

MIRA INFORM REPORT

Report No. :	529194
Report Date :	14.09.2018

IDENTIFICATION DETAILS

Name :	SEI THAI ELECTRIC CONDUCTOR CO. LTD.
Registered Office :	7/414 Moo 6, T. Mabyangporn, A. Pluakdaeng, Rayong 21140,
Country :	Thailand
Financials (as on) :	31.03.2018
Date of Incorporation :	27.04.2012
Com. Reg. No.:	0105555061616
Legal Form :	Private Limited Company
Line of Business :	Subject is engaged in manufacturing, distributing and exporting various kinds of industrial wires such as copper wire rod, aluminium wire rod and aluminium electric wire for automotive wiring harness.
No. of Employees :	400

RATING & COMMENTS

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

MIRA's Rating :	B
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Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
Payment Behaviour :	Slow
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.

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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

SEI THAI ELECTRIC CONDUCTOR CO., LTD.

SUMMARY

BUSINESS ADDRESS : 7/414 MOO 6, T. MABYANGPORN, A. PLUAKDAENG,
RAYONG 21140, THAILAND
TELEPHONE : [66] 38 913-732-4, 38 913-727-34
FAX : [66] 38 913-738
E-MAIL ADDRESS : -
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS
ESTABLISHED : 2012
REGISTRATION/TAX ID NO. : 0105555061616
CAPITAL REGISTERED : BHT. 2,010,000,000
CAPITAL PAID-UP : BHT. 2,010,000,000
SHAREHOLDER'S PROPORTION : JAPANESE : 100%
FISCAL YEAR CLOSING DATE : MARCH 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MR. KAZUHIRO NANJO, JAPANESE
MANAGING DIRECTOR AND FACTORY MANAGER
NO. OF STAFF : 400
LINES OF BUSINESS : INDUSTRIAL WIRES
MANUFACTURER, 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 April 27, 2012 as a private limited company under the registered name SEI THAI ELECTRIC CONDUCTOR CO., LTD., by Japanese and Thai groups, with the business objective to manufacture industrial wires for both local and overseas markets. It currently employs approximately 400 staff.

The subject is a wholly owned subsidiary of Sumitomo Electric Industries Ltd. in Japan.

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The subject's registered address is 7/414 Moo 6, T. Mabyangporn, A. Pluakdaeng, Rayong 21140, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>		<u>Nationality</u>	<u>Age</u>
Mr. Tadanori Sano		Japanese	54
Mr. Hideaki Kishimoto	[x]	Japanese	46
Mr. Katsushige Mizuhashi	[x]	Japanese	57
Mr. Hiroyasu Torii		Japanese	62
Mr. Yoshihiro Matsushita		Japanese	60
Mr. Kazuhiro Nanjo	[x]	Japanese	54
Mr. Toshio Mutoh	[x]	Japanese	51
Mr. Shinichi Kitamura		Japanese	55

AUTHORIZED PERSON

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

MANAGEMENT

Mr. Kazuhiro Nanjo is the Managing Director and Factory Manager.
He is Japanese nationality with the age of 54 years old.

Mr. Hideaki Kishimoto is the Deputy Managing Director.
He is Japanese nationality with the age of 46 years old.

Mrs. Sirilak Udomkasemsap is the Purchasing Manager.
She is Thai nationality.

BUSINESS OPERATIONS

The subject is engaged in manufacturing, distributing and exporting various kinds of industrial wires such as copper wire rod, aluminium wire rod and aluminium electric wire for automotive wiring harness.

PURCHASE

Raw materials are purchased from both domestic and overseas suppliers in Japan, Republic of China and Taiwan.

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MAJOR SUPPLIER

Sumitomo Electric Industries Ltd. : Japan

SALES

The products are sold locally by wholesale to manufacturers and end-users particularly for electrical and automotive industries.

EXPORT

The products are also exported to Japan, Malaysia, India, Indonesia, Vietnam, Republic of China and Europe.

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 for 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
Sumitomo Mitsui Banking Corporation [Bangkok Branch]

EMPLOYMENT

The subject currently employs approximately 400 staff.

LOCATION DETAILS

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

COMMENT

The subject's sales figures as of March 31, 2018 has seen a big improvement with a sharp increase in sales or service income but higher net loss comparing to the previous year. The net loss was mainly caused by higher cost of goods sold and higher selling expenses which eroded the profit margin. Nevertheless, the subject has a large amount of capital to run and expand the business smoothly. It is believed that the subject would have a good business in long-term prospect.

FINANCIAL INFORMATION

The capital was registered at Bht. 1,110,000,000 divided into 11,100,000 shares of Bht. 100 each with fully paid.

The capital was increased later as follows:

Bht. 1,710,000,000 on November 21, 2014
Bht. 2,010,000,000 on March 12, 2015

The latest registered capital was increased to Bht. 2,010,000,000 divided into 20,100,000 shares of Bht. 100 each with fully paid.

THE SHAREHOLDERS LISTED WERE

[as at June 19, 2018]

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<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Sumitomo Electric Industries Ltd. Nationality: Japanese Address : 4-5-33, Kitahama, Chuo-ku, Osaka, Japan	20,099,998	100.00
S.E.I. Thai Holding Co., Ltd. Nationality: Thai Address : BB Building, 54 Sukhumvit 21 Road, Klongtoeynua, Wattana, Bangkok	1	-
Sumitomo Electric (Thailand) Limited Nationality: Thai Address : BB Building, 54 Sukhumvit 21 Road, Klongtoeynua, Wattana, Bangkok	1	-

Total Shareholders : 3

Share Structure [as at June 19, 2018]

<u>Nationality</u>	<u>Shareholders</u>	<u>No. of Share</u>	<u>% Shares</u>
Thai	2	2	-
Foreign - Japanese	1	20,099,998	100.00
Total	3	20,100,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Mr. Attapol Yampry No. 8933

BALANCE SHEET [BAHT]

The latest financial figures published for March 31, 2018, 2017 and 2016 were:

	<u>ASSETS</u>		
<u>Current Assets</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	1,765,546.16	175,421.23	306,102,249.82
Trade Accounts and Other Receivable	2,042,340,869.55	1,975,136,781.03	703,364,105.38
Inventories	1,990,987,838.03	1,939,463,865.57	1,670,250,773.06
Other Current Assets	491,925,765.15	164,294,206.68	173,586,754.59
Total Current Assets	4,527,020,018.89	4,079,070,274.51	2,853,303,882.85
Property, Plant and Equipment	3,896,620,210.87	3,763,377,119.04	3,183,193,574.19
Intangible Assets	18,198,720.24	16,336,460.81	15,856,692.48

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SEI THAI ELECTRIC CONDUCTOR CO. LTD. - 529194

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Other Non-current Assets	4,121,943.46	44,953,097.67	30,006,675.52
Total Assets	8,445,960,893.46	7,903,736,952.03	6,082,360,825.04

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2018	2017	2016
Trade Accounts and Other Payable	4,708,633,536.28	4,139,620,083.47	3,434,262,848.40
Current Portion of Long-term Liabilities	17,940,432.83	17,522,583.86	16,625,867.75
Short-term Loans	2,616,195,192.90	2,278,622,716.22	982,002,472.96
Other Current Liabilities	38,782,170.70	43,830,695.72	1,320,950.33
Total Current Liabilities	7,381,551,332.71	6,479,596,079.27	4,434,212,139.44
Provision for Employee Benefits	12,002,265.14	2,380,556.00	895,404.00
Other Non-current Liabilities	1,600,693.00	29,942,697.97	47,291,569.21
Total Liabilities	7,395,154,290.85	6,511,919,333.24	4,482,399,112.65
Shareholders' Equity			
Share capital : Baht 100 par value authorized, and issued share capital 20,100,000 shares	2,010,000,000.00	2,010,000,000.00	2,010,000,000.00
Capital Paid	2,010,000,000.00	2,010,000,000.00	2,010,000,000.00
Retained Earning -Unappropriated [Deficit]	[959,193,397.39]	[618,182,381.21]	[410,038,287.61]
Total Shareholders' Equity	1,050,806,602.61	1,391,817,618.79	1,599,961,712.39
Total Liabilities and Shareholders' Equity	8,445,960,893.46	7,903,736,952.03	6,082,360,825.04

PROFIT & LOSS ACCOUNT

Revenue	2018	2017	2016
Sales or Services Income	21,141,383,596.62	12,035,702,988.80	4,138,945,531.75
Other Income	324,891,830.47	124,947,039.87	164,464.51
Total Revenues	21,466,275,427.09	12,160,650,028.67	4,139,109,996.26

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Expenses

Cost of Goods Sold or Services	21,462,939,038.22	12,094,341,085.53	4,239,533,900.06
Selling Expenses	177,502,742.53	110,160,126.29	51,048,331.63
Administrative Expenses	118,235,936.25	135,934,408.16	106,282,421.06
Total Expenses	21,758,677,717.00	12,340,435,619.98	4,396,864,652.75
Profit /[Loss] before Financial Cost	[292,402,289.91]	[179,785,591.31]	[257,754,656.49]
Financial Cost	[48,608,726.27]	[28,358,502.29]	[12,976,946.32]
Net Profit / [Loss]	[341,011,016.18]	[208,144,093.60]	[270,731,602.81]

FINANCIAL ANALYSIS

ITEM	UNIT	2018	2017	2016
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	0.61	0.63	0.64
QUICK RATIO	TIMES	0.28	0.30	0.23
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	5.43	3.20	1.30
TOTAL ASSETS TURNOVER	TIMES	2.50	1.52	0.68
INVENTORY CONVERSION PERIOD	DAYS	33.86	58.53	143.80
INVENTORY TURNOVER	TIMES	10.78	6.24	2.54
RECEIVABLES CONVERSION PERIOD	DAYS	35.26	59.90	62.03
RECEIVABLES TURNOVER	TIMES	10.35	6.09	5.88
PAYABLES CONVERSION PERIOD	DAYS	80.08	124.93	295.67
CASH CONVERSION CYCLE	DAYS	(10.96)	(6.50)	(89.84)
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	101.52	100.49	102.43
SELLING & ADMINISTRATION	%	1.40	2.04	3.80
INTEREST	%	0.23	0.24	0.31
GROSS PROFIT MARGIN	%	0.02	0.55	(2.43)
NET PROFIT MARGIN BEFORE EX. ITEM	%	(1.38)	(1.49)	(6.23)
NET PROFIT MARGIN	%	(1.61)	(1.73)	(6.54)
RETURN ON EQUITY	%	(32.45)	(14.95)	(16.92)
RETURN ON ASSET	%	(4.04)	(2.63)	(4.45)
EARNING PER SHARE	BAHT	(16.97)	(10.36)	(13.47)
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.88	0.82	0.74
DEBT TO EQUITY RATIO	TIMES	7.04	4.68	2.80
TIME INTEREST EARNED	TIMES	(6.02)	(6.34)	(19.86)

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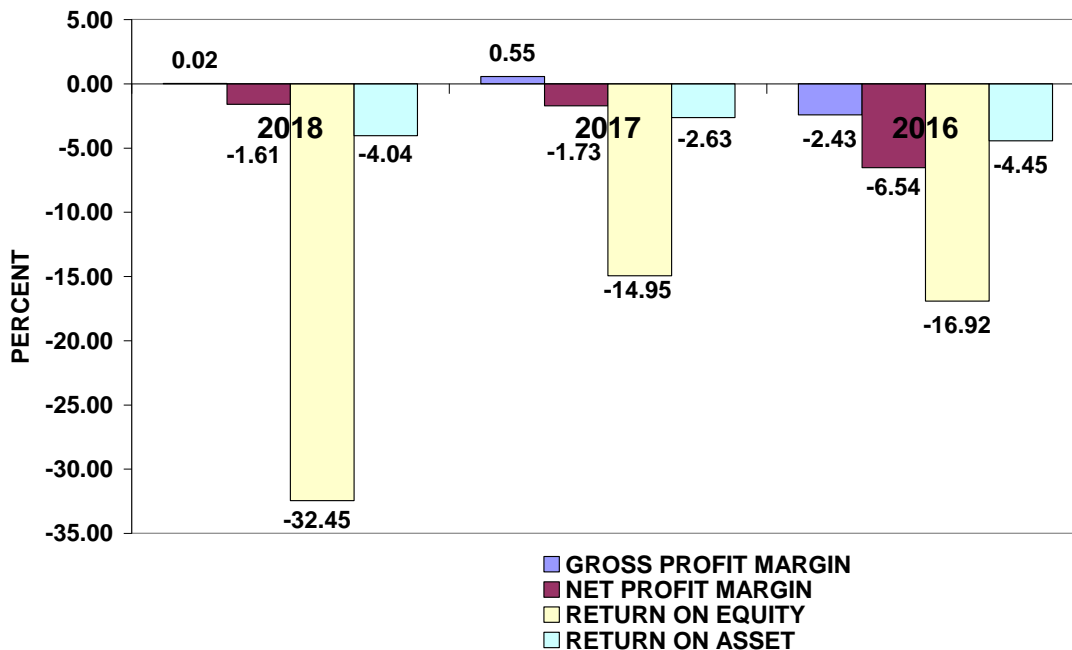
ANNUAL GROWTH

SALES GROWTH	%	75.66	190.79
OPERATING PROFIT	%	62.64	(30.25)
NET PROFIT	%	(63.83)	23.12
FIXED ASSETS	%	3.54	18.23
TOTAL ASSETS	%	6.86	29.95

ANNUAL GROWTH : IMPRESSIVE

An annual sales growth is 75.66%. Sales Income has increased from THB 12,035,702,988.80 in 2017 to THB 21,141,383,596.62 in 2018. While net profit has decreased from THB -208,144,093.60 in 2017 to THB -341,011,016.18 in 2018. And total assets has increased from THB 7,903,736,952.03 in 2017 to THB 8,445,960,893.46 in 2018.

PROFITABILITY : ACCEPTABLE



PROFITABILITY RATIO

Gross Profit Margin	0.02	Impressive	Industrial Average	-
Net Profit Margin	(1.61)	Deteriorated	Industrial Average	23.14
Return on Assets	(4.04)	Deteriorated	Industrial Average	54.83
Return on Equity	(32.45)	Deteriorated	Industrial Average	157.59

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 0.02%. 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 -1.61%. When compared with the industry average, the ratio of the company was lower.

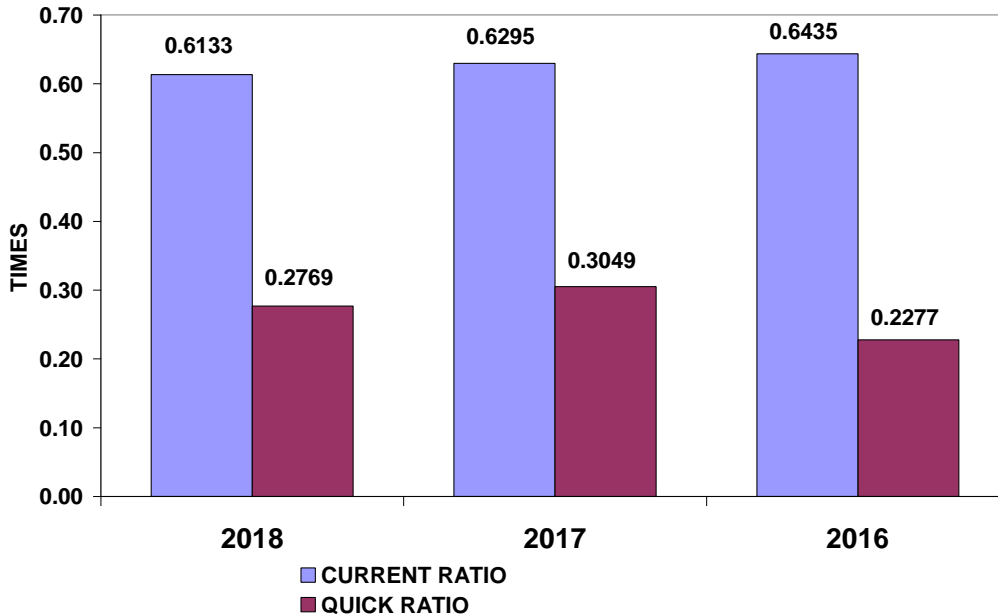
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is -4.04%.

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 -32.45%.

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

Return on Assets	Uptrend
Return on Equity	Uptrend

LIQUIDITY : ACCEPTABLE



LIQUIDITY RATIO

Current Ratio	0.61	Risky	Industrial Average	0.92
Quick Ratio	0.28			
Cash Conversion Cycle	(10.96)			

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 0.61 times in 2018, decrease from 0.63 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.

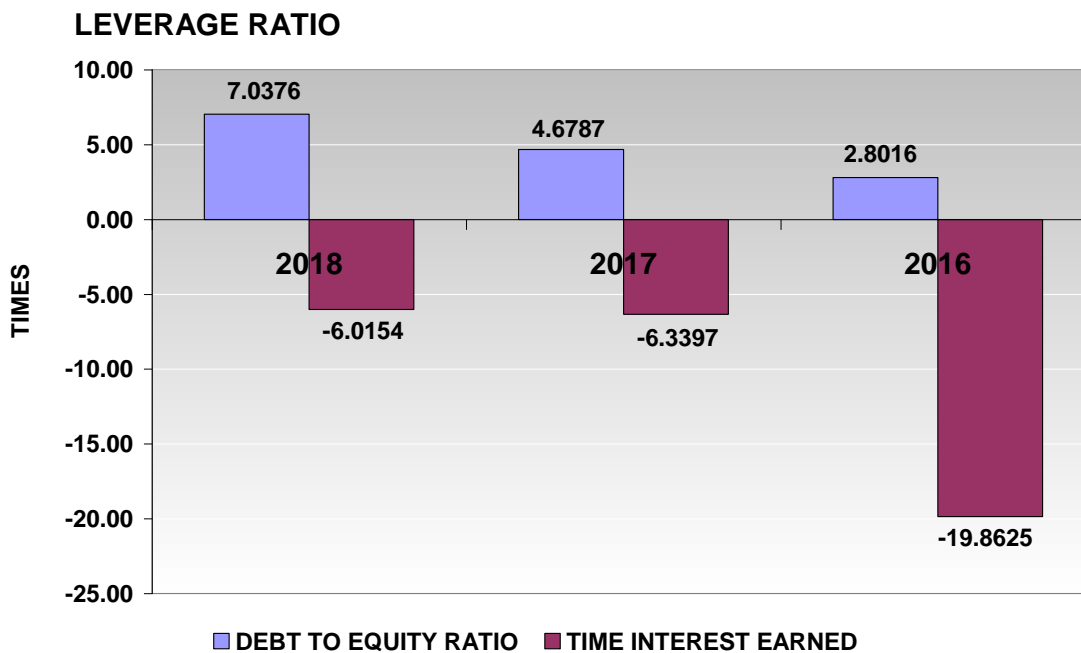
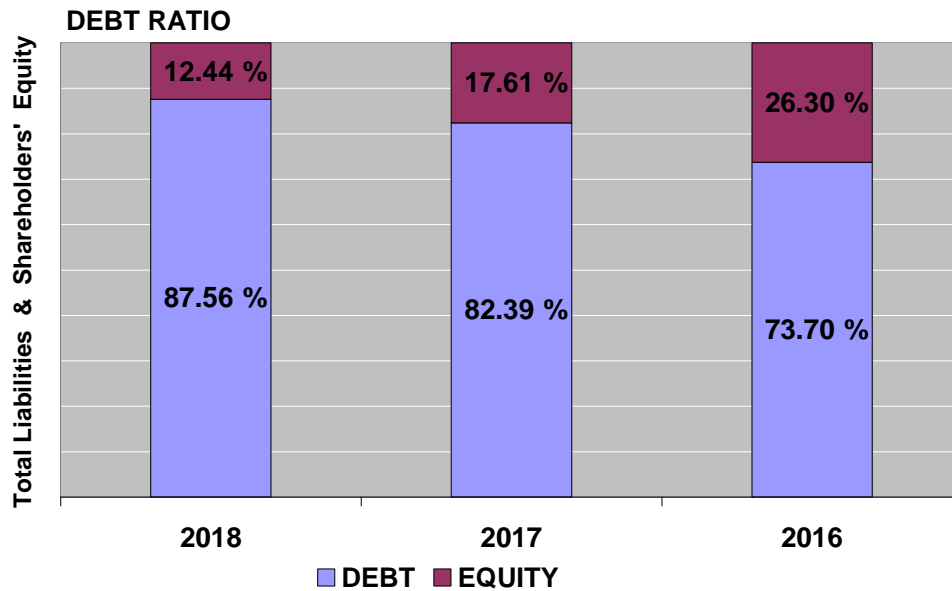
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 0.28 times in 2018, decrease from 0.3 times, then the company has not enough current assets that presumably 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 -11 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	0.88	Acceptable	Industrial Average	0.68
Debt to Equity Ratio	7.04	Risky	Industrial Average	2.10
Times Interest Earned	(6.02)	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.

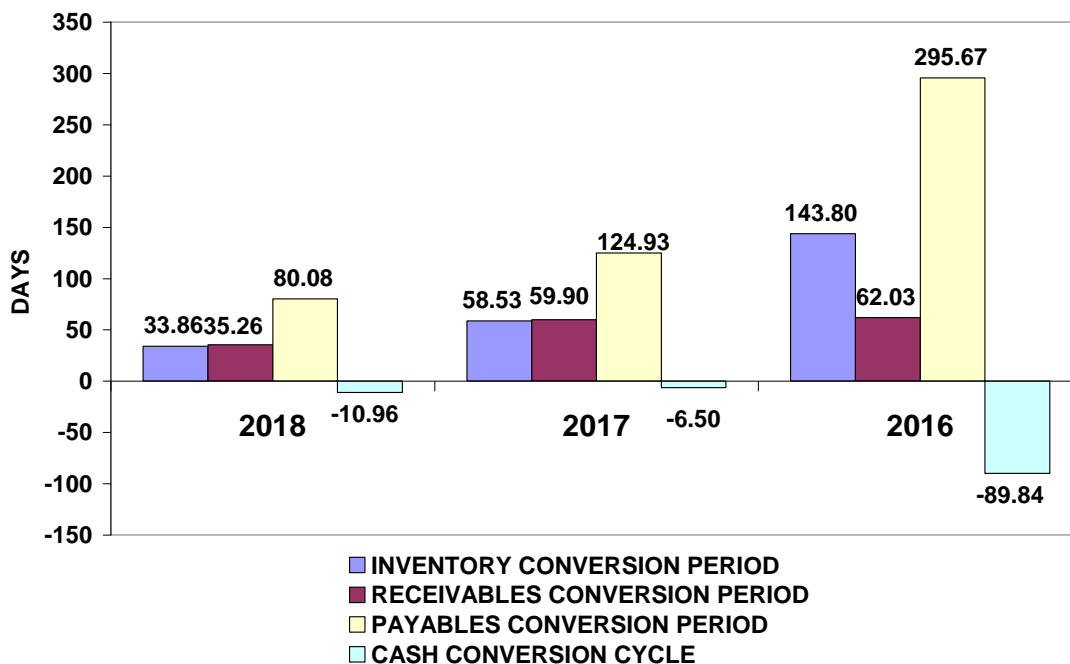
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is -6.02 lower than 1, so the company is not generating enough cash from EBIT to meet its interest obligations.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.88 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	Uptrend
Times Interest Earned	Stable

ACTIVITY : IMPRESSIVE



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ACTIVITY RATIO

Fixed Assets Turnover	5.43	Impressive	Industrial Average	-
Total Assets Turnover	2.50	Impressive	Industrial Average	2.37
Inventory Conversion Period	33.86			
Inventory Turnover	10.78	Satisfactory	Industrial Average	12.76
Receivables Conversion Period	35.26			
Receivables Turnover	10.35	Impressive	Industrial Average	7.45
Payables Conversion Period	80.08			

The company's Account Receivable Ratio is calculated as 10.35 and 6.09 in 2018 and 2017 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 2018 increased from 2017. 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 59 days at the end of 2017 to 34 days at the end of 2018. This represents a positive trend. And Inventory turnover has increased from 6.24 times in year 2017 to 10.78 times in year 2018.

The company's Total Asset Turnover is calculated as 2.5 times and 1.52 times in 2018 and 2017 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 72.75
UK Pound	1	INR 94.62
Euro	1	INR 84.32
THB	1	INR 2.20

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

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	POJ

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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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