

## MIRA INFORM REPORT

<b>Report No. :</b>	530199
<b>Report Date :</b>	19.09.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	ZERMA (THAILAND) CO., LTD.
<b>Registered Office :</b>	67/28 Moo 8, T. Tabma, A. Muang, Rayong 21000
<b>Country :</b>	Thailand
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	12.02.2001
<b>Com. Reg. No.:</b>	0105544014212
<b>Legal Form :</b>	Private Limited Company
<b>Line of Business :</b>	The subject is engaged in importing and distributing wide range of industrial machineries and spare parts under the brand "ZERMA", as well as providing installation and maintenance services of the products for various industries such as plastics, recycling, rubber & wood
<b>No. of Employees :</b>	30

### RATING & COMMENTS

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

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

<b>Status :</b>	Moderate
<b>Payment Behaviour :</b>	Slow but Correct
<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.

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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**

ZERMA (THAILAND) CO., LTD.

## **SUMMARY**

**BUSINESS ADDRESS** : 67/28 MOO 8, T. TABMA, A. MUANG,  
RAYONG 21000, THAILAND  
**TELEPHONE** : [66] 38 026-900-1  
**FAX** : [66] 38 026-121  
**E-MAIL ADDRESS** : info@zerma.co.th  
**REGISTERED ADDRESS** : SAME AS BUSINESS ADDRESS  
**ESTABLISHED** : 2001  
**REGISTRATION / TAX ID NO.** : 0105544014212  
**CAPITAL REGISTERED** : BHT. 3,000,000  
**CAPITAL PAID-UP** : BHT. 3,000,000  
**SHAREHOLDER'S PROPORTION** : THAI : 60.00%  
GERMAN : 40.00%  
**FISCAL YEAR CLOSING DATE** : DECEMBER 31  
**LEGAL STATUS** : PRIVATE LIMITED COMPANY  
**EXECUTIVE** : MR. ROMAN GUENTHER, GERMAN  
MANAGING DIRECTOR  
**NO. OF STAFF** : 30  
**LINES OF BUSINESS** : INDUSTRIAL MACHINERY AND SPARE PARTS  
IMPORTER AND DISTRIBUTOR

## **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 February 12, 2001 as a private limited company under the registered name ZERMA (THAILAND) CO., LTD., by Thai and German groups, with the business objective to import and distribute wide range of industrial machinery and spare parts. It currently employs approximately 30 staff.

The subject's registered address was initially at 78/6 Moo 7, T. Rajathewa, A. Bangplee, Samutprakarn 10540.

On November 26, 2013, the subject's registered address was relocated to 67/28 Moo 8, T. Tabma, A. Muang, Rayong 21000, and this is the subject's current operation address.

#### **THE BOARD OF DIRECTOR**

<u>Name</u>		<u>Nationality</u>	<u>Age</u>
Mr. Roman Guenther	[x]	German	57
Mrs. Sumalee Tachapanich	[x]	Thai	55
Mr. Somchai Borisuttanakul	[x]	Thai	58
Mrs. Patchara Hamnilrat		Thai	67

#### **AUTHORIZED PERSON**

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

#### **MANAGEMENT**

**Mr. Roman Guenther** is the Managing Director.  
He is German nationality with the age of 57 years old.

**Mr. Somchai Borisuttanakul** is the Deputy Managing Director.  
He is Thai nationality with the age of 58 years old.

#### **BUSINESS OPERATIONS**

The subject is engaged in importing and distributing wide range of industrial machineries and spare parts under the brand "ZERMA", as well as providing installation and maintenance services of the products for various industries such as plastics, recycling, rubber & wood and etc.

The products are as follows:

- Granulator Machine
  - Slow speed granulators
  - Economical granulators
  - Compact granulators
  - Heavy duty granulators
  - Pipe/profile granulators
- Single Shaft Shredder Machine
  - Small lump shredders
  - General purposed shredders
  - Big volume shredders
  - Heavy duty shredders
  - Pipe shredders

- Specialized Machine
  - Other size reduction machinery
  - Shredder for car tyres
  - Hammer mill for abrasive materials
  - High speed precision pulverizer
  
- Accessories/Spare Parts
  - Conveyor belt equipment
  - Blower system
  - Metal detectors and separators
  - Screening equipment
  - Force feeders equipment

#### **PURCHASE**

Most of the products are imported from Germany, Republic of China, Japan, India, Taiwan, Malaysia and U.K., the remaining is purchased from local suppliers.

#### **MAJOR SUPPLIERS**

Zerma Zerkleinerungsmaschinenbau GmbH	: Germany
Zerma Machinery & Recycling Technology (Shanghai)	: Republic of China
Zerma UK Ltd.	: U.K.

#### **SALES**

100% of the products is sold locally by wholesale to traders, manufacturers end-users.

#### **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 T/T.

## BANKING

**The Siam Commercial Bank Public Company Limited**  
[Head Office, 9 Ratchadapisek Road, Chatuchak, Bangkok]

**Kasikornbank Public Company Limited**  
[Head Office, 1 Kasikorn lane, Rajburana Road, Rajburana, Bangkok]

## EMPLOYMENT

The subject employs approximately 30 staff.

## LOCATION DETAILS

The premise is rented for administrative office at the heading address. Premise is located in provincial.

## COMMENT

The subject's operating performance in 2017 was slowdown from a decrease in sales or service income and another year of net loss. The market for industrial machineries and parts was dull as consumers' slowdown on buying the products.

## FINANCIAL INFORMATION

The capital was registered at Bht. 3,000,000 divided into 3,000 shares of Bht. 1,000 each with fully paid.

## THE SHAREHOLDERS LISTED WERE : [as at July 15, 2014]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
<b>Mr. Carsten Paeslack</b> Nationality: German Address : 78/6 Moo 7, T. Rajathewa, A. Bangplee, Samutprakarn	1,200	40.00
<b>JST Engineering Co., Ltd.</b> Nationality: Thai	988	32.94

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Address : 78/6 Moo 7, T. Rajathewa, A. Bangplee,  
Samutprakarn

**Mr. Vichai Borisuttanakul** 270 9.00

Nationality: Thai

Address : 42/259 Moo 5, T. Raiking, A. Sampran,  
Nakornpathom

**Mr. Somsak Borisuttanakul** 270 9.00

Nationality: Thai

Address : 42/259 Moo 5, T. Raiking, A. Sampran,  
Nakornpathom

**Mrs. Ajchara Borisuttanakul** 270 9.00

Nationality: Thai

Address : 70-72 Charoenkrung Road, Bangrak,  
Bangkok

**Mrs. Patchara Hamnilrat** 1 0.03

Nationality: Thai

Address : 199/74 Moo 7, T. Bangchalong,  
A. Bangplee, Samutprakarn

**Mrs. Sumalee Tachapanich** 1 0.03

Nationality: Thai

Address : 999/106 Soi Kesinee Ville, Samsennok,  
Huaykwang, Bangkok

**Total Shareholders : 7**

**SHARE STRUCTURE [AS AT JULY 15, 2014]**

Nationality	Shareholders	No. of Share	% Shares
Thai	6	1,800	60.00
Foreign - German	1	1,200	40.00
<b>Total</b>	<b>7</b>	<b>3,000</b>	<b>100.00</b>

**NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO.**

Ms. Nongyao Khamkrasae No. 7550

**FINANCIALS**

**ZERMA (THAILAND) CO., LTD.**

**BALANCE SHEET [BAHT]**

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

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**ASSETS**

<b>Current Assets</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash and Cash Equivalents	2,667,645.97	9,637,830.19	4,580,687.54
Trade Accounts and Other Receivable	9,946,476.90	1,773,311.21	10,903,208.63
Advance Payment	-	-	262,100.00
Inventories	1,861,674.32	2,847,867.47	3,140,347.97
Revenue Department Receivable	-	-	106,130.88
Other Current Assets	634,925.69	864,804.09	528,111.42
<b>Total Current Assets</b>	<b>15,110,722.88</b>	<b>15,123,812.96</b>	<b>19,520,586.44</b>
Long-term Loans	255,000.00	255,000.00	255,000.00
Property, Plant and Equipment	123,358.34	188,686.86	228,612.46
Other Non-current Assets	131,100.00	131,100.00	131,100.00
<b>Total Assets</b>	<b>15,620,181.22</b>	<b>15,698,599.82</b>	<b>20,135,298.90</b>

**LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]**

<b>Current Liabilities</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Trade Accounts and Other Payable	11,189,177.27	10,812,476.32	12,534,385.82
Other Current Liabilities	1,336,302.01	1,321,732.00	1,269,685.98
<b>Total Current Liabilities</b>	<b>12,525,479.28</b>	<b>12,134,208.32</b>	<b>13,804,071.80</b>
<b>Total Liabilities</b>	<b>12,525,479.28</b>	<b>12,134,208.32</b>	<b>13,804,071.80</b>
<b>Shareholders' Equity</b>			
Share capital : Baht 1,000 par value authorized, and issued share capital 3,000 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 Earnings [Deficit]			
Appropriated statutory reserve	300,000.00	300,000.00	300,000.00
Unappropriated	[205,298.06]	264,391.50	3,031,227.10
<b>Total Shareholders' Equity</b>	<b>3,094,701.94</b>	<b>3,564,391.50</b>	<b>6,331,227.10</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>15,620,181.22</b>	<b>15,698,599.82</b>	<b>20,135,298.90</b>

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**PROFIT & LOSS ACCOUNT**

Revenue	2017	2016	2015
Sales or Services Income	32,016,400.70	36,686,912.66	25,291,394.72
Interest Income	19,612.71	-	-
Other Income	384,853.35	610,974.02	352,125.02
<b>Total Revenues</b>	<b>32,420,866.76</b>	<b>37,297,886.68</b>	<b>25,643,519.74</b>
<b>Expenses</b>			
Cost of Goods Sold or Services	28,390,675.65	32,280,953.68	17,805,503.83
Selling Expenses	2,172,612.91	3,431,154.96	3,730,678.83
Administrative Expenses	2,327,267.76	2,792,273.14	2,437,426.00
Other Expenses	-	292,480.50	209,316.15
<b>Total Expenses</b>	<b>32,890,556.32</b>	<b>38,796,862.28</b>	<b>24,182,924.81</b>
Profit / [Loss] before Income Tax	[469,689.56]	[1,498,975.60]	1,460,594.93
Income Tax	-	-	-
<b>Net Profit / [Loss]</b>	<b>[469,689.56]</b>	<b>[1,498,975.60]</b>	<b>1,460,594.93</b>

**ZERMA (THAILAND) CO., LTD.**

**FINANCIAL ANALYSIS**

ITEM	UNIT	2017	2016	2015
<b>LIQUIDITY RATIO</b>				
CURRENT RATIO	TIMES	1.21	1.25	1.41
QUICK RATIO	TIMES	1.01	0.94	1.14
<b>ACTIVITY RATIO</b>				
FIXED ASSETS TURNOVER	TIMES	259.54	194.43	110.63
TOTAL ASSETS TURNOVER	TIMES	2.05	2.34	1.26
INVENTORY CONVERSION PERIOD	DAYS	23.93	32.20	64.37
INVENTORY TURNOVER	TIMES	15.25	11.34	5.67
RECEIVABLES CONVERSION PERIOD	DAYS	113.39	17.64	157.35
RECEIVABLES TURNOVER	TIMES	3.22	20.69	2.32
PAYABLES CONVERSION PERIOD	DAYS	143.85	122.26	256.95
CASH CONVERSION CYCLE	DAYS	(6.52)	(72.41)	(35.22)
<b>PROFITABILITY RATIO</b>				
COST OF GOODS SOLD	%	88.68	87.99	70.40
SELLING & ADMINISTRATION	%	14.05	16.96	24.39
INTEREST	%	-	-	-

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GROSS PROFIT MARGIN	%	12.59	13.67	30.99
NET PROFIT MARGIN BEFORE EX. ITEM	%	(1.47)	(4.09)	5.78
NET PROFIT MARGIN	%	(1.47)	(4.09)	5.78
RETURN ON EQUITY	%	(15.18)	(42.05)	23.07
RETURN ON ASSET	%	(3.01)	(9.55)	7.25
EARNING PER SHARE	BAHT	(156.56)	(499.66)	486.86

**LEVERAGE RATIO**

DEBT RATIO	TIMES	0.80	0.77	0.69
DEBT TO EQUITY RATIO	TIMES	4.05	3.40	2.18
TIME INTEREST EARNED	TIMES	-	-	-

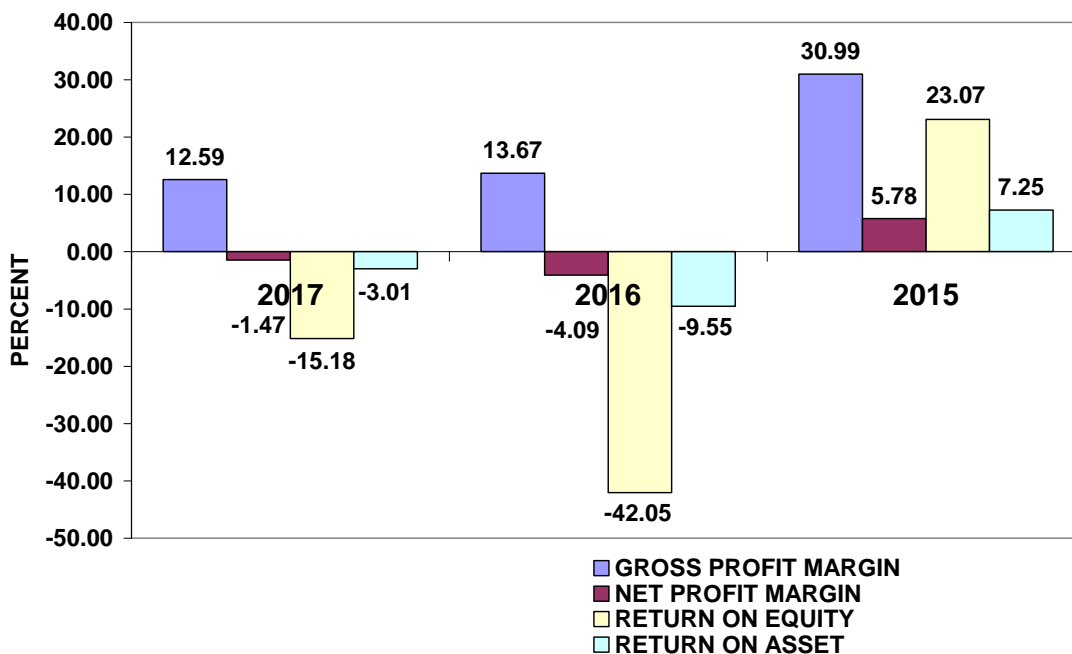
**ANNUAL GROWTH**

SALES GROWTH	%	(12.73)	45.06
OPERATING PROFIT	%	(68.67)	(202.63)
NET PROFIT	%	68.67	(202.63)
FIXED ASSETS	%	(34.62)	(17.46)
TOTAL ASSETS	%	(0.50)	(22.03)

**ANNUAL GROWTH : RISKY**

An annual sales growth is -12.73%. Sales Income has decreased from THB 36,686,912.66 in 2016 to THB 32,016,400.70 in 2017. While net profit has increased from THB -1,498,975.60 in 2016 to THB -469,689.56 in 2017. And total assets has decreased from THB 15,698,599.82 in 2016 to THB 15,620,181.22 in 2017.

**PROFITABILITY : RISKY**



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**PROFITABILITY RATIO**

Gross Profit Margin	12.59	Satisfactory	Industrial Average	15.98
Net Profit Margin	(1.47)	Deteriorated	Industrial Average	3.72
Return on Assets	(3.01)	Deteriorated	Industrial Average	10.61
Return on Equity	(15.18)	Deteriorated	Industrial Average	27.22

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 12.59%. 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 -1.47%. When compared with the industry average, the ratio of the company was lower.

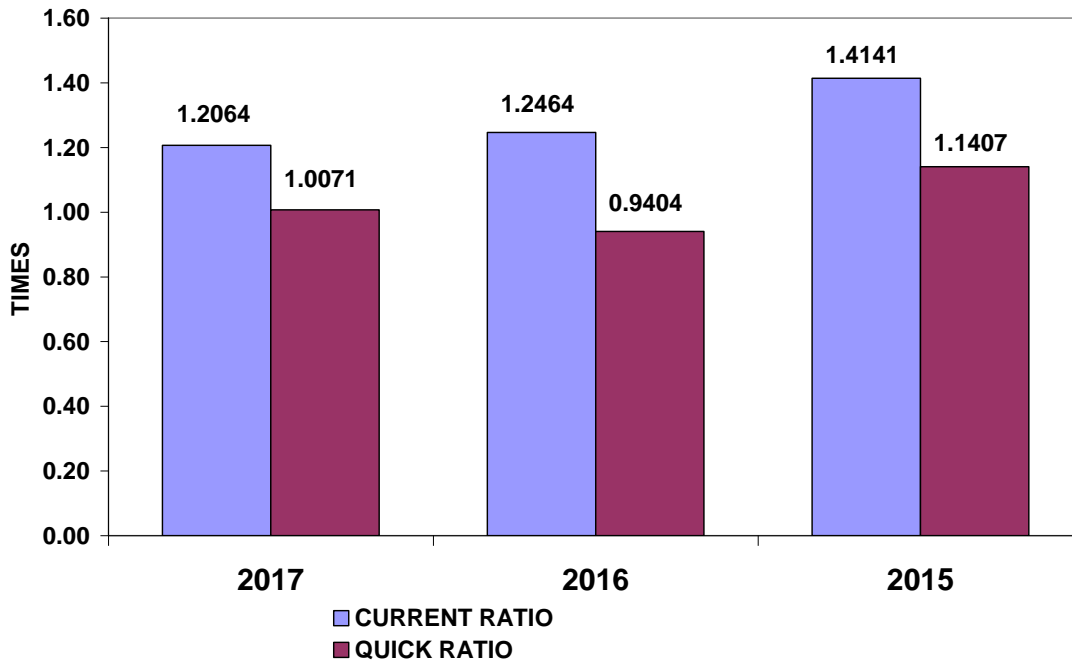
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is -3.01%.

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 -15.18%.

**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	1.21	Satisfactory	Industrial Average	1.48
Quick Ratio	1.01			
Cash Conversion Cycle	(6.52)			

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 1.21 times in 2017, decrease from 1.25 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 lower.

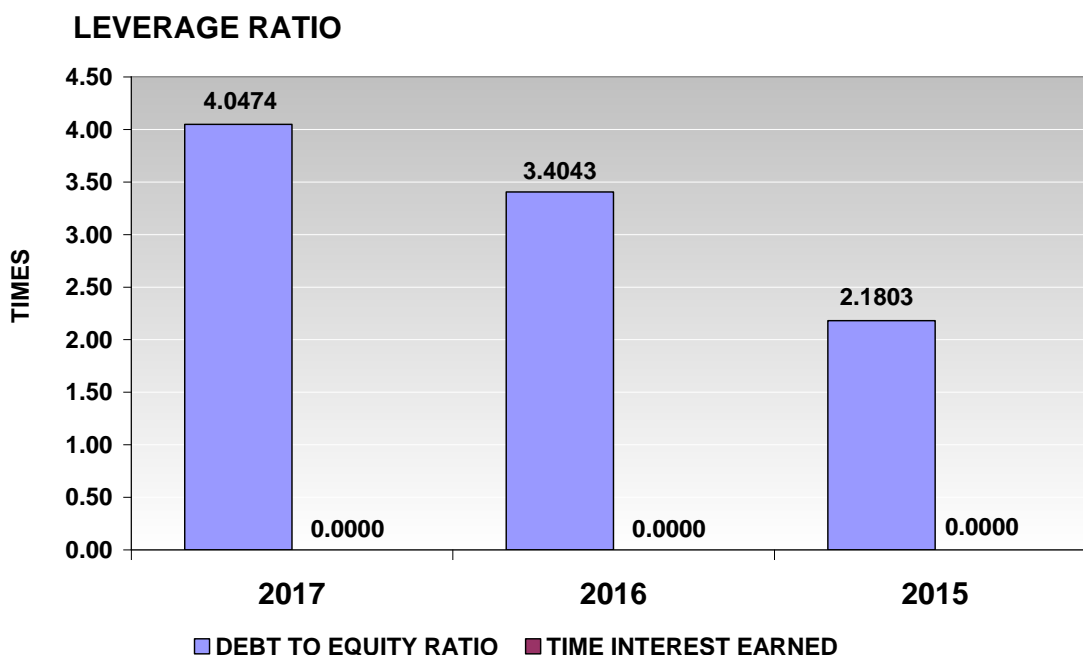
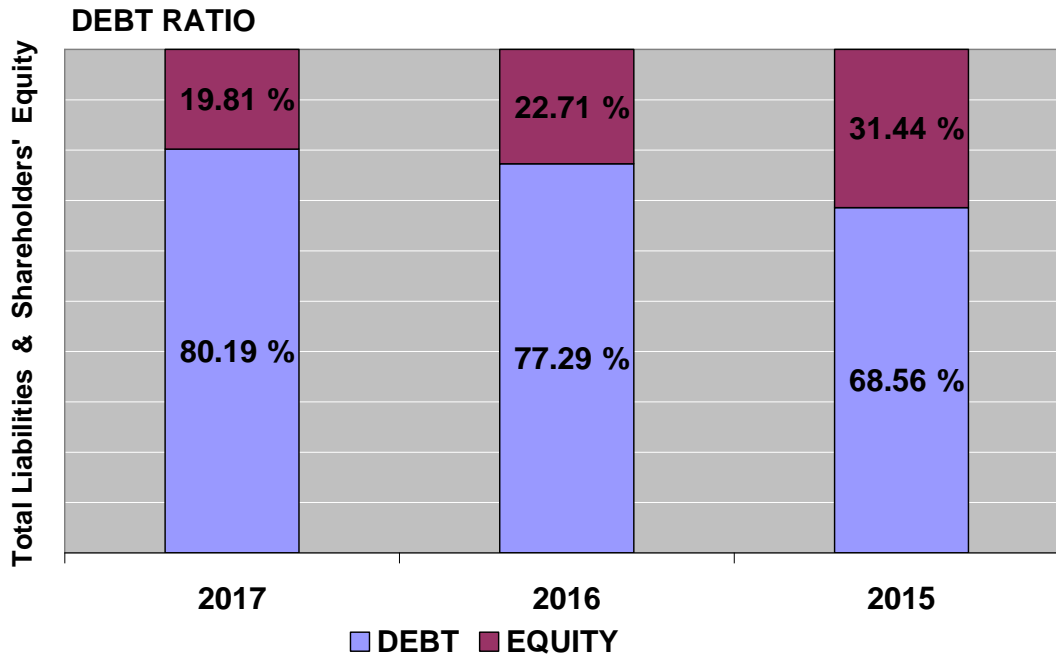
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.01 times in 2017, increase from 0.94 times, although excluding inventory so the company still have 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 -7 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	0.80	Acceptable	Industrial Average	0.62
Debt to Equity Ratio	4.05	Risky	Industrial Average	1.61
Times Interest Earned	-		Industrial Average	-

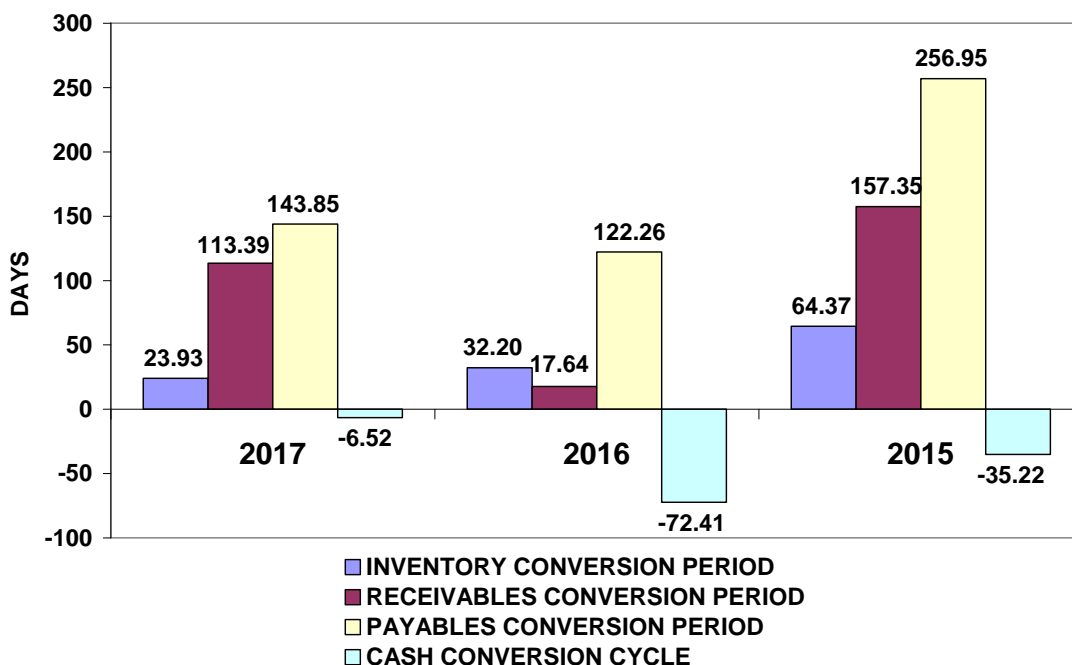
Debt to Equity Ratio a measurement of how much suppliers, lenders, creditors and obligors have committed to the company versus what the shareholders have committed. A higher the percentage means that the company is using less equity and has stronger leverage position.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.8 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**



**ACTIVITY RATIO**

Fixed Assets Turnover	259.54	Impressive	Industrial Average	-
Total Assets Turnover	2.05	Satisfactory	Industrial Average	2.85
Inventory Conversion Period	23.93			

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Inventory Turnover	15.25	Impressive	Industrial Average	9.12
Receivables Conversion Period	113.39			
Receivables Turnover	3.22	Acceptable	Industrial Average	8.68
Payables Conversion Period	143.85			

The company's Account Receivable Ratio is calculated as 3.22 and 20.69 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 decreased from 32 days at the end of 2016 to 24 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 11.34 times in year 2016 to 15.25 times in year 2017.

The company's Total Asset Turnover is calculated as 2.05 times and 2.34 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 72.38
UK Pound	1	INR 95.29
Euro	1	INR 84.77
Thai baht	1	INR 2.23

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	VIVR
<b>Report Prepared by :</b>	SYL

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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)