

MIRA INFORM REPORT

Report No. :	528795
Report Date :	10.09.2018

IDENTIFICATION DETAILS

Name :	THAI ETHOXYLATE COMPANY LIMITED
Registered Office :	15th Floor, Energy Complex Building A, 555/1 Vibhavadee Rangsit Road, Chatuchak, Bangkok 10900
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	10.03.2005
Com. Reg. No.:	0105548034668
Legal Form :	Private limited company
Line of Business :	The subject is engaged in manufacturing and distributing fatty alcohol ethoxylate which is a key ingredient in manufacturing various personal hygiene products such as shampoo, shower cream, detergent, liquid dish washing and cleansing agent, paint, paper, leather, cosmetics, rubber, agro-chemical, metal and others
No. of Employees :	65

RATING & COMMENTS

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

MIRA's Rating :	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

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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 (31.12.2017)	Current Rating (01.04.2018)
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

THAI ETHOXYLATE COMPANY LIMITED

SUMMARY

BUSINESS ADDRESS : 15th FLOOR, ENERGY COMPLEX BUILDING A,
555/1 VIBHAVADEE RANGSIT ROAD,
CHATUCHAK, BANGKOK 10900, THAILAND

TELEPHONE : [66] 2265-8100
FAX : [66] 2265-8125
E-MAIL ADDRESS : marketing@tex.co.th
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 2005
REGISTRATION / TAX ID NO. : 0105548034668
CAPITAL REGISTERED : BHT. 420,000,000
CAPITAL PAID-UP : BHT. 420,000,000
SHAREHOLDER'S PROPORTION : THAI : 100%
FISCAL YEAR CLOSING DATE : DECEMBER 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MR. PIYA SURI, THAI
MANAGING DIRECTOR

NO. OF STAFF : 65
LINES OF BUSINESS : FATTY ALCOHOL ETHOXYLATE
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 March 10, 2005 as a private limited company under the registered name THAI ETHOXYLATE COMPANY LIMITED, initially by a joint venture between PTT Public Company Limited and Cognis Thai Limited. The subject is the first company to manufacture and market fatty alcohol ethoxylate to both domestic and international markets.

In 2011, the subject became a joint venture between PTT Global Chemical Public

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Company Limited, which is a subsidiary of PTT Public Company Limited, and BASF (Thai) Limited, a member of BASF SE, in Germany.

Presently, the subject is a joint venture between Global Green Chemicals Public Company Limited and BASF (Thai) Limited. It currently employs 65 staff.

The subject's registered address was initially at 123 Sun Tower Building A, Vibhavadee Rangsit Rd., Chatuchak, Bangkok 10900.

On March 22, 2010, its registered address was relocated to 15th Floor, Energy Complex Building A, 555/1 Vibhavadee Rangsit Road, Chatuchak, Bangkok 10900, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>		<u>Nationality</u>	<u>Age</u>
Mr. Chokchai Aksaranan		Thai	76
Mr. Rajan Venkatesh	[-]	Indian	43
Mr. Jirawat Nooritanon	[x]	Thai	50
Mr. Piya Suri	[x]	Thai	48
Mr. Ng Moh Mang	[-]	Malaysian	52
Mr. Rahul Bhikaji Tilve	[-]	Indian	45

AUTHORIZED PERSON

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

MANAGEMENT

Mr. Piya Suri is the Managing Director.
He is Thai nationality with the age of 48 years old.

Ms. Yuwadee Kaewviriyakijkool is the Factory Manager.
She is Thai nationality.

Ms. Sunutta Sukthai is the General Manager.
She is Thai nationality.

BUSINESS OPERATIONS

The subject is engaged in manufacturing and distributing fatty alcohol ethoxylate which is a key ingredient in manufacturing various personal hygiene products such as shampoo, shower cream, detergent, liquid dish washing and cleansing agent, paint, paper, leather, cosmetics, rubber, agro-chemical, metal and others. The products are sold under the trade name "DEHYDOL".

PRODUCTION CAPACITY

124,148 tons per annum

PURCHASE

Raw materials and chemicals are purchased from both domestic and overseas suppliers in Germany, Japan, Taiwan, India and Malaysia.

MAJOR SUPPLIERS

Global Green Chemicals Public Company Limited	: Thailand
PTT Global Chemical Public Company Limited	: Thailand
BASF (Thai) Limited	: Thailand
Cognis Thai Ltd.	: Thailand

SALES

80% of the products is sold locally by wholesale to manufacturers, the remaining 20% is exported to Germany, Republic of China, Hong Kong, India, Malaysia, Indonesia, Vietnam, Singapore, Taiwan, Spain and Italy.

MAJOR CUSTOMERS

Unilever Group	: Thailand
Saha Pathanapibul Public Company Limited	: Thailand
TOA Paint Group	: Thailand

SUBSIDIARY AND AFFILIATED COMPANY

The subject is not found to have any subsidiary or affiliated company here in Thailand.

LITIGATION

Bankruptcy and Receivership

There are no litigation on bankruptcy and receivership cases filed against the subject found at Legal Execution Department for the past five years.

Others

There are no legal suits filed against the subject according to the past two years.

CREDIT

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

BANKING

Bangkok Bank Public Company Limited

EMPLOYMENT

The subject employs 65 staff.

LOCATION DETAILS

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

Factory and warehouse are located at 11 Soi G12, Hemraj Eastern Industrial Estate,
Pakornsongkroarat Rd., T. Map Ta Phut, A. Muang, Rayong 21150.
Tel.: [66] 38 925-353, Fax. : [66] 38 687-860.

COMMENT

Subject was formed in 2005 as a manufacturer, distributor and exporter of fatty alcohol ethoxylate, made from ethylene oxide and fatty alcohol. Its products are raw materials for production of liquid detergent, shampoo, shower crème and etc. Despite an increase in sales or service income in 2017 comparing to the previous year, the subject obtained a decrease in net profit mainly caused by higher cost of goods sold and higher selling expenses relatively which eroded the profit margin. Nevertheless, the subject's business remains solid and profitable.

FINANCIAL INFORMATION

The capital was registered at Bht. 420,000,000 divided into 4,200,000 shares of Bht. 100 each with fully paid.

THE SHAREHOLDERS LISTED WERE : [as at March 30, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Global Green Chemicals Public Company Limited	2,100,000	50.00

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Nationality: Thai

Address : 4th Floor, Energy Complex Building A,
555/1 Vibhavadee Rangsit Road,
Chatuchak, Bangkok

BASF (Thai) Limited

2,099,998 50.00

Nationality: Thai

Address : 622 Sukhumvit 24 Road, Klongton,
Klongtoey, Bangkok

Cognis International Co., Ltd.

1 -

Nationality: German

Address : ZRR D 100, 67056 Ludwigshafen,
Am Rhein, Germany

Cognis Trust Management AG.

1 -

Nationality: German

Address : ZRR D 100, 67056 Ludwigshafen,
Am Rhein, Germany

Total Shareholders : 4

Share Structure [as at March 30, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	2	4,199,998	100.00
Foreign - German	2	2	-
Total	4	4,200,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Mr. Natthaphong Tantichattanon No. 8829

FINANCIAL

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	297,993,066	382,274,633	479,487,755
Trade Accounts and Other Receivable	1,379,006,614	1,185,506,837	459,272,515
Value Added Tax Receivable	-	-	317,039,122
Inventories	144,587,893	501,477,363	110,716,535
Other Current Assets	6,481,415	2,220,236	7,415,017

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Total Current Assets	1,828,068,988	2,071,479,069	1,373,930,944
Property, Plant and Equipment	407,454,117	352,451,174	339,351,125
Intangible Assets	10,569,231	11,436,737	14,934,531
Deferred Income Tax Assets	3,628,234	1,881,843	1,593,815
Other Non-current Assets	67,450	67,450	67,450
Total Assets	2,249,788,020	2,437,316,273	1,729,877,865

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Trade Accounts and Other Payable	797,957,729	1,019,031,867	381,247,651
Current Portion of Long-term Liabilities	3,647,048	2,326,347	-
Current Portion of Financial Lease Contract Liabilities	-	-	1,891,225
Accrued Income Tax	7,358,754	14,923,747	9,892,710
Total Current Liabilities	808,963,531	1,036,281,961	393,031,586
Financial Lease Contract Liabilities, net	-	-	4,273,757
Obligation for Employee Benefits	18,738,326	9,409,214	7,969,078
Other Non-current Liabilities	1,112,296	4,554,505	-
Total Liabilities	828,814,153	1,050,245,680	405,274,421
Shareholders' Equity			
Share capital : Baht 100 par value authorized, and issued share capital 4,200,000 shares	420,000,000	420,000,000	420,000,000
Capital Paid	420,000,000	420,000,000	420,000,000
Retained Earning			
Appropriated for Statutory Reserve	42,000,000	42,000,000	42,000,000
Unappropriated	958,973,867	925,070,593	862,603,444
Total Shareholders' Equity	1,420,973,867	1,387,070,593	1,324,603,444
Total Liabilities and Shareholders' Equity	2,249,788,020	2,437,316,273	1,729,877,865

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PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Services Income	4,813,023,907	3,972,862,013	2,657,760,432
Interest Income	929,568	2,064,497	2,322,212
Gain on Derivatives	-	-	84,824
Gain on Exchange Rate	-	-	5,594,927
Other Income	61,088	1,284,025	38,120
Total Revenues	4,814,014,563	3,976,210,535	2,665,800,515
Expenses			
Cost of Goods Sold	4,457,104,604	3,611,119,720	2,330,267,990
Selling Expenses	103,649,059	80,999,592	67,416,191
Administrative Expenses	56,919,847	59,950,357	57,010,125
Other Expenses	[9,623,569]	[5,370,763]	-
Financial Cost	3,221,064	1,959,774	1,856,088
Total Expenses	4,611,271,005	3,748,658,680	2,456,550,394
Profit/[Loss] before Income Tax	202,743,558	227,551,855	209,250,121
Income Tax	[19,919,603]	[23,334,706]	[19,982,363]
Net Profit / [Loss]	182,823,955	204,217,149	189,267,758

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	2.26	2.00	3.50
QUICK RATIO	TIMES	2.07	1.51	3.20
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	11.81	11.27	7.83
TOTAL ASSETS TURNOVER	TIMES	2.14	1.63	1.54
INVENTORY CONVERSION PERIOD	DAYS	11.84	50.69	17.34
INVENTORY TURNOVER	TIMES	30.83	7.20	21.05
RECEIVABLES CONVERSION PERIOD	DAYS	104.58	108.92	63.07
RECEIVABLES TURNOVER	TIMES	3.49	3.35	5.79
PAYABLES CONVERSION PERIOD	DAYS	65.35	103.00	59.72
CASH CONVERSION CYCLE	DAYS	51.07	56.60	20.70

PROFITABILITY RATIO

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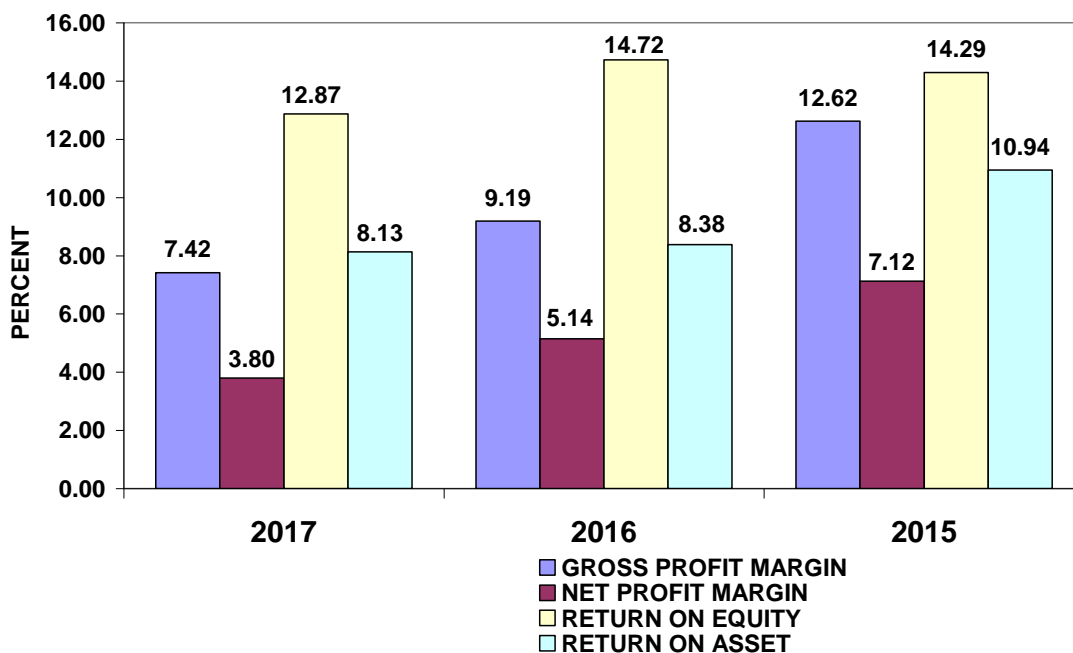
COST OF GOODS SOLD	%	92.61	90.89	87.68
SELLING & ADMINISTRATION	%	3.34	3.55	4.68
INTEREST	%	0.07	0.05	0.07
GROSS PROFIT MARGIN	%	7.42	9.19	12.62
NET PROFIT MARGIN BEFORE EX. ITEM	%	4.21	5.73	7.87
NET PROFIT MARGIN	%	3.80	5.14	7.12
RETURN ON EQUITY	%	12.87	14.72	14.29
RETURN ON ASSET	%	8.13	8.38	10.94
EARNING PER SHARE	BAHT	43.53	48.62	45.06
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.37	0.43	0.23
DEBT TO EQUITY RATIO	TIMES	0.58	0.76	0.31
TIME INTEREST EARNED	TIMES	62.94	116.11	112.74
ANNUAL GROWTH				
SALES GROWTH	%	21.15	49.48	
OPERATING PROFIT	%	(10.90)	8.75	
NET PROFIT	%	(10.48)	7.90	
FIXED ASSETS	%	15.61	3.86	
TOTAL ASSETS	%	(7.69)	40.90	

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ANNUAL GROWTH : ACCEPTABLE

An annual sales growth is 21.15%. Sales Income has increased from THB 3,972,862,013.00 in 2016 to THB 4,813,023,907.00 in 2017. While net profit has decreased from THB 204,217,149.00 in 2016 to THB 182,823,955.00 in 2017. And total assets has decreased from THB 2,437,316,273.00 in 2016 to THB 2,249,788,020.00 in 2017.

PROFITABILITY : IMPRESSIVE



PROFITABILITY RATIO

Gross Profit Margin	7.42	Acceptable	Industrial Average	26.11
Net Profit Margin	3.80	Satisfactory	Industrial Average	4.43
Return on Assets	8.13	Impressive	Industrial Average	6.20
Return on Equity	12.87	Impressive	Industrial Average	11.89

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. The company's figure is 7.42%. When compared with the industry average, the ratio of the company was lower. This indicated that company may have problems with control over its costs.

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

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profits and result in a net loss. The company's figure is 3.8%. When compared with the industry average, the ratio of the company was lower.

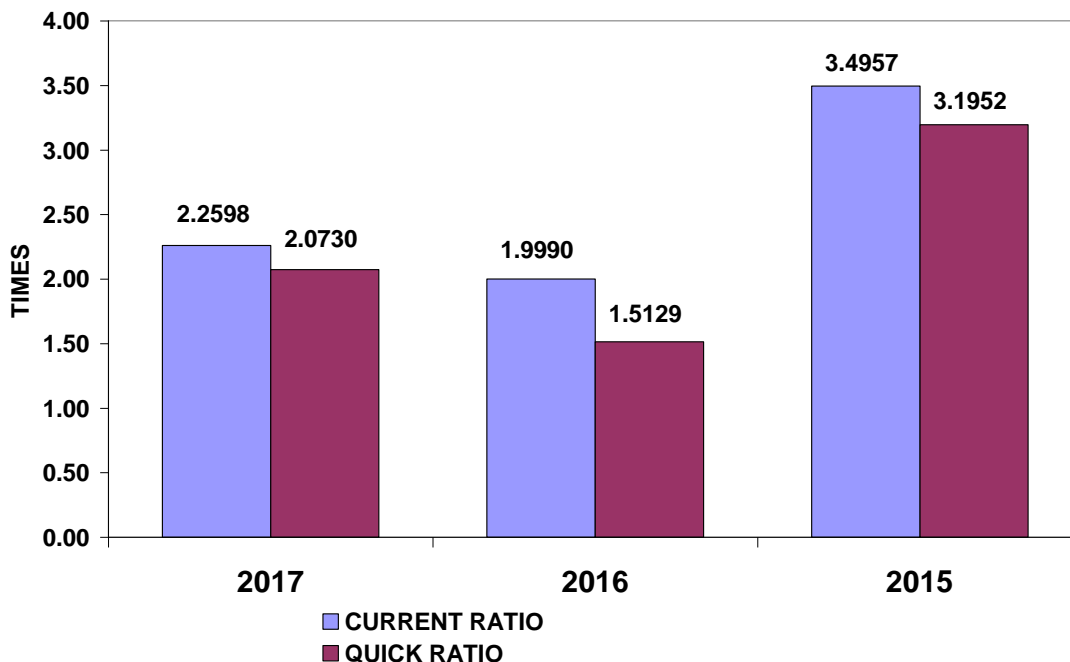
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 8.13%, 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 12.87%, 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 Downtrend
Return on Equity Downtrend

LIQUIDITY : IMPRESSIVE



LIQUIDITY RATIO

Current Ratio	2.26	Impressive	Industrial Average	0.98
Quick Ratio	2.07			
Cash Conversion Cycle	51.07			

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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 2.26 times in 2017, increase from 2 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.

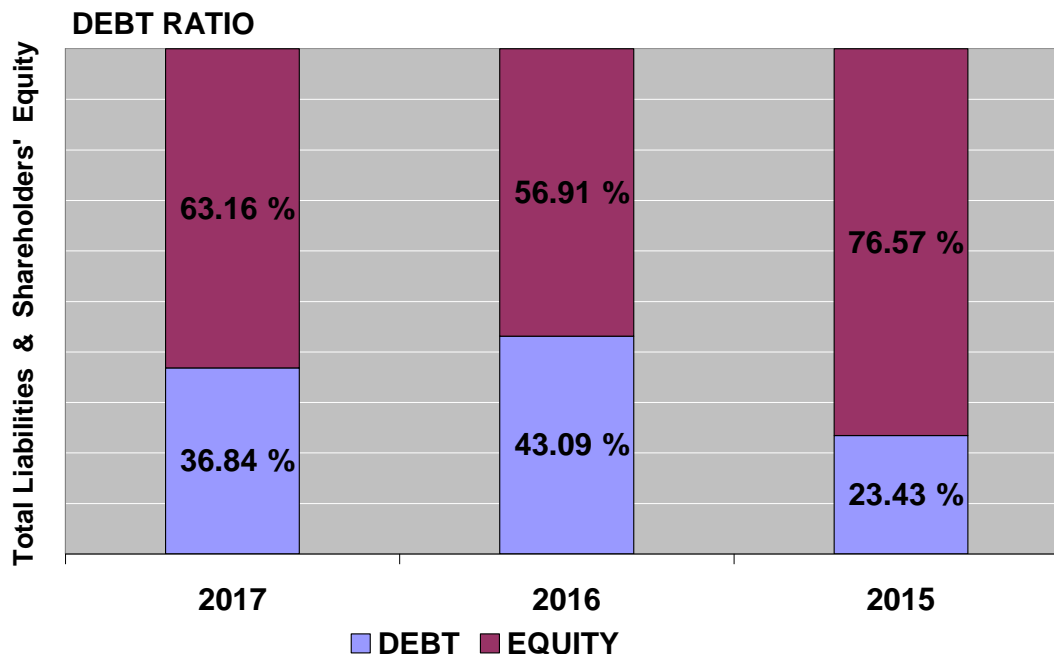
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 2.07 times in 2017, increase from 1.51 times, although excluding inventory so the company still have 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 52 days.

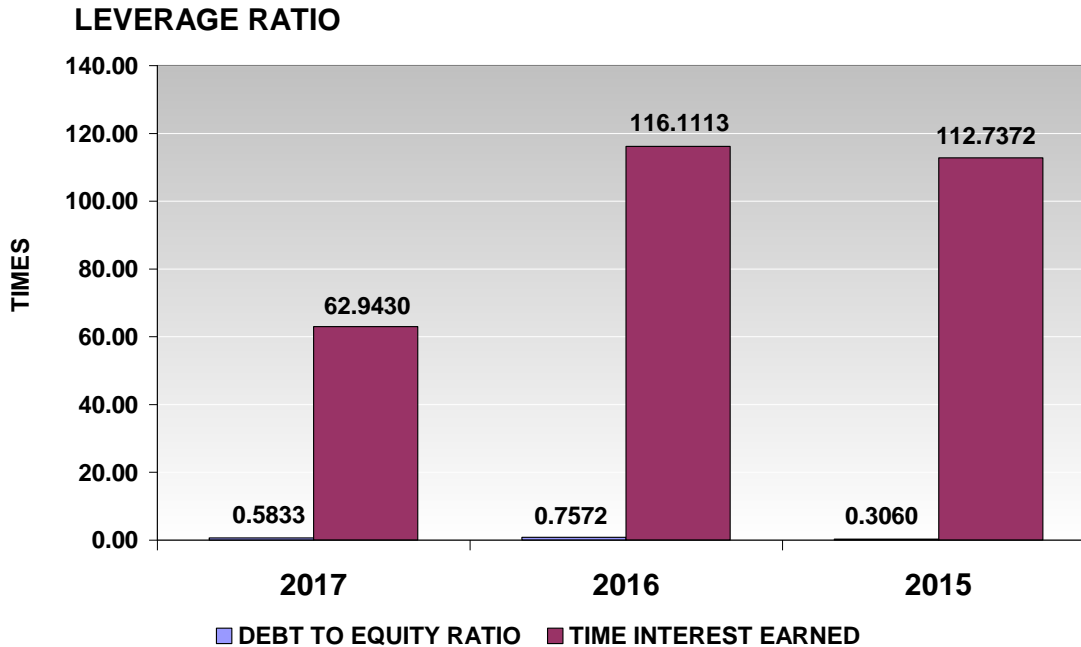
Trend of the average competitors in the same industry for last 5 years

Current Ratio Downtrend

LEVERAGE : EXCELLENT



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LEVERAGE RATIO

Debt Ratio	0.37	Impressive	Industrial Average	0.47
Debt to Equity Ratio	0.58	Impressive	Industrial Average	0.88
Times Interest Earned	62.94	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 62.95 higher than 1, so the company can pay interest expenses on outstanding debt.

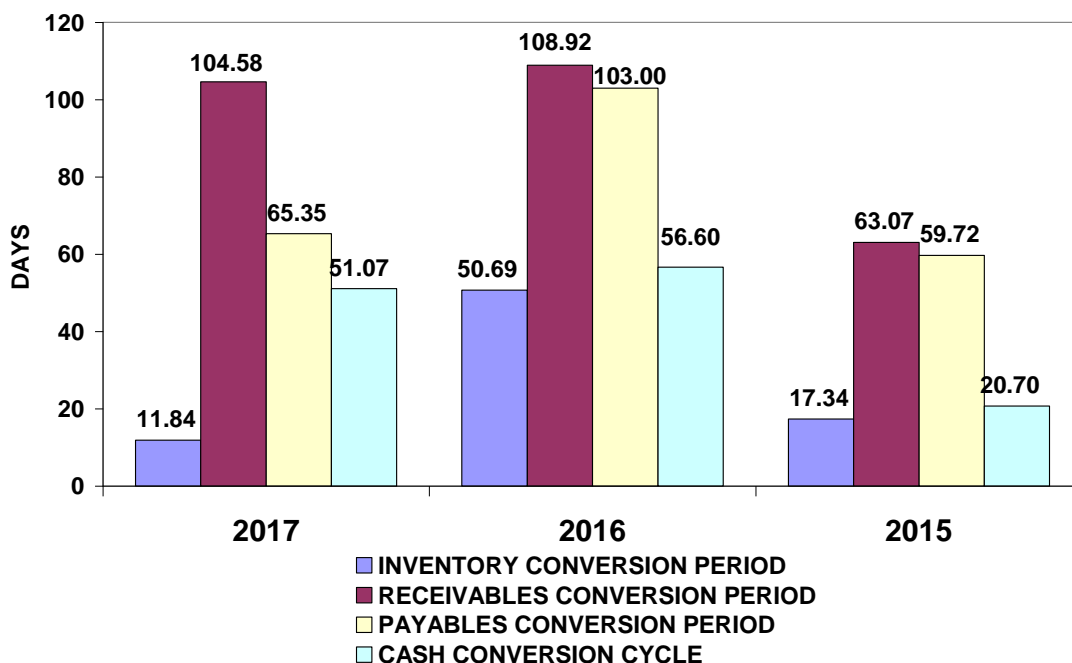
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.37 less than 0.5, most of the company's assets are financed through equity.

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

Debt Ratio	Downtrend
Times Interest Earned	Stable

ACTIVITY : IMPRESSIVE

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ACTIVITY RATIO

Fixed Assets Turnover	11.81	Impressive	Industrial Average	-
Total Assets Turnover	2.14	Impressive	Industrial Average	1.40
Inventory Conversion Period	11.84			
Inventory Turnover	30.83	Impressive	Industrial Average	22.13
Receivables Conversion Period	104.58			
Receivables Turnover	3.49	Acceptable	Industrial Average	7.99
Payables Conversion Period	65.35			

The company's Account Receivable Ratio is calculated as 3.49 and 3.35 in 2017 and 2016 respectively. This ratio measures the efficiency of the company in managing its trade debtors to generate revenue. A lower ratio may indicate over extension and collection problems. Conversely, a higher ratio may indicate an overly stringent policy. In this case, the company's A/R ratio in 2017 increased from 2016. This would suggest the company had good performance in the management of its debt collections.

Inventory Turnover in Days Ratio indicates the liquidity of inventory. It estimates the number of days that it will take to sell the current inventory. Inventory is particularly sensitive to change in business activities. The inventory turnover in days has decreased from 51 days at the end of 2016 to 12 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 7.2 times in year 2016 to 30.83 times in year 2017.

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The company's Total Asset Turnover is calculated as 2.14 times and 1.63 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 71.90
UK Pound	1	INR 93.04
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 :	DIV
Report Prepared by :	TRU

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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)