She is Thai nationality with the age of 53 years old.

Mr. Somchai Leeswadtrakul is the Chief Government Liaison.  
He is Thai nationality with the age of 56 years old.

Mr. Tushar Kanti Sahu is the Chief Marketing Officer.  
He is Indian nationality.

Ms. Methikan Chutipongsiri is the Chief Management Officer.  
She is Thai nationality.

Mr. Warawut Suwannasorn is the Chief Production Officer.  
He is Thai nationality.

## **BUSINESS OPERATIONS**

The subject's activity is a producer and distributor of a wide range of high quality hot-rolled steel coil and slab in substituting imports and meeting domestic customers' demands. Its products serve as raw materials for such downstream industries as cold-rolled coils, galvanized steel, steel pipe, structural products for construction, automobile as well as steel furniture, LPG container, electrical appliances industries.

The subject's plant has currently used new modern technology for the production and completed base facilities systems, called "Compact Mini Mill" consists of Electric Arc Furnace, Medium Stab Casting Machinery and Hot Strip Mill, located in the same plant.

## **PRODUCTS**

Hot Rolled Coil	:	Width 900-1,550 mm.
	:	Gauge 1.0-13.0 mm.
Slab	:	Width 900-1,550 mm.
	:	Gauge 80-100 mm.

## **PRODUCTION TECHNOLOGY**

Melting - Electric arc furnace from Germany  
Casting - Medium slab casting machine from Japan  
Rolling - Hot strip mill from Japan

## **PRODUCTION CAPACITY**

1.8 million tons per annum

## **IMPORT [COUNTRIES]**

80% of raw materials such as steel scrap, pig iron, machinery and spare parts are imported from Japan, Singapore, India, Republic of China, Germany, Australia and United States of America, the remaining 20% is purchased locally.

## **MAJOR SUPPLIERS**

Stena Metal Inc.	:	United States of America
Steel Base Trade AG.	:	Germany
Cargill International Trading Pte. Ltd.	:	Singapore
Multiserv (Thailand) Co., Ltd.	:	Thailand
Mannesmann Demag Hüttentechnik GmbH.	:	Germany
Mitsubishi Heavy Industry Ltd.	:	Japan

## **SALES [LOCAL]**

100% of its products is sold locally to manufacturers, wholesalers and trading companies.

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## **MAJOR CUSTOMERS**

Nara International Co., Ltd.	: Thailand
Advanced Metal Fabrication Co., Ltd.	: Thailand
Federal Steel Industry Co., Ltd.	: Thailand
Millcon Steel Industries Public Co., Ltd.	: Thailand
Asia Metal Public Company Limited	: Thailand
Millcon Burapa Co., Ltd.	: Thailand
Mahachai Steel Center Co., Ltd.	: Thailand
Mahachai Steel Inter Co., Ltd.	: Thailand
Panichsawad Co., Ltd.	: Thailand

## **REVENUE STRUCTURE**

[Company and subsidiaries]

Income	2016		[Unit : Thousand Baht]	
	Amount	%	2017 Amount	%
Domestic Income				
-Affiliated Companies	419,222	1.9	5,874,010	22.74
- Other Groups	21,259,533	97.0	19,830,975	76.77
Total Income - Domestic	21,678,755	98.9	25,704,985	99.50
Foreign Income	4,871	-	-	-
Other Incomes	236,050	1.1	128,005	0.50
Total Conglomerated Income	21,919,676	100.00	25,832,990	100.00

## **SUBSIDIARIES & AFFILIATED COMPANIES**

The subject's subsidiaries are as the followings:

Siam Professional Holding Co., Ltd.  
Business Type: Investment company  
Investment : 99.99% holding by the subject.

G J Steel Public Company Limited  
Business Type: Manufacturer of hot rolled coil steels  
Investment : 18.88% holding by the subject.

GS Security Holding Co., Ltd.  
Business Type: Holding company for debt re-structuring purposes

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Investment : 99.99% holding by the subject.

## **CREDIT**

Sales are by cash or on the credits term of 30-60 days.  
Local bills are paid by cash or on the credits term of 30-60 days.  
Imports are by L/C at sight and T/T.

## **BANKING**

Bangkok Bank Public Company Limited  
[Soonthorn Kosa Branch : Soonthorn Kosa Rd., Klongtoey, Bangkok 10110]

Kasikornbank Public Company Limited

TMB Bank Public Company Limited

The Siam Commercial Bank Public Company Limited

## **EMPLOYMENT**

The subject currently employs 659 staff [office staff and factory workers].

## **LOCATION DETAILS**

The premise is rented for administrative an office at the heading address on the 18<sup>th</sup> floor of a multi-storey building in a prime commercial area.

Factory is located at 55 Moo 5, SSP Industrial Park, T. Nonglalog, A. Bankhai, Rayong 21120. Tel. : [66] 38 869-323 Fax : [66] 38 869-333. Premise is on 683,200 square meters of land.

## **COMMENT**

Despite an increase in revenues from sales in 2017 comparing to the previous year, it obtained a another year of net loss mainly caused by higher operating expenses relatively. Moreover, it has accumulated high amount of retained earning (deficit) and total shareholders' equity (deficit) which could more or less affect on normal operation, financial liquidity flow and expansion in the future.

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## **FINANCIAL INFORMATION**

The capital was initially registered at Bht. 5,000,000 divided into 50,000 shares of Bht. 100 each.

The capital were increased and decreased later as follows:

Bht. 12,000,000,000	on October 6, 2004 [increased]
Bht. 11,200,000,000	on March 24, 2008 [decreased]
Bht. 13,860,000,000	on April 1, 2008 [increased]
Bht. 18,960,000,000	on December 3, 2010 [increased]
Bht. 16,481,695,198	on August 31, 2001 [decreased]
Bht. 29,798,589,773	on September 1, 2011 [increased]
Bht. 17,028,557,473	on May 11, 2012 [decreased]
Bht. 48,004,743,297	on May 14, 2012 [increased]
Bht. 20,268,279,833	on August 17, 2012 [decreased]
Bht. 54,573,625,657	on August 17, 2012 [increased]
Bht. 48,775,743,726	on May 11, 2015 [decreased]
Bht. 48,775,743,730	on May 12, 2015 [increased]

The latest registered capital was increased to Bht. 48,775,743,730 divided into 9,755,148,746 shares of Bht. 5 each, with the current capital paid-up at Bht. 34,250,904,820 or 6,850,180,964 shares of Bht. 5 each.

## **MAIN SHAREHOLDERS**

[as at March 12, 2018] at Bht. 34,250,904,820 of capitalization.

NAME	HOLDING	%
Mr. Nirand Ngamchamnanrith	503,059,120	7.34
Khunying Patama Leeswadtrakul	395,895,200	5.78
Mr. Nuttapol Chulangkul	386,459,900	5.64
Superior Overseas (Thailand) Ltd.	275,776,000	4.03
Mr. Taweechat Chulangkul	271,217,700	3.96
Mr. Krisnun Kewalee	246,149,600	3.59
UOB Kay Hian Pvt. Ltd.	178,440,083	2.60
Bangkok Commercial Asset Management Public Company Limited	160,567,780	2.34
Citibank Nominees Singapore Pte. Ltd. - UBS Switzerland AG.	122,323,761	1.79
Mrs. Paoleena Boonyapipat	100,000,000	1.46
Mr. Chalermchai Mahagitsiri	100,000,000	1.46
Mr. Santichai Prombandankul	79,000,000	1.15
Other Shareholders	4,031,291,820	58.86

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Total Shareholders : 9,914

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Mr. Chaiyut Angsuwittaya No. 3885

## ***BALANCE SHEET [BAHT]***

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

### ASSETS

Current Assets	2017	2016	2015
Cash and cash equivalents	11,452,729	9,849,574	1,327,302
Temporary investment-trading security	12,237,280	-	-
Trade accounts receivable	113,342,452	76,426,546	26,737,840
Amount due from related parties	24,715,253	-	4,784,317
Inventories	848,340,383	1,136,937,580	1,027,195,010
Other current assets	353,003,313	97,287,293	138,885,766
<b>Total Current Assets</b>	<b>1,363,091,410</b>	<b>1,320,500,993</b>	<b>1,198,930,235</b>
Investments in subsidiaries	3,237,606,205	4,026,239,106	4,028,700,522
Property, plant and equipment	11,366,883,611	13,180,568,619	13,998,709,868
Intangible assets	5,641,122	7,368,387	8,246,544
Other non-current assets	295,283,194	279,212,944	207,500,979
<b>Total Assets</b>	<b>16,268,505,542</b>	<b>18,813,890,049</b>	<b>19,442,088,148</b>

### LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Short-term loan from financial institution	212,503,281	315,856,617	365,056,617
Trade accounts payable	578,693,784	5,439,635,285	6,003,198,866
Amount due to related parties	18,954,304	18,954,304	18,954,304
Current portion long-term loan from related party	330,960,069	238,527,280	244,478,717
Current portion of liabilities under rehabilitation plan	138,000,000	108,000,000	106,000,000
Current portion of bonds	509,538,905	558,485,181	562,383,447
Short-term loan from other parties	1,150,508,935	1,350,768,677	1,006,533,581
Short-term loan from other parties	107,478,776	118,894,363	89,843,597
Loan from shareholder	3,850,000	3,850,000	3,850,000

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Advanced received from customers	177,933,573	14,269,238	25,982,109
Other payable & account expenses	6,440,177,095	2,279,775,425	2,033,130,666
Accrued interest expenses	4,965,641,906	2,696,246,002	1,234,499,089
Provisions	511,129,864	3,302,980,453	2,907,987,579
Other current liabilities	68,268,923	61,153,995	61,940,350
<b>Total Current Liabilities</b>	<b>15,213,639,415</b>	<b>16,507,396,820</b>	<b>14,663,838,922</b>
Liabilities under rehabilitation plan, net current portion	148,039,761	245,112,540	249,766,575
Trade accounts payable	-	-	503,714,264
Long-term loan from related party	1,262,448,332	1,328,448,332	1,350,448,332
Other payables and accrued expenses	312,957,081	418,972,838	598,533,745
Accrued interest expenses	16,048,307	-	19,159,661
Provision	24,236,632	-	648,121,241
Employee benefit obligation	58,193,192	51,209,768	48,974,779
<b>Total Liabilities</b>	<b>17,035,562,720</b>	<b>18,551,140,298</b>	<b>18,082,557,519</b>
Shareholders' Equity			
Share capital			
Authorised share capital	48,775,743,730	48,775,743,730	48,775,743,730
Issued and paid up share capital	34,250,904,820	34,250,904,820	34,250,904,820
Warrants	14,049,679	14,049,679	14,049,679
Surplus on ordinary shares			
Share premium	[10,163,275,674]	[10,163,275,674]	[10,163,275,674]
Premium on capital reduction	206,307,094	206,307,094	206,307,094
Retained earnings [deficits]			
Appropriated-statutory reserve	763,976,886	763,976,886	763,976,886
Unappropriated	[25,839,019,983]	[24,809,213,054]	[23,712,432,176]
<b>Total Shareholders' Equity</b>	<b>[767,057,178]</b>	<b>262,749,751</b>	<b>1,359,530,629</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>16,268,505,542</b>	<b>18,813,890,049</b>	<b>19,442,088,148</b>

**PROFIT & LOSS ACCOUNT**

Revenue	2017	2016	2015
Revenue from sale	10,526,923,225	10,014,154,489	10,566,106,014
Revenue from service-Tolling	536,229,649	-	-
Reversal of bad and doubtful debts expense	258,042,569	17,619,972	-
Reversal of provision for loss on purchase order for undelivered raw material	-	25,955,666	15,682,569
Reversal of provision differences from			

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**G STEEL PUBLIC COMPANY LIMITED - 528818**

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debt restructuring	764,902,439	-	-
Net foreign exchange gain	825,953,027	2,288,906	-
Gain from debt restructuring	15,406,048	51,225,325	21,034,634
Other incomes	118,008,277	87,430,195	77,021,673
<b>Total Revenues</b>	<b>13,045,465,234</b>	<b>10,198,674,553</b>	<b>10,679,844,890</b>
<b>Expenses</b>			
Cost of sale	10,673,279,572	9,692,736,647	11,331,360,193
Cost of services-Tolling	566,957,270	-	-
Selling expenses	297,547,465	298,241,785	325,542,072
Administrative expenses	340,976,613	454,049,198	385,253,482
Bad and doubtful debts expenses	-	-	88,893,921
Loss on exchange rate	-	-	682,609,298
Other expenses	1,382,683,720	14,611,585	623,620,424
Finance costs	789,742,645	835,816,216	522,757,629
<b>Total Expenses</b>	<b>14,051,187,285</b>	<b>11,295,455,431</b>	<b>13,960,037,019</b>
<b>Net Profit / [Loss]</b>	<b>[1,005,722,051]</b>	<b>[1,096,780,878]</b>	<b>[3,280,192,129]</b>

**FINANCIAL ANALYSIS**

ITEM	UNIT	2017	2016	2015
<b>LIQUIDITY RATIO</b>				
CURRENT RATIO	TIMES	0.09	0.08	0.08
QUICK RATIO	TIMES	0.01	0.00	0.00
<b>ACTIVITY RATIO</b>				
FIXED ASSETS TURNOVER	TIMES	0.97	0.76	0.75
TOTAL ASSETS TURNOVER	TIMES	0.68	0.53	0.54
INVENTORY CONVERSION PERIOD	DAYS	546.15	-	-
INVENTORY TURNOVER	TIMES	0.67	-	-
RECEIVABLES CONVERSION PERIOD	DAYS	3.74	2.79	0.92
RECEIVABLES TURNOVER	TIMES	97.61	131.03	395.17
PAYABLES CONVERSION PERIOD	DAYS	372.56	-	-
CASH CONVERSION CYCLE	DAYS	177.33	2.79	0.92
<b>PROFITABILITY RATIO</b>				
COST OF GOODS SOLD	%	5.12	-	-
SELLING & ADMINISTRATION INTEREST	%	5.77	7.51	14.03
GROSS PROFIT MARGIN	%	112.79	101.84	101.08
NET PROFIT MARGIN BEFORE EX. ITEM	%	(9.09)	(10.95)	(31.04)
NET PROFIT MARGIN	%	(9.09)	(10.95)	(31.04)

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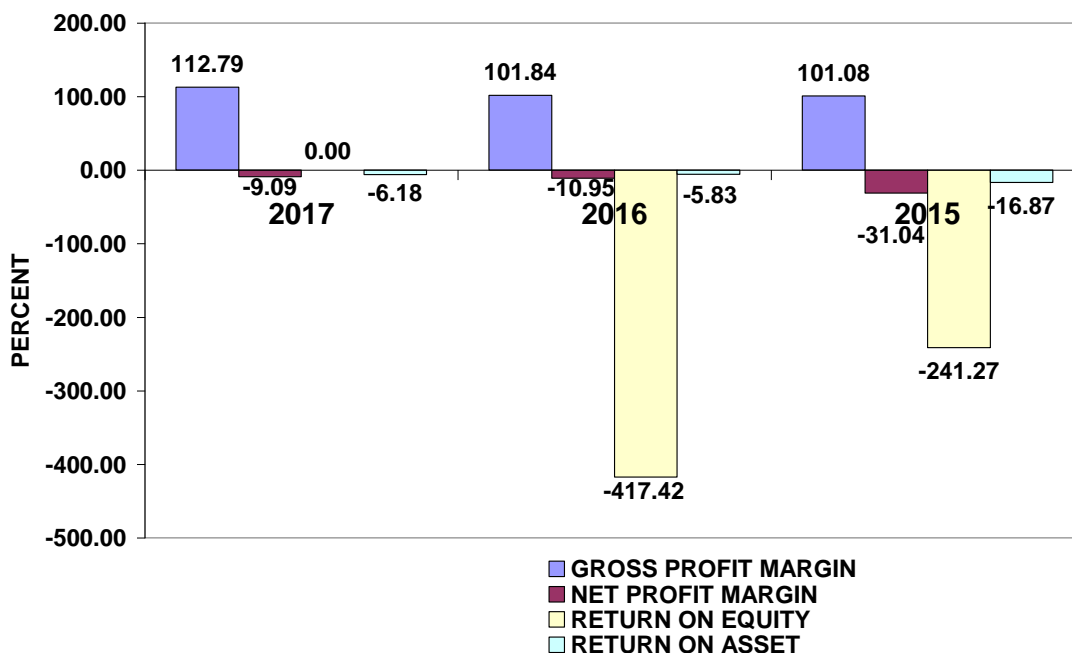
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RETURN ON EQUITY	%	-	(417.42)	(241.27)
RETURN ON ASSET	%	(6.18)	(5.83)	(16.87)
EARNING PER SHARE	BAHT	(2.94)	(3.20)	(9.58)
LEVERAGE RATIO				
DEBT RATIO	TIMES	1.05	0.99	0.93
DEBT TO EQUITY RATIO	TIMES	(22.21)	70.60	13.30
TIME INTEREST EARNED	TIMES	(1.27)	(1.31)	(6.27)
ANNUAL GROWTH				
SALES GROWTH	%	10.48	(5.22)	
OPERATING PROFIT	%	(8.30)	(66.56)	
NET PROFIT	%	8.30	66.56	
FIXED ASSETS	%	(13.76)	(5.84)	
TOTAL ASSETS	%	(13.53)	(3.23)	

ANNUAL GROWTH : ACCEPTABLE

An annual sales growth is 10.48%. Sales Income has increased from THB 10,014,154,489.00 in 2016 to THB 11,063,152,874.00 in 2017. While net profit has increased from THB -1,096,780,878.00 in 2016 to THB -1,005,722,051.00 in 2017. And total assets has decreased from THB 18,813,890,049.00 in 2016 to THB 16,268,505,542.00 in 2017.

PROFITABILITY : ACCEPTABLE



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**PROFITABILITY RATIO**

Gross Profit Margin	112.79	Impressive	Industrial Average	17.79
Net Profit Margin	(9.09)	Deteriorated	Industrial Average	3.94
Return on Assets	(6.18)	Deteriorated	Industrial Average	6.16
Return on Equity	-		Industrial Average	18.00

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 112.79%. When compared with the industry average, the ratio of the company was higher, indicated that company was more profitable than the same industry.

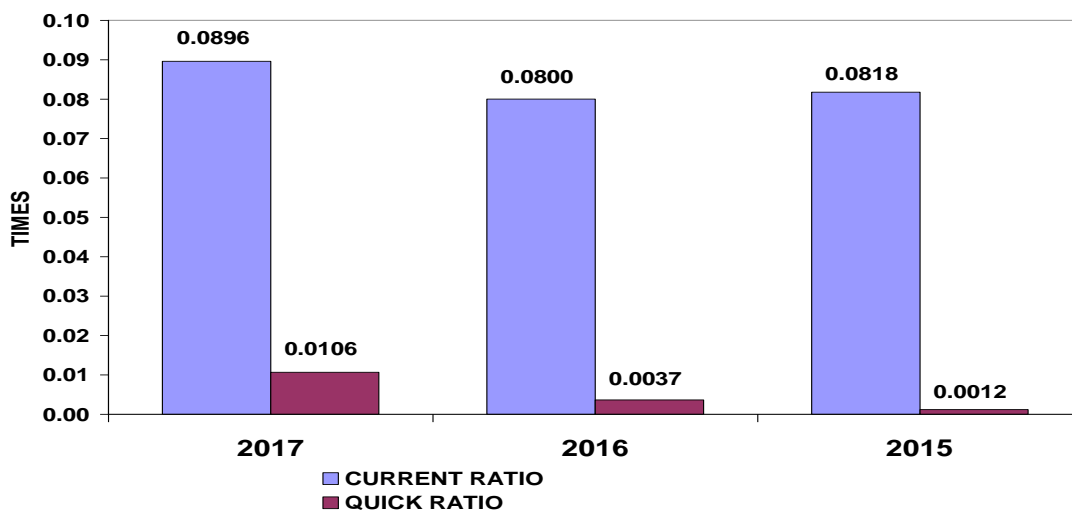
Net Profit Margin is the indicator of the company's efficiency in that net profit takes into consideration all expenses of the company. A low profit margin indicates a low margin of safety, higher risk that a decline in sales will erase profits and result in a net loss. The company's figure is -9.09%. When compared with the industry average, the ratio of the company was lower.

Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is -6.18%.

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

Return on Assets                      Uptrend  
 Return on Equity                      Uptrend

**LIQUIDITY : RISKY**



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**LIQUIDITY RATIO**

Current Ratio	0.09	Risky	Industrial Average	1.24
Quick Ratio	0.01			
Cash Conversion Cycle	177.33			

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 0.09 times in 2017, increase from 0.08 times, then the company may not be efficiently using its current assets. 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 0.01 times in 2017, increase from 0 times, then the company has not enough current assets that presumably can be quickly converted to cash for pay financial obligations.

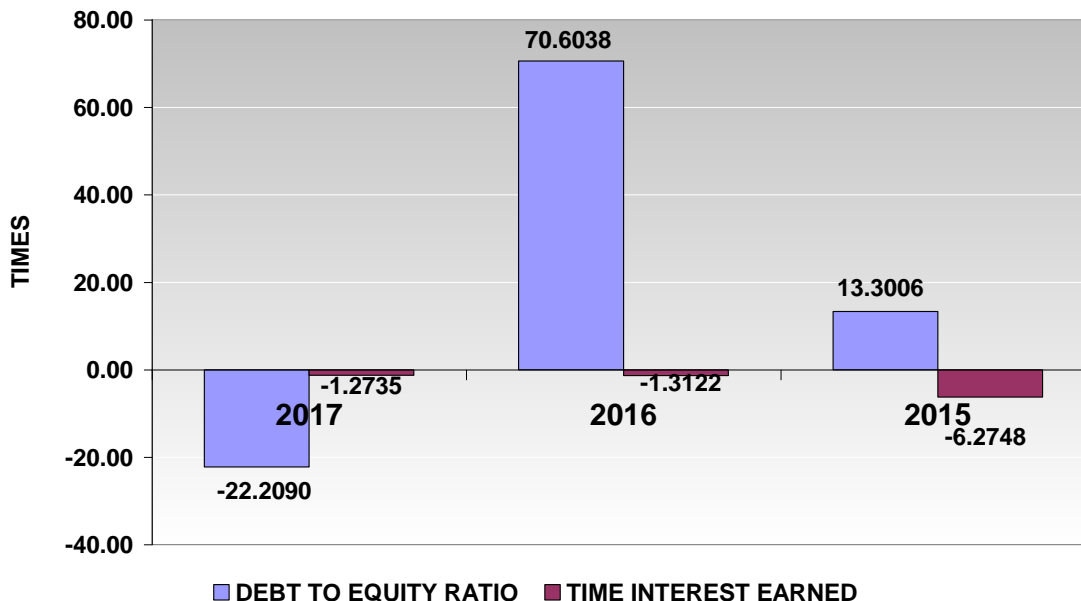
The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 178 days.

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

Current Ratio                      Uptrend

**LEVERAGE : RISKY**

**LEVERAGE RATIO**



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**LEVERAGE RATIO**

Debt Ratio	1.05	Risky	Industrial Average	0.54
Debt to Equity Ratio	(22.21)	Risky	Industrial Average	1.20
Times Interest Earned	(1.27)	Risky	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.

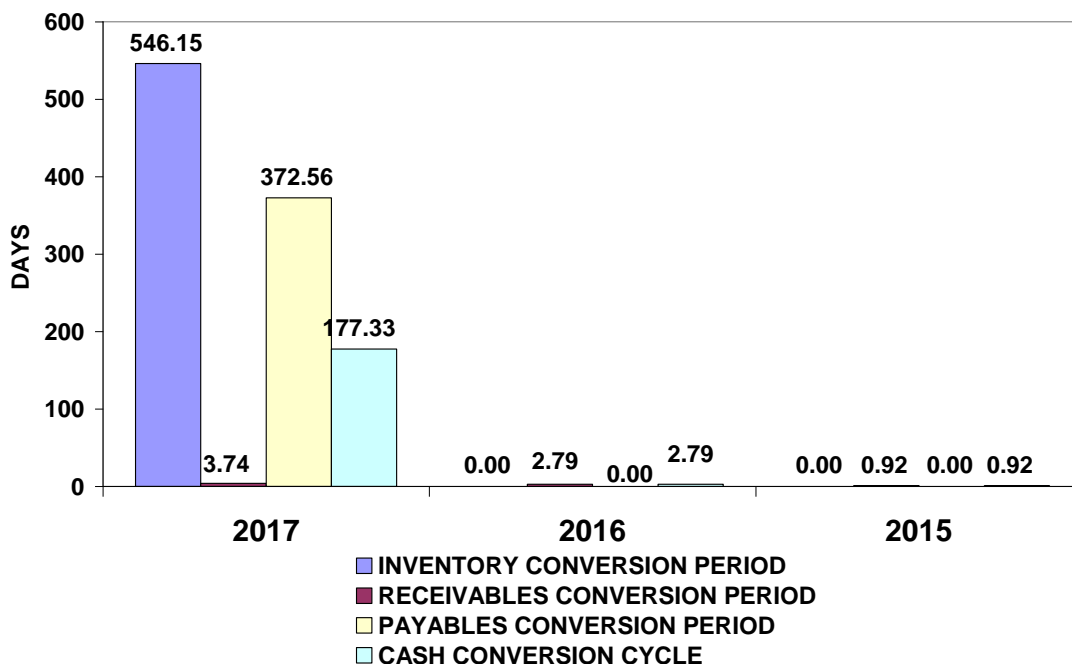
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is -1.28 lower than 1, so the company is not generating enough cash from EBIT to meet its interest obligations.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 1.05 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	Downtrend
Times Interest Earned	Stable

**ACTIVITY : SATISFACTORY**



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**ACTIVITY RATIO**

Fixed Assets Turnover	0.97	Impressive	Industrial Average	-
Total Assets Turnover	0.68	Acceptable	Industrial Average	1.56
Inventory Conversion Period	546.15			
Inventory Turnover	0.67	Deteriorated	Industrial Average	7.49
Receivables Conversion Period	3.74			
Receivables Turnover	97.61	Impressive	Industrial Average	7.22
Payables Conversion Period	372.56			

The company's Account Receivable Ratio is calculated as 97.61 and 131.03 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 0 days at the end of 2016 to 546 days at the end of 2017. This represents a negative trend. And Inventory turnover has increased from 0 times in year 2016 to 0.67 times in year 2017.

The company's Total Asset Turnover is calculated as 0.68 times and 0.53 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	Downtrend

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.90
UK Pound	1	INR 93.03
Euro	1	INR 83.67
THB	1	INR 2.20

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

**INFORMATION DETAILS**

Analysis Done by :	PRA
Report Prepared by :	DNS

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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)