

MIRA INFORM REPORT

Report No. :	529008
Report Date :	14.09.2018

IDENTIFICATION DETAILS

Name :	POWERCHEM GROUP CO., LTD.
Registered Office :	48, 50 Soi Udomsuk 51, Sukhumvit 103 Road, Bangchak, Prakanong, Bangkok 10260
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	26.10.1995
Legal Form :	Private Limited Company
Line of Business :	The subject's core business is engaged in manufacturing and distributing textile printing chemicals such as pigment and auxiliaries
No. of Employees :	54

RATING & COMMENTS

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

MIRA's Rating :

B

Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES :

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

ECGC Country Risk Classification List

Country Name	Previous Rating (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

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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

POWERCHEM GROUP CO., LTD.
[FORMER : POWERCHEM SUPPLY CO., LTD.]

SUMMARY

BUSINESS ADDRESS : 48, 50 SOI UDOMSUK 51, SUKHUMVIT 103 ROAD,
BANGCHAK, PRAKANONG, BANGKOK 10260,
THAILAND

TELEPHONE : [66] 2746-5250-2, 081 456-3773, 085 828-2763

FAX : [66] 2746-5253

E-MAIL ADDRESS : varich@power-chem.com
philip@power-chem.com

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 1995

REGISTRATION / TAX ID NO. : 0105538128333

CAPITAL REGISTERED : BHT. 3,000,000

CAPITAL PAID-UP : BHT. 3,000,000

SHAREHOLDER'S PROPORTION : THAI : 100%

FISCAL YEAR CLOSING DATE : DECEMBER 31

LEGAL STATUS : PRIVATE LIMITED COMPANY

EXECUTIVE : MR. VARICH VATANASAKPISAL, THAI
MANAGING DIRECTOR

NO. OF STAFF : 54

LINES OF BUSINESS : TEXTILE PRINTING CHEMICALS
MANUFACTURER, IMPORTER, DISTRIBUTOR AND
EXPORTER

CORPORATE PROFILE

OPERATING TREND : STABLE

PRESENT SITUATION : OPERATING NORMALLY

REPUTATION : FAIR WITH NORMAL BUSINESS ENGAGEMENT

MANAGEMENT STANDARD : MANAGEMENT WITH FAIR PERFORMANCE

HISTORY

The subject was established on October 26, 1995 as a private limited company under the originally registered name "Air Well Co., Ltd." by Thai groups. On February 13, 1996, its registered name was changed to "Powerchem Supply Co., Ltd.", and finally changed to POWERCHEM GROUP CO., LTD., on September 30, 2015. Its objective is engaged in trading of textile printing chemical to both domestic and international markets. It currently employs 54 staff.

The subject's registered address was initially located at 421, 423 Soi Vachirathamsatit 34, Sukhumvit 101/1 Rd., Bangchak, Prakanong, Bangkok 10260.

On September 30, 2015, its registered address has been changed to 48, 50 Soi Udomsuk 51, Sukhumvit 103 Rd., Bangchak, Prakanong, Bangkok 10260, by the Prakanong District Office. Both addresses are actually the same location, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>		<u>Nationality</u>	<u>Age</u>
Mr. Varich Vatanasakpisa	[x]	Thai	53
Mrs. Prapim Vatanasakpisa		Thai	52

AUTHORIZED PERSON

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

MANAGEMENT

Mr. Varich Vatanasakpisa is the Managing Director.
He is Thai nationality with the age of 53 years old.

Mrs. Prapim Vatanasakpisa is the Deputy Managing Director.
She is Thai nationality with the age of 52 years old.

Mr. Philip Martimer is the International Sales Manager.
He is British nationality.

Mr. Viwat Pawapirom is the Local Sales Manager.
He is Thai nationality.

BUSINESS OPERATIONS

The subject's core business is engaged in manufacturing and distributing textile printing chemicals such as pigment and auxiliaries under its own "HIPOW" brand for textile industry.

The subject is also importer, distributor and exporter of textile printing chemicals such as pigment and auxiliaries for textile printing and dyeing industries.

PURCHASE

The products are purchased from both domestic and overseas suppliers in Republic of China, Taiwan, India, Japan, Italy and France.

MAJOR SUPPLIERS

Work Chem Co., Ltd. : Thailand
Nearcimica Spa. : Italy

SALES

The products are sold by wholesale to both local and overseas customers mainly in Asia-pacific region such as Myanmar, Malaysia, Bangladesh, Pakistan, India, Sri Lanka, Indonesia, Vietnam, Cambodia, Republic of China, Hong Kong and Turkey.

ASSOCIATED COMPANY

Clay Mania Co., Ltd.

Business type : Importer and distributor of clay products

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 for the past two years.

CREDIT

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

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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 54 staff.

LOCATION DETAILS

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

Warehouse is located at 3 Soi Prawit and Friend 2, Sukhumvit Rd., Bangchak,
Prakanong, Bangkok 10260.

COMMENT

The subject's operating performance in 2017 was slowdown from a decrease in sales or service income and higher net loss comparing to the previous year, which was mainly due to a decline in demand of the products from textile industry in the past year. Nevertheless, the subject anticipates an improvement on its sales figures this year from an improvement and recovery of some textile industry.

FINANCIAL INFORMATION

The capital was registered at Bht. 1,000,000 divided into 10,000 shares of Bht. 100 each with fully paid.

On August 28, 2008, the capital was increased to Bht. 3,000,000 divided into 30,000 shares of Bht. 100 each with fully paid.

THE SHAREHOLDERS LISTED WERE

[as at April 30, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Mr. Varich Vatanasakpibal Nationality: Thai Address : 34/47 Moo 4, Trok Nokkhet, Sukhumvit Rd., Bangchak, Prakanong, Bangkok	16,248	54.16
Mrs. Prapim Vatanasakpibal Nationality: Thai Address : 421 Soi Vachirathamsatit 34, Sukhumvit 101/1 Rd., Bangchak, Prakanong, Bangkok	13,737	45.79
Mr. Somkiat Vatanasakpibal Nationality: Thai Address : 34/47 Moo 4, Trok Nokkhet, Sukhumvit Rd., Bangchak, Prakanong, Bangkok	5	
Ms. Prapai Monkosol Nationality: Thai Address : 25 Moo 1, Nongpaikaew, Banbung, Chonburi	5	= 0.05
Ms. Kobkul Vatanasakpibal Nationality: Thai Address : 8/146 Moo 9, Petchkasem Rd., Bangkae, Pasicharoen, Bangkok	5	

Total Shareholders : 5

Share Structure [as at April 30, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	5	30,000	100.00
Foreign	-	-	-
Total	5	30,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO.

Mr. Pornthep Phaipaisankit No. 3627

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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	4,020	3,126,427.50	1,066,809.87
Trade Accounts and Other Receivable	11,563,555.41	14,223,206.12	16,987,161.76
Short-term Loans	6,000,000.00	-	-
Inventories	1,827,480.74	1,481,221.63	2,095,407.47
Other Current Assets	307,202.16	78,835.87	83,346.42
Total Current Assets	19,702,258.31	18,909,691.12	20,232,725.52
Property, Plant and Equipment	2,580,064.09	3,221,059.77	1,009,454.09
Contract Guarantee	436,563.50	247,530.00	7,500.00
Total Assets	22,718,885.90	22,378,280.89	21,249,679.61

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Bank Overdraft and Short-term Loan from Short-term Loans	27,239.57	-	-
Trade Accounts and Other Payable	11,239,344.99	9,048,082.17	8,023,178.08
Accrued Income Tax	149,112.65	248,876.07	148,366.95
Other Current Liabilities	30,960.00	30,250.00	32,400.00
Total Current Liabilities	11,446,657.21	9,327,208.24	8,203,945.03
Total Liabilities	11,446,657.21	9,327,208.24	8,203,945.03
Shareholders' Equity			
Share capital : Baht 100 par value authorized, issued and fully paid share capital 30,000 shares	3,000,000.00	3,000,000.00	3,000,000.00
Capital Paid	3,000,000.00	3,000,000.00	3,000,000.00
Retained Earning Unappropriated [Deficit]	8,272,228.69	10,051,072.65	10,045,734.58
Total Shareholders' Equity	11,272,228.69	13,051,072.65	13,045,734.58

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Total Liabilities and Shareholders' Equity	22,718,885.90	22,378,280.89	21,249,679.61
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PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Services Income	49,155,928.67	59,045,657.37	55,348,204.80
Other Income	405,885.61	213,046.50	50.00
Total Revenues	49,561,814.28	59,258,703.87	55,348,254.80
Expenses			
Cost of Goods Sold or Services	43,957,454.88	52,177,270.38	48,505,161.02
Selling Expenses	839,042.10	1,163,763.61	738,531.52
Administrative Expenses	6,343,955.52	5,672,633.29	5,213,114.72
Total Expenses	51,140,452.50	59,013,667.28	54,456,807.26
Profit / [Loss] before Financial Cost & Income Tax	[1,578,638.22]	245,036.59	891,447.54
Financial Cost	[104,672.27]	[45,386.01]	[99.10]
Profit / [Loss] before Income Tax	[1,683,310.49]	199,650.58	891,348.44
Income Tax	[95,533.47]	[194,312.51]	[189,158.37]
Net Profit / [Loss]	[1,778,843.96]	5,338.07	702,190.07

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	1.72	2.03	2.47
QUICK RATIO	TIMES	1.53	1.86	2.20
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	19.05	18.33	54.83
TOTAL ASSETS TURNOVER	TIMES	2.16	2.64	2.60
INVENTORY CONVERSION PERIOD	DAYS	15.17	10.36	15.77
INVENTORY TURNOVER	TIMES	24.05	35.23	23.15
RECEIVABLES CONVERSION PERIOD	DAYS	85.86	87.92	112.02
RECEIVABLES TURNOVER	TIMES	4.25	4.15	3.26

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POWERCHEM GROUP CO., LTD. - 529008

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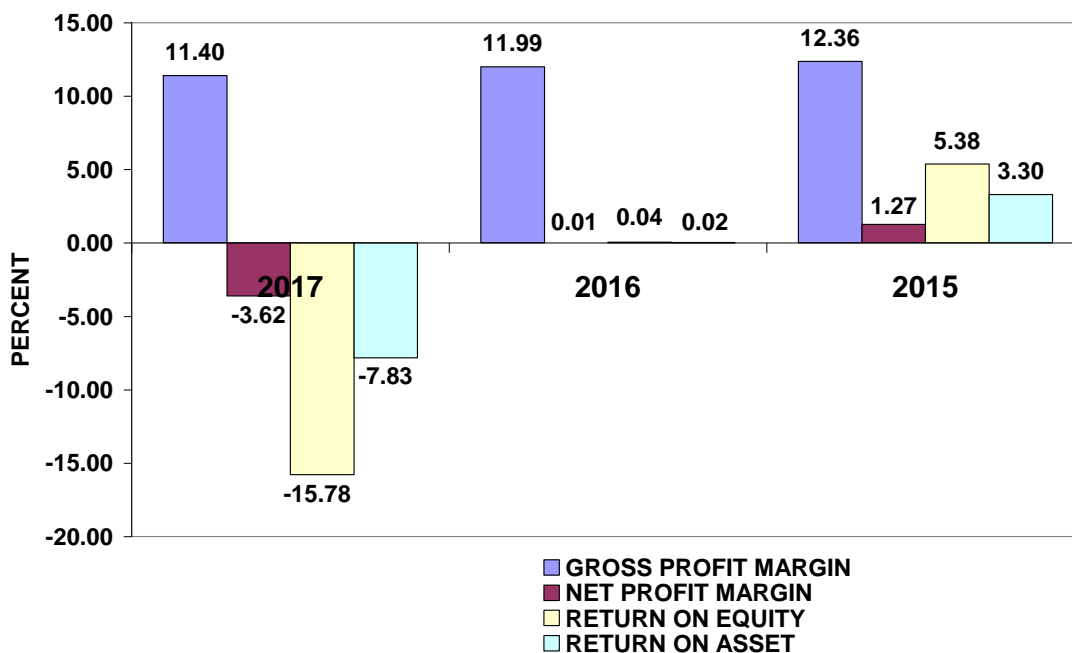
PAYABLES CONVERSION PERIOD	DAYS	93.33	63.29	60.37
CASH CONVERSION CYCLE	DAYS	7.71	34.99	67.42
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	89.42	88.37	87.64
SELLING & ADMINISTRATION	%	14.61	11.58	10.75
INTEREST	%	0.21	0.08	0.00
GROSS PROFIT MARGIN	%	11.40	11.99	12.36
NET PROFIT MARGIN BEFORE EX. ITEM	%	(3.21)	0.41	1.61
NET PROFIT MARGIN	%	(3.62)	0.01	1.27
RETURN ON EQUITY	%	(15.78)	0.04	5.38
RETURN ON ASSET	%	(7.83)	0.02	3.30
EARNING PER SHARE	BAHT	(59.29)	0.18	23.41
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.50	0.42	0.39
DEBT TO EQUITY RATIO	TIMES	1.02	0.71	0.63
TIME INTEREST EARNED	TIMES	(15.08)	5.40	8,995.43
ANNUAL GROWTH				
SALES GROWTH	%	(16.75)	6.68	
OPERATING PROFIT	%	(744.25)	(72.51)	
NET PROFIT	%	(33,423.73)	(99.24)	
FIXED ASSETS	%	(19.90)	219.09	
TOTAL ASSETS	%	1.52	5.31	

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ANNUAL GROWTH : RISKY

An annual sales growth is -16.75%. Sales Income has decreased from THB 59,045,657.37 in 2016 to THB 49,155,928.67 in 2017. While net profit has decreased from THB 5,338.07 in 2016 to THB -1,778,843.96 in 2017. And total assets has increased from THB 22,378,280.89 in 2016 to THB 22,718,885.90 in 2017.

PROFITABILITY : RISKY



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PROFITABILITY RATIO

Gross Profit Margin	11.40	Acceptable	Industrial Average	29.89
Net Profit Margin	(3.62)	Deteriorated	Industrial Average	7.31
Return on Assets	(7.83)	Deteriorated	Industrial Average	4.76
Return on Equity	(15.78)	Deteriorated	Industrial Average	8.96

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 11.4%. 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 profits and result in a net loss. The company's figure is -3.62%. When compared with the industry average, the ratio of the company was lower.

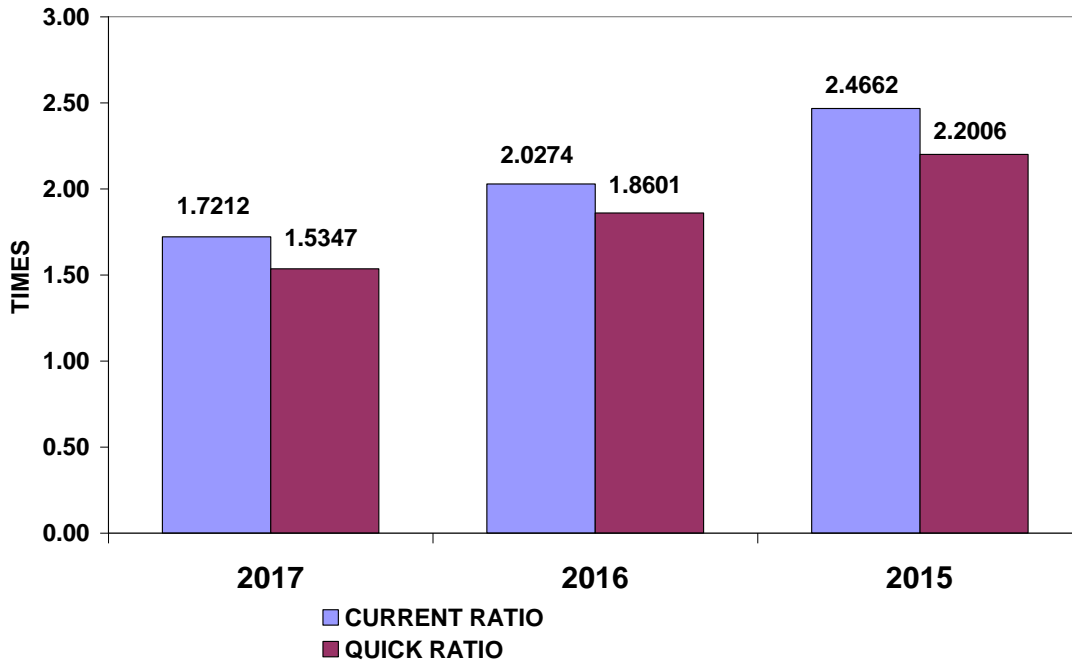
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is -7.83%.

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 -15.78%.

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	1.72	Impressive	Industrial Average	1.25
Quick Ratio	1.53			
Cash Conversion Cycle	7.71			

The Current Ratio is to ascertain whether a company's short-term assets are readily available to pay off its short-term liabilities. The company's figure is 1.72 times in 2017, decrease from 2.03 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.

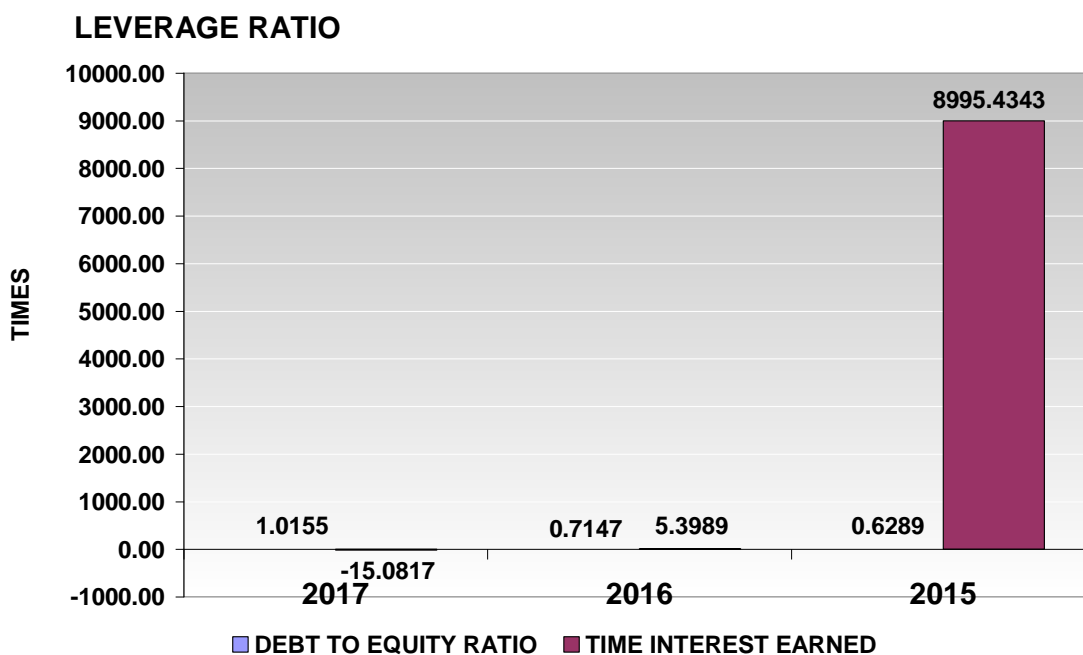
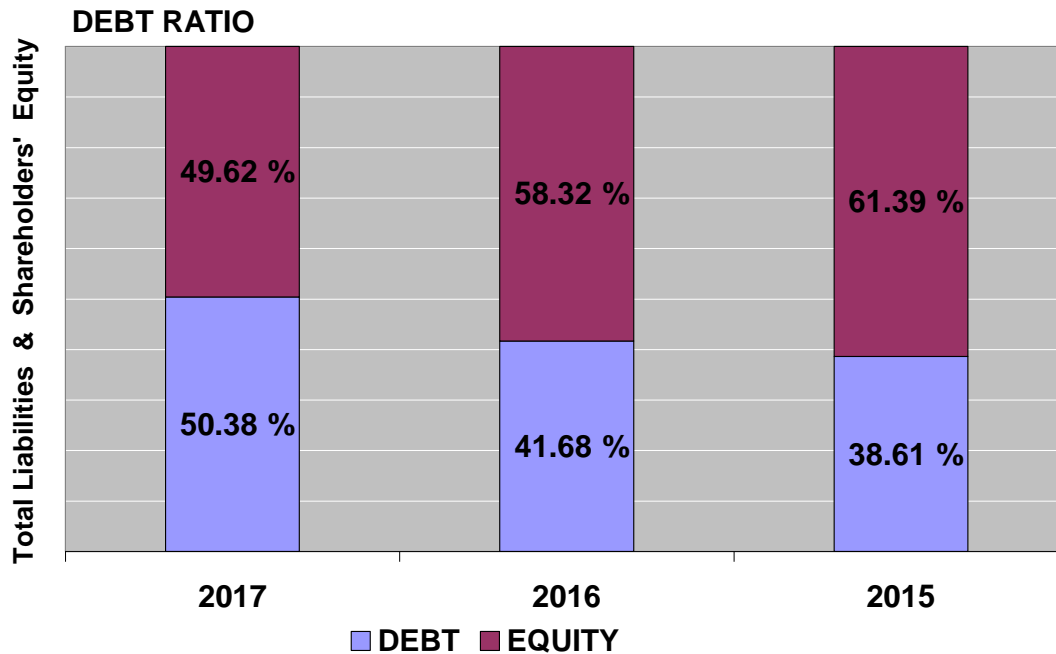
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.53 times in 2017, decrease from 1.86 times, although excluding inventory so the company still have 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 8 days.

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

Current Ratio Downtrend

LEVERAGE : RISKY



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LEVERAGE RATIO

Debt Ratio	0.50	Acceptable	Industrial Average	0.48
Debt to Equity Ratio	1.02	Risky	Industrial Average	0.91
Times Interest Earned	(15.08)	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.

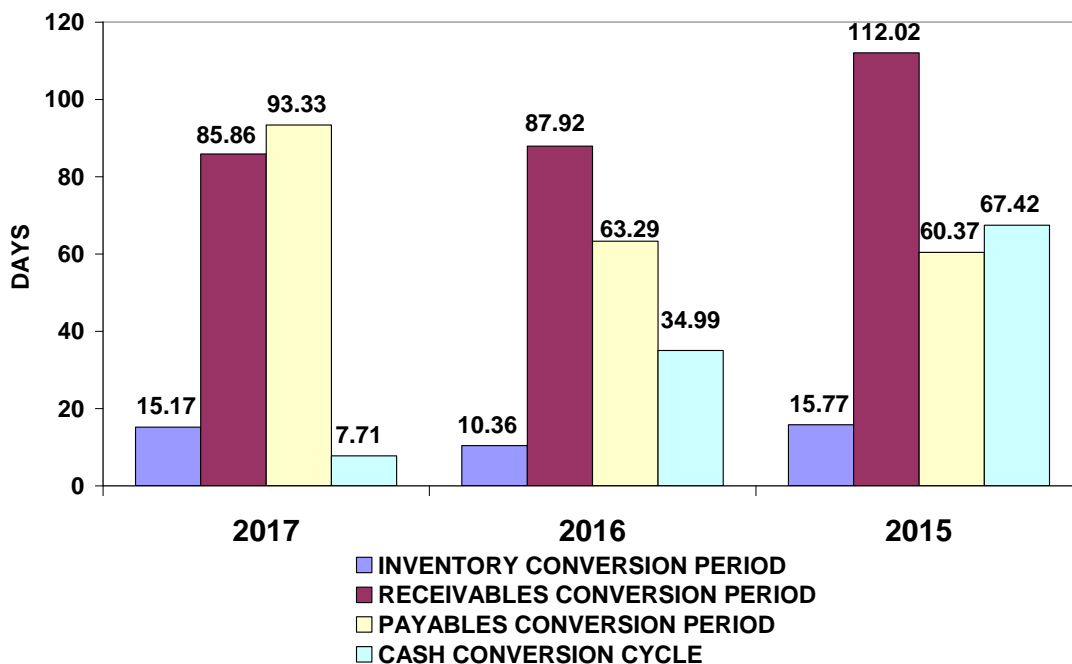
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is -15.09 lower than 1, so the company is not generating enough cash from EBIT to meet its interest obligations.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 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 : IMPRESSIVE



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ACTIVITY RATIO

Fixed Assets Turnover	19.05	Impressive	Industrial Average	-
Total Assets Turnover	2.16	Impressive	Industrial Average	0.65
Inventory Conversion Period	15.17			
Inventory Turnover	24.05	Impressive	Industrial Average	6.74
Receivables Conversion Period	85.86			
Receivables Turnover	4.25	Satisfactory	Industrial Average	4.97
Payables Conversion Period	93.33			

The company's Account Receivable Ratio is calculated as 4.25 and 4.15 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 increased from 10 days at the end of 2016 to 15 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 35.23 times in year 2016 to 24.05 times in year 2017.

The company's Total Asset Turnover is calculated as 2.16 times and 2.64 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	Uptrend
Receivables Turnover	Uptrend

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.75
UK Pound	1	INR 94.62
Euro	1	INR 84.32
Thai Baht	1	INR 2.20

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	SDA

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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)

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