

MIRA INFORM REPORT

Report No. :	529653
Report Date :	15.09.2018

IDENTIFICATION DETAILS

Name :	IVAX PAPER CHEMICALS LIMITED
Registered Office :	150 Moo 10, T. Thatoom, A. Srimahaphote, Prachinburi 25140,
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	13.06.2005
Com. Reg. No.:	0105548076751
Legal Form :	Private Limited Company
Line of Business :	Subject is engaged in manufacturing, distributing and exporting wide range of specialty chemicals for paper application. The products are as follows: <ul style="list-style-type: none"> • For Sizing • For Retention and Drainage • For Static Control-Anti Slip-Inkjet Printing • For Broke Control - Fluff Control - Trash Control and Lint Control • For Dry and Wet Strength • For Improving Stiffness - Strength - Burst • Control/Cleaning Systems
No. of Employees :	68

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	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
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Payment Behaviour :	No Complaints
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

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

IVAX PAPER CHEMICALS LIMITED

SUMMARY

BUSINESS ADDRESS : 150 MOO 10, T. THATOOM, A. SRIMAHAPHOTE,
PRACHINBURI 25140, THAILAND
TELEPHONE : [66] 37 274-439
FAX : [66] 37 274-438
E-MAIL ADDRESS : salesthai@ivaxchem.com
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS
ESTABLISHED : 2005
REGISTRATION / TAX ID NO. : 0105548076751
CAPITAL REGISTERED : BHT. 40,000,000
CAPITAL PAID-UP : BHT. 40,000,000
SHAREHOLDER'S PROPORTION : INDIAN : 100%
FISCAL YEAR CLOSING DATE : DECEMBER 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MR. MAHAVEER RAJ NAHATA, INDIAN
MANAGING DIRECTOR

NO. OF STAFF : 68
LINES OF BUSINESS : SPECIALTY CHEMICAL
MANUFACTURER, DISTRIBUTOR AND EXPORTER

CORPORATE PROFILE

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

HISTORY

The subject was established on June 13, 2005 as a private limited company under the registered name IVAX PAPER CHEMICALS LIMITED, by Indian groups. Its business objective is to manufacture, distribute and export specialty chemicals for paper industry. It currently employs 68 staff.

The subject's registered address is 150 Moo 10, T. Thatoom, A. Srimahaphote, Prachinburi 25140, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Sharad Kumar Nawalgaria	Indian	39
Mr. Mahaveer Raj Nahata	Indian	69
Mrs. Lalitha Devi Nawalgaria	Indian	67
Mrs. Rashmi Nawalgaria	Indian	39

AUTHORIZED PERSON

Anyone of the above directors can sign on behalf of the subject with company's affixed.

MANAGEMENT

Mr. Mahaveer Raj Nahata is the Managing Director.
He is Indian nationality with the age of 69 years old.

Mr. Sharad Kumar Nawalgaria is the General Manager.
He is Indian nationality with the age of 39 years old.

BUSINESS OPERATIONS

The subject is engaged in manufacturing, distributing and exporting wide range of specialty chemicals for paper application. The products are as follows:

- **For Sizing**
 - Alkaline size system-with ASA/AKD
 - Binary size system
 - One shot chemicals
 - Neutral size system with Cationic - Anionic Rosin Emulsion
 - Acid size system
 - Surface sizing
- **For Retention and Drainage**
 - Single polymer system
 - Dual polymer system
 - Micro particle system, bentonite/silica system

- **For Static Control-Anti Slip-Inkjet Printing**
 - Styrene and acrylic co-polymers
- **For Broke Control - Fluff Control - Trash Control and Lint Control**
 - Acrylamide-Synthetic polymers
 - Starch based polymers
- **For Dry and Wet Strength**
 - Acrylamides - synthetic polymers
 - Starch based polymers
- **For Improving Stiffness - Strength - Burst**
 - Starch based polymer
- **Control/Cleaning Systems**
 - Slime control chemicals
 - Anti foam and deforming agents
 - Boil out chemicals
 - Continuous and batch felt and wire cleaning chemicals deposit control programs

BRAND NAME

"IVAX"

PURCHASE

Most of raw materials are purchased from local suppliers, the remaining is imported from India, United Kingdom, Republic of China, Germany and United Arab Emirates.

MAJOR SUPPLIERS

Ivax Paper Chemicals Ltd.	: India
Ivax Paper Chemicals Ltd.	: U.K.
Ivax Paper Chemical International Ltd.	: United Arab Emirates
BASF (Thai) Ltd.	: Thailand

SALES

80% of the products is sold locally to manufacturers and end-users, the remaining 20% is exported to United Kingdom, Japan, Republic of China, Singapore, Indonesia, Taiwan, Vietnam, India, Hong Kong, Pakistan and Malaysia.

MAJOR CUSTOMERS

Double A (1991) Public Company Limited	: Thailand
Panjapol Paper Industry Co., Ltd.	: Thailand
Panjapol Pulp Industry Public Company Limited	: Thailand
Century Paper & Board Mills Limited	: Pakistan

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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 L/C at sight or T/T.
Exports are against T/T.

BANKING

Bangkok Bank Public Company Limited

EMPLOYMENT

The subject employs 68 staff.

LOCATION DETAILS

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

Bangkok Branch : 20/20 Yannawa Rd., Chongnonsi, Yannawa, Bangkok 10120.
Tel. : [66] 2683-3882, Fax. : [66] 2683-3883.

COMMENT

The subject's operating performance in 2017 was slowdown from a decrease in both sales or service income and net profit comparing to the previous year. Nevertheless, it maintains a strong business with net profit yearly.

FINANCIAL INFORMATION

The capital was registered at Bht. 40,000,000 divided into 400,000 shares of Bht. 100 each.

On November 19, 2012, the capital was decreased to Bht. 37,456,250 divided into 3,745,625 shares of Bht. 10 each with fully paid.

On December 25, 2012, the capital was increased to Bht. 40,000,000 divided into 4,000,000 shares of Bht. 10 each with fully paid.

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

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Ivax Paper Chemicals Ltd. Nationality: Indian Address : 6-3-248 Road No. 1, Banjara Hills, Hyderabad, India	2,400,000	60.00
Mr. Sharad Kumar Nawalgaria Nationality: Indian Address : 6-3-248 Road No. 1, Banjara Hills, Hyderabad, India	800,000	20.00
Mrs. Lalitha Devi Nawalgaria Nationality: Indian Address : 6-3-248 Road No. 1, Banjara Hills, Hyderabad, India	800,000	20.00

Total Shareholders : 3

Share Structure [as at April 30, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	-	-	-
Foreign - Indian	3	4,000,000	100.00
Total	3	4,000,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Ms. Aruchida Lohsen No. 10192

FINANCIAL

IVAX PAPER CHEMICALS LIMITED

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 Equivalent	9,327,980.60	8,061,569.89	14,484,281.6
Trade Accounts and Other Receivable	75,093,161.78	75,411,498.40	45,093,694.69
Inventories	27,920,081.32	19,733,545.66	27,293,463.74
Other Current Assets	2,454,597.55	235,346.14	3,575,273.88
Total Current Assets	114,795,821.25	103,441,960.09	90,446,713.91
Property, Plant and Equipment	12,750,719.91	15,992,367.67	15,357,815.57
Total Assets	127,546,541.16	119,434,327.76	105,804,529.48

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Trade Accounts and Other Payable	5,821,593.77	4,894,832.36	3,599,332.07
Current Portion of Long-term Liabilities	337,712.00	337,712.00	337,712.00
Accrued Income Tax	-	1,290,403.52	3,620,684.75
Other Current Liabilities	332,993.51	278,375.15	135,360.44
Total Current Liabilities	6,492,229.28	6,801,323.03	7,693,089.26
Long-term Loans	187,984.33	533,591.59	451,309.01
Total Liabilities	6,680,283.61	7,334,914.62	8,144,398.27

Shareholders' Equity

Share capital : Baht 10 par value authorized, issued and fully paid share capital 4,000,000 shares	40,000,000.00	40,000,000.00	40,000,000.00
Capital Paid	40,000,000.00	40,000,000.00	40,000,000.00
Retained Earning- Unappropriated	80,866,257.55	72,099,413.14	57,660,131.21

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Total Shareholders' Equity	120,866,257.55	112,099,413.14	97,660,131.21
Total Liabilities and Shareholders' Equity	127,546,541.16	119,434,327.76	105,804,529.48

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Services Income	146,389,220.81	147,836,138.14	159,995,206.66
Other Income	539,714.63	658,323.75	1,643,113.31
Total Revenues	146,928,935.44	148,494,461.89	161,638,319.97
Expenses			
Cost of Goods Sold or Services	90,149,604.53	99,104,205.77	107,899,677.76
Selling Expenses	21,402,393.15	7,621,410.70	7,508,912.70
Administrative Expenses	25,600,102.47	23,690,805.55	20,440,166.38
Total Expenses	137,152,100.15	130,416,422.02	135,848,756.84
Profit/[Loss] before Financial Cost & Income Tax	9,776,835.29	18,078,039.87	25,789,563.13
Financial Cost	[20,632.74]	[26,041.87]	[17,193.95]
Profit/[Loss] before Income Tax	9,756,202.55	18,051,998.00	25,772,369.18
Income Tax	[989,358.14]	[3,612,716.07]	[3,620,684.75]
Net Profit / [Loss]	8,766,844.41	14,439,281.93	22,151,684.43

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	17.68	15.21	11.76
QUICK RATIO	TIMES	13.00	12.27	7.74
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	11.48	9.24	10.42
TOTAL ASSETS TURNOVER	TIMES	1.15	1.24	1.51
INVENTORY CONVERSION PERIOD	DAYS	113.04	72.68	92.33
INVENTORY TURNOVER	TIMES	3.23	5.02	3.95
RECEIVABLES CONVERSION PERIOD	DAYS	187.23	186.19	102.87
RECEIVABLES TURNOVER	TIMES	1.95	1.96	3.55
PAYABLES CONVERSION PERIOD	DAYS	23.57	18.03	12.18
CASH CONVERSION CYCLE	DAYS	276.71	240.84	183.02

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PROFITABILITY RATIO

COST OF GOODS SOLD	%	61.58	67.04	67.44
SELLING & ADMINISTRATION	%	32.11	21.18	17.47
INTEREST	%	0.01	0.02	0.01
GROSS PROFIT MARGIN	%	38.79	33.41	33.59
NET PROFIT MARGIN BEFORE EX. ITEM	%	6.68	12.23	16.12
NET PROFIT MARGIN	%	5.99	9.77	13.85
RETURN ON EQUITY	%	7.25	12.88	22.68
RETURN ON ASSET	%	6.87	12.09	20.94
EARNING PER SHARE	BAHT	2.19	3.61	5.54

LEVERAGE RATIO

DEBT RATIO	TIMES	0.05	0.06	0.08
DEBT TO EQUITY RATIO	TIMES	0.06	0.07	0.08
TIME INTEREST EARNED	TIMES	473.85	694.19	1,499.92

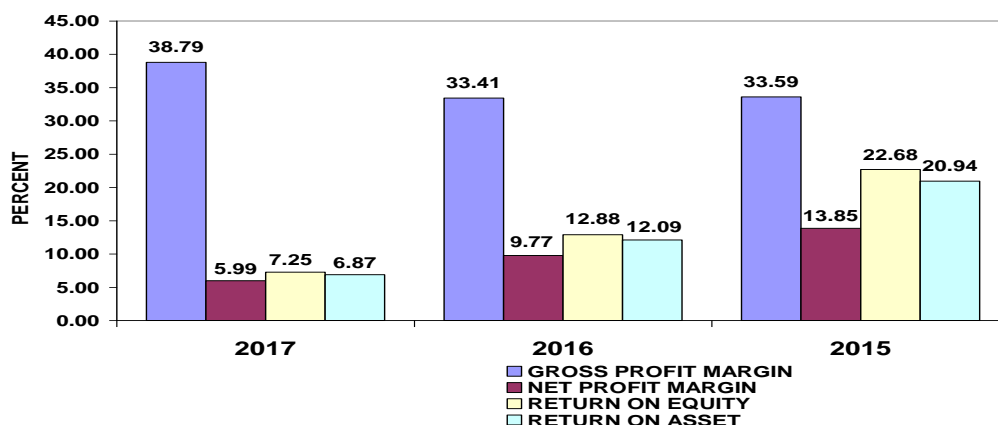
ANNUAL GROWTH

SALES GROWTH	%	(0.98)	(7.60)
OPERATING PROFIT	%	(45.92)	(29.90)
NET PROFIT	%	(39.28)	(34.82)
FIXED ASSETS	%	(20.27)	4.13
TOTAL ASSETS	%	6.79	12.88

ANNUAL GROWTH : RISKY

An annual sales growth is -0.98%. Sales Income has decreased from THB 147,836,138.14 in 2016 to THB 146,389,220.81 in 2017. While net profit has decreased from THB 14,439,281.93 in 2016 to THB 8,766,844.41 in 2017. And total assets has increased from THB 119,434,327.76 in 2016 to THB 127,546,541.16 in 2017.

PROFITABILITY : IMPRESSIVE



PROFITABILITY RATIO

Gross Profit Margin	38.79	Impressive	Industrial Average	16.24
Net Profit Margin	5.99	Impressive	Industrial Average	4.12
Return on Assets	6.87	Impressive	Industrial Average	5.98
Return on Equity	7.25	Satisfactory	Industrial Average	11.98

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 38.79%. 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. Net Profit Margin ratio is 5.99%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient operator in a dominant position within its industry.

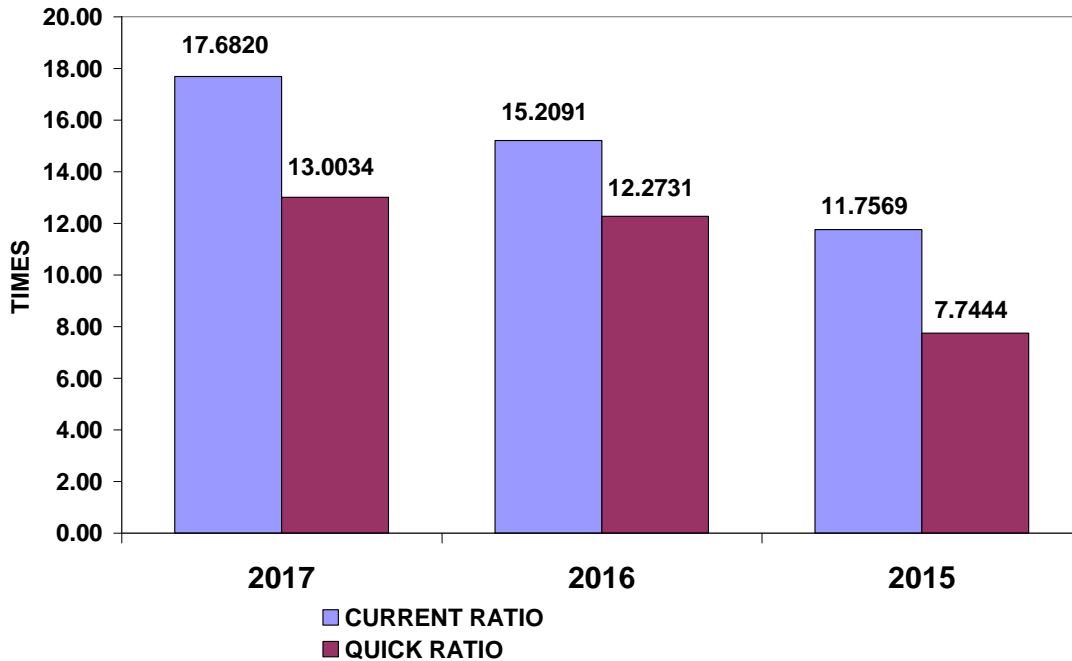
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 6.87%, 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.

Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. When compared with the industry average, it was lower, the company's figure is 7.25%.

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

Return on Assets	Uptrend
Return on Equity	Uptrend

LIQUIDITY : SATISFACTORY



LIQUIDITY RATIO

Current Ratio	17.68	Impressive	Industrial Average	1.99
Quick Ratio	13.00			
Cash Conversion Cycle	276.71			

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 17.68 times in 2017, increase from 15.21 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.

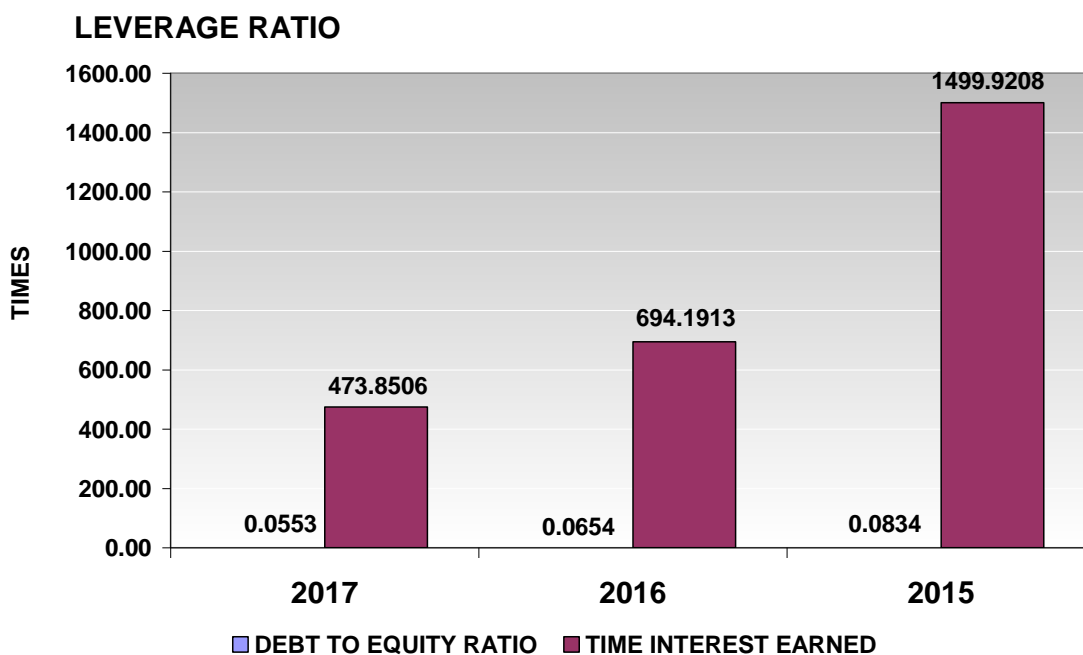
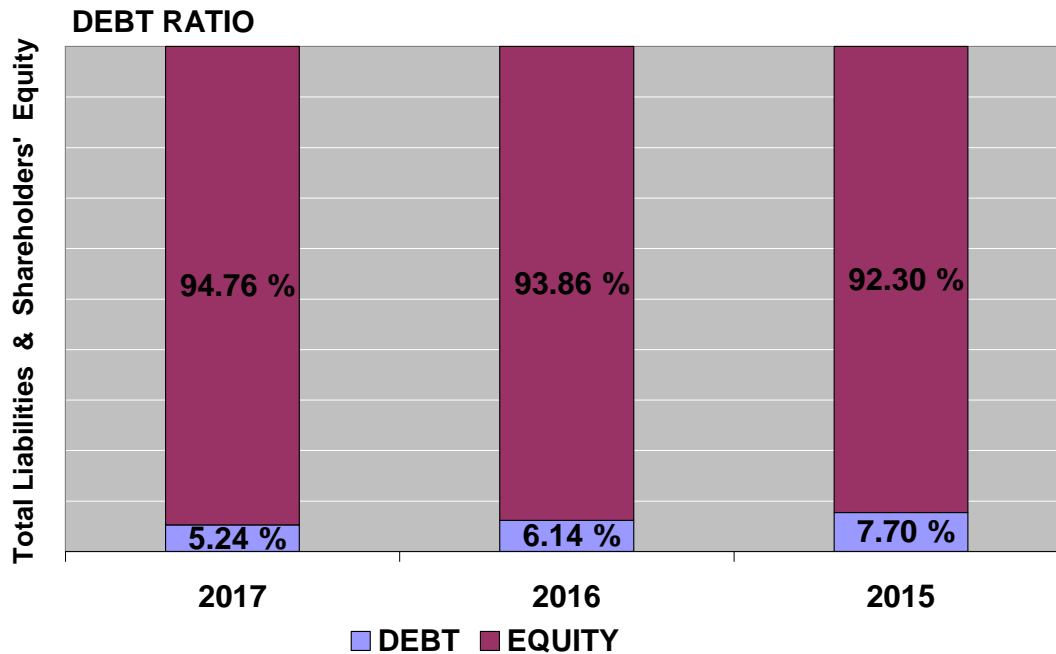
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 13 times in 2017, increase from 12.27 times, although excluding inventory so the company still have 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 277 days.

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

Current Ratio Uptrend

LEVERAGE : EXCELLENT



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LEVERAGE RATIO

Debt Ratio	0.05	Impressive	Industrial Average	0.49
Debt to Equity Ratio	0.06	Impressive	Industrial Average	0.97
Times Interest Earned	473.85	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.

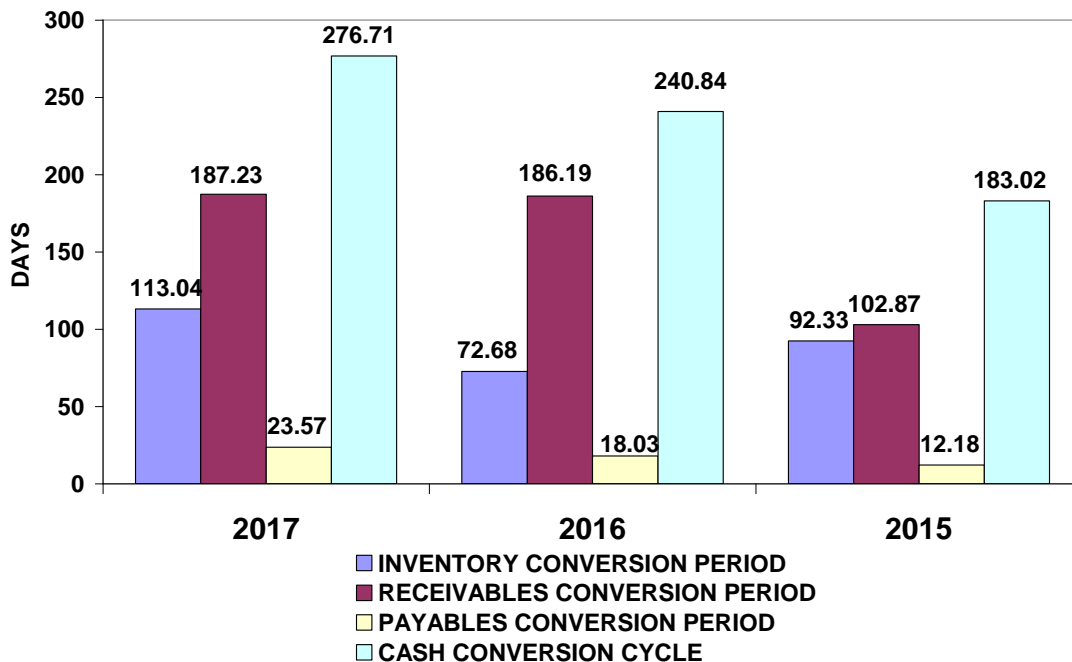
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 473.86 higher than 1, so the company can pay interest expenses on outstanding debt.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.05 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 : SATISFACTORY



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ACTIVITY RATIO

Fixed Assets Turnover	11.48	Impressive	Industrial Average	-
Total Assets Turnover	1.15	Satisfactory	Industrial Average	1.45
Inventory Conversion Period	113.04			
Inventory Turnover	3.23	Satisfactory	Industrial Average	4.63
Receivables Conversion Period	187.23			
Receivables Turnover	1.95	Acceptable	Industrial Average	4.65
Payables Conversion Period	23.57			

The company's Account Receivable Ratio is calculated as 1.95 and 1.96 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 73 days at the end of 2016 to 113 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 5.02 times in year 2016 to 3.23 times in year 2017.

The company's Total Asset Turnover is calculated as 1.15 times and 1.24 times in 2017 and 2016 respectively. This ratio is determined by dividing total assets into total sales turnover. The ratio measures the activity of the assets and the ability of the firm to generate sales through the use of the assets.

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

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.81
UK Pound	1	INR 94.15
Euro	1	INR 83.97
THB	1	INR 2.21

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

INFORMATION DETAILS

Analysis Done by :	PRA
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)