

## MIRA INFORM REPORT

<b>Report No. :</b>	531498
<b>Report Date :</b>	26.09.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	SHIN STEEL (THAILAND) CO., LTD.
<b>Registered Office :</b>	300/124 Moo 1, Eastern Seaboard Industrial Estate, T. Tasit, A. Pluakdaeng, Rayong 21140
<b>Country :</b>	Thailand
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	15.08.2012
<b>Com. Reg. No.:</b>	0105555119177
<b>Legal Form :</b>	Private Limited Company
<b>Line of Business :</b>	The subject is engaged in importing and distributing various kinds of steels such as pre-painted steel, coated steel, cold rolled steel, laminated steel, stainless steel, electrical steel, tinplate steel, as well as providing steel service center for slitting and shearing services for automobiles and electronic appliance industries.
<b>No. of Employees :</b>	170

### RATING & COMMENTS

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

<b>MIRA's Rating :</b>	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	Slow but Correct

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<b>Litigation :</b>	Clear
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**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.

**ECGC Country Risk Classification List**

<b>Country Name</b>	<b>Previous Rating (31.12.2017)</b>	<b>Current Rating (01.04.2018)</b>
Thailand	A2	A2

<b>Risk Category</b>	<b>ECGC Classification</b>
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**

**SHIN STEEL (THAILAND) CO., LTD.**

## **SUMMARY**

**BUSINESS ADDRESS** : 300/124 MOO 1, EASTERN SEABOARD INDUSTRIAL  
ESTATE, T. TASIT, A. PLUAKDAENG,  
RAYONG 21140, THAILAND

**TELEPHONE** : [66] 38 026-370-4

**FAX** : [66] 38 026-375

**E-MAIL ADDRESS** : sales@shinsteelthailand.com

**REGISTRATION ADDRESS** : SAME AS BUSINESS ADDRESS

**ESTABLISHED** : 2012

**REGISTRATION / TAX ID NO.** : 0105555119177

**CAPITAL REGISTERED** : BHT. 70,000,000

**CAPITAL PAID-UP** : BHT. 70,000,000

**SHAREHOLDER'S PROPORTION** : KOREAN : 100%

**FISCAL YEAR CLOSING DATE** : DECEMBER 31

**LEGAL STATUS** : PRIVATE LIMITED COMPANY

**EXECUTIVE** : MR. SEUNG GON SHIN, KOREAN  
PRESIDENT

**NO. OF STAFF** : 170

**LINES OF BUSINESS** : STEELS  
IMPORTER AND DISTRIBUTOR

## **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 August 15, 2012 as a private limited company under the registered name SHIN STEEL (THAILAND) CO., LTD., by Korean group, with the business objective to import and distribute various kinds of steels. It currently employs approximately 170 staff. The subject is a wholly owned subsidiary of Shin Steel Co., Ltd., in South Korea.

The subject's registered address is 300/124 Moo 1, Eastern Seaboard Industrial Estate, T. Tasit, 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. Ji Hoon Lim	Korean	45
Mr. Seung Gon Shin	Korean	46

#### **AUTHORIZED PERSON**

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

#### **MANAGEMENT**

**Mr. Seung Gon Shin** is the President.  
He is Korean nationality with the age of 46 years old.

**Mr. Ji Hoon Lim** is the Chief Executive Officer.  
He is Korean nationality with the age of 45 years old.

#### **BUSINESS OPERATIONS**

The subject is engaged in importing and distributing various kinds of steels such as pre-painted steel, coated steel, cold rolled steel, laminated steel, stainless steel, electrical steel, tinsplate steel, etc., as well as providing steel service center for slitting and shearing services for automobiles and electronic appliance industries.

#### **PURCHASE**

90% of the products is imported from Korea, the remaining 10% is purchased from local suppliers.

#### **MAJOR SUPPLIERS**

Shin Steel Co., Ltd. : Korea  
Posco-Thainox Public Company Limited : Thailand  
Posco (Thailand) Co., Ltd. : Thailand

#### **SALES**

100% of the products is sold locally to wholesalers, manufacturers, and 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**

Bangkok Bank Public Company Limited

## **EMPLOYMENT**

The subject employs approximately 170 staff.

## **LOCATION DETAILS**

The premise is owned for administrative office, steel service center and warehouse on 16,000 sq. m. of area at the heading address. Premise is located in industrial/provincial area, in the Eastern region.

## **COMMENT**

The subject's operating performance in 2017 was impressive with an increase in both sales or service income and net profit comparing to the previous year. This was mainly due to an improvement and growth of local industries which accelerated the demand of the steel products in the previous year. Its business is growing moderately with sustainable profit.

## **FINANCIAL INFORMATION**

The capital was registered at Bht. 4,000,000 divided into 40,000 shares of Bht. 100 each with fully paid.

The capital was increased later as follows:

Bht. 40,000,000 on October 24, 2012  
Bht. 70,000,000 on August 22, 2013

The latest registered capital was increased to Bht. 70,000,000 divided into 700,000 shares of Bht. 100 each with fully paid.

**THE SHAREHOLDERS LISTED WERE :** [as at April 25, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
<b>Shin Steel Co., Ltd.</b> Nationality: Korean Address : Jungang-daero, Uichang-gu, Changwon-si, Gyeongsangnam-do, South Korea	699,998	100.00
<b>Mr. Seung Gon Shin</b> Nationality: Korean Address : South Korea	1	-
<b>Mr. Ji Hoon Lim</b> Nationality: Korean Address : South Korea	1	-

**Total Shareholders : 3**

**Share Structure** [as at April 25, 2018]

<u>Nationality</u>	<u>Shareholders</u>	<u>No. of Share</u>	<u>% Shares</u>
Thai	-	-	-
Foreign-Korean	3	700,000	100.00
<b>Total</b>	<b>3</b>	<b>700,000</b>	<b>100.00</b>

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

Ms. Ronrana Wises No. 10014

## ***FINANCIAL***

### **BALANCE SHEET [BAHT]**

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

	<u>ASSETS</u>		
<u>Current Assets</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	579,391.21	600,957.36	780,054.65
Trade Accounts and Other Receivable	151,605,802.74	171,730,091.16	135,575,379.56
Inventories	96,672,464.95	153,062,266.14	58,520,013.97

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Other Current Assets	1,872,830.18	1,191,662.77	972,711.39
<b>Total Current Assets</b>	<b>250,730,489.08</b>	<b>326,584,977.43</b>	<b>195,848,159.57</b>
Property, Plant and Equipment	164,924,352.53	162,718,233.42	180,289,592.71
Other Non-current Assets	6,484,144.80	6,016,057.45	6,116,179.63
<b>Total Assets</b>	<b>422,138,986.41</b>	<b>495,319,268.30</b>	<b>382,253,931.91</b>

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

<b>Current Liabilities</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Bank Overdraft and Short-term Loan			
From Financial Institutions	128,826,358.18	89,882,354.55	43,440,833.20
Trade Accounts and Other Payable	117,460,094.09	208,299,190.24	145,181,599.93
Current Portion of Long-term Liabilities	31,784,964.70	56,789,681.80	41,864,143.70
Other Current Liabilities	8,508,230.23	9,162,031.60	5,740,690.07
<b>Total Current Liabilities</b>	<b>286,579,647.20</b>	<b>364,133,258.19</b>	<b>236,227,266.90</b>
Long-term Loan	-	29,761,167.51	77,212,087.63
Other Non-current Liabilities	4,129,776.23	6,632,376.65	10,124,422.97
<b>Total Liabilities</b>	<b>290,709,423.43</b>	<b>400,526,802.35</b>	<b>323,563,777.50</b>
<b>Shareholders' Equity</b>			
Share capital : Baht 100 value authorized, and issued share capital 700,000 shares	70,000,000.00	70,000,000.00	70,000,000.00
Capital Paid	70,000,000.00	70,000,000.00	70,000,000.00
Retained Earning -Unappropriated [Deficit]	61,429,562.98	24,792,465.95	11,309,845.59
<b>Total Shareholders' Equity</b>	<b>131,429,562.98</b>	<b>94,792,465.95</b>	<b>58,690,154.41</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>422,138,986.41</b>	<b>495,319,268.30</b>	<b>382,253,931.91</b>

**PROFIT & LOSS ACCOUNT**

<b>Revenue</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Sales or Services Income	1,130,026,881.74	910,553,709.15	746,529,013.44
Interest Income	-	-	82,331.31

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Other Income	21,584,400.41	5,821,273.87	4,780,988.82
<b>Total Revenues</b>	<b>1,151,611,282.15</b>	<b>916,374,983.02</b>	<b>751,392,333.57</b>
<b>Expenses</b>			
Cost of Goods Sold or Services	1,044,312,955.42	828,904,074.98	677,149,367.32
Selling Expenses	6,329,113.92	5,642,557.56	5,942,784.40
Administrative Expenses	54,067,704.32	35,903,802.26	31,213,035.05
Other Expenses	408,160.84	37,931.00	6,651,605.49
<b>Total Expenses</b>	<b>1,105,117,934.50</b>	<b>870,488,365.80</b>	<b>720,956,792.26</b>
Profit /[Loss] before Financial Cost	46,493,347.65	45,886,617.22	30,435,541.31
Financial Cost	[9,856,250.62]	[9,784,305.68]	[9,757,698.39]
<b>Net Profit / [Loss]</b>	<b>36,637,097.03</b>	<b>36,102,311.54</b>	<b>20,677,842.92</b>

**FINANCIAL ANALYSIS**

ITEM	UNIT	2017	2016	2015
<b>LIQUIDITY RATIO</b>				
CURRENT RATIO	TIMES	0.87	0.90	0.83
QUICK RATIO	TIMES	0.53	0.47	0.58
<b>ACTIVITY RATIO</b>				
FIXED ASSETS TURNOVER	TIMES	6.85	5.60	4.14
TOTAL ASSETS TURNOVER	TIMES	2.68	1.84	1.95
INVENTORY CONVERSION PERIOD	DAYS	33.79	67.40	31.54
INVENTORY TURNOVER	TIMES	10.80	5.42	11.57
RECEIVABLES CONVERSION PERIOD	DAYS	48.97	68.84	66.29
RECEIVABLES TURNOVER	TIMES	7.45	5.30	5.51
PAYABLES CONVERSION PERIOD	DAYS	41.05	91.72	78.26
CASH CONVERSION CYCLE	DAYS	41.70	44.52	19.57
<b>PROFITABILITY RATIO</b>				
COST OF GOODS SOLD	%	92.41	91.03	90.71
SELLING & ADMINISTRATION INTEREST	%	5.34	4.56	4.98
GROSS PROFIT MARGIN	%	0.87	1.07	1.31
NET PROFIT MARGIN BEFORE EX. ITEM	%	9.50	9.61	9.95
NET PROFIT MARGIN	%	4.11	5.04	4.08
RETURN ON EQUITY	%	3.24	3.96	2.77
RETURN ON ASSET	%	27.88	38.09	35.23
EARNING PER SHARE	BAHT	8.68	7.29	5.41
		52.34	51.57	29.54

**LEVERAGE RATIO**

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DEBT RATIO	TIMES	0.69	0.81	0.85
DEBT TO EQUITY RATIO	TIMES	2.21	4.23	5.51
TIME INTEREST EARNED	TIMES	4.72	4.69	3.12

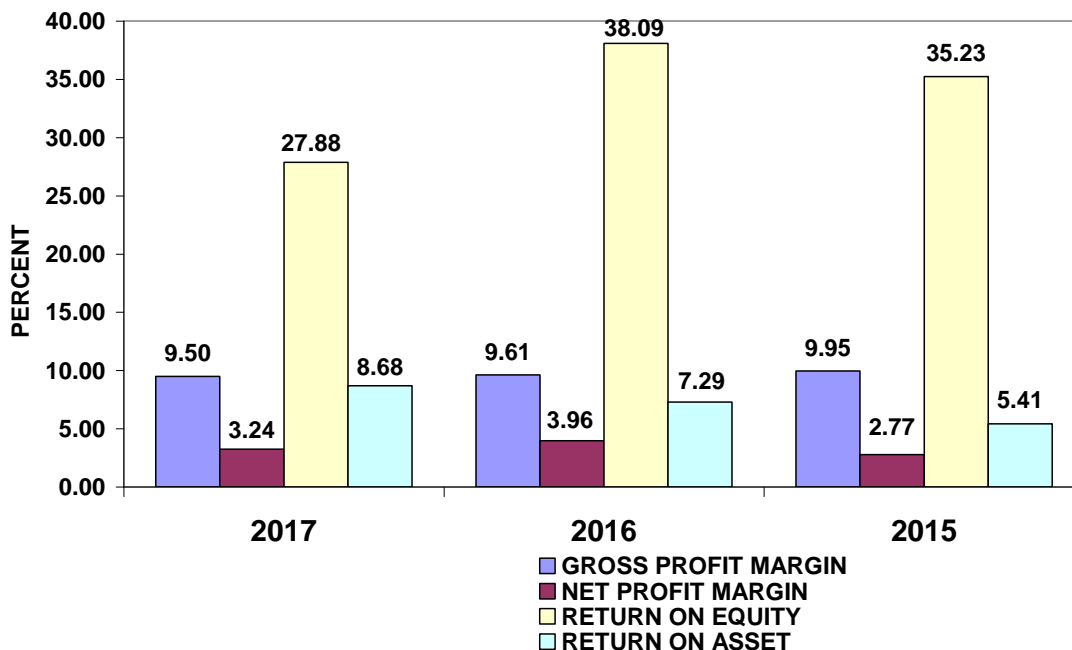
**ANNUAL GROWTH**

SALES GROWTH	%	24.10	21.97
OPERATING PROFIT	%	1.32	50.77
NET PROFIT	%	1.48	74.59
FIXED ASSETS	%	1.36	(9.75)
TOTAL ASSETS	%	(14.77)	29.58

**ANNUAL GROWTH : IMPRESSIVE**

An annual sales growth is 24.1%. Sales Income has increased from THB 910,553,709.15 in 2016 to THB 1,130,026,881.74 in 2017. While net profit has increased from THB 36,102,311.54 in 2016 to THB 36,637,097.03 in 2017. And total assets has decreased from THB 495,319,268.30 in 2016 to THB 422,138,986.41 in 2017.

**PROFITABILITY : EXCELLENT**



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**PROFITABILITY RATIO**

Gross Profit Margin	9.50	Impressive	Industrial Average	8.01
Net Profit Margin	3.24	Impressive	Industrial Average	1.05
Return on Assets	8.68	Impressive	Industrial Average	1.69
Return on Equity	27.88	Impressive	Industrial Average	4.54

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 9.5%. 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 3.24% 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.

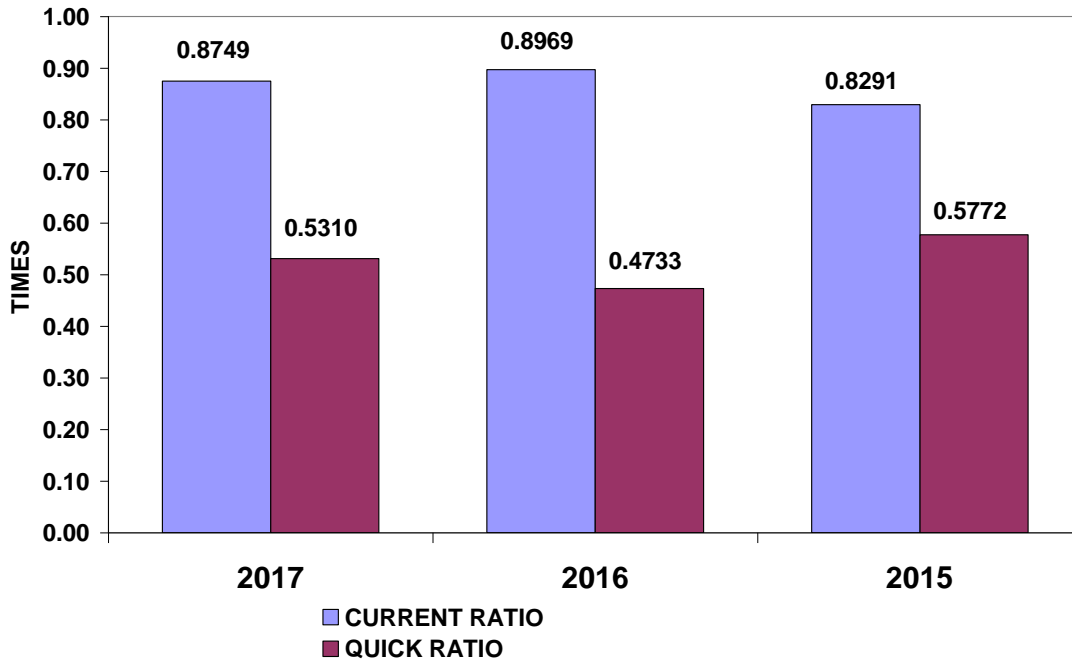
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 8.68%, 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 27.88%, 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	Uptrend
Return on Equity	Uptrend

**LIQUIDITY : RISKY**



**LIQUIDITY RATIO**

Current Ratio	0.87	Risky	Industrial Average	1.38
Quick Ratio	0.53			
Cash Conversion Cycle	41.70			

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 0.87 times in 2017, decrease from 0.9 times, then the company may have problems meeting its short-term obligations. 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 0.53 times in 2017, increase from 0.47 times, then the company has not enough current assets that presumably can be quickly converted to cash for pay financial obligations.

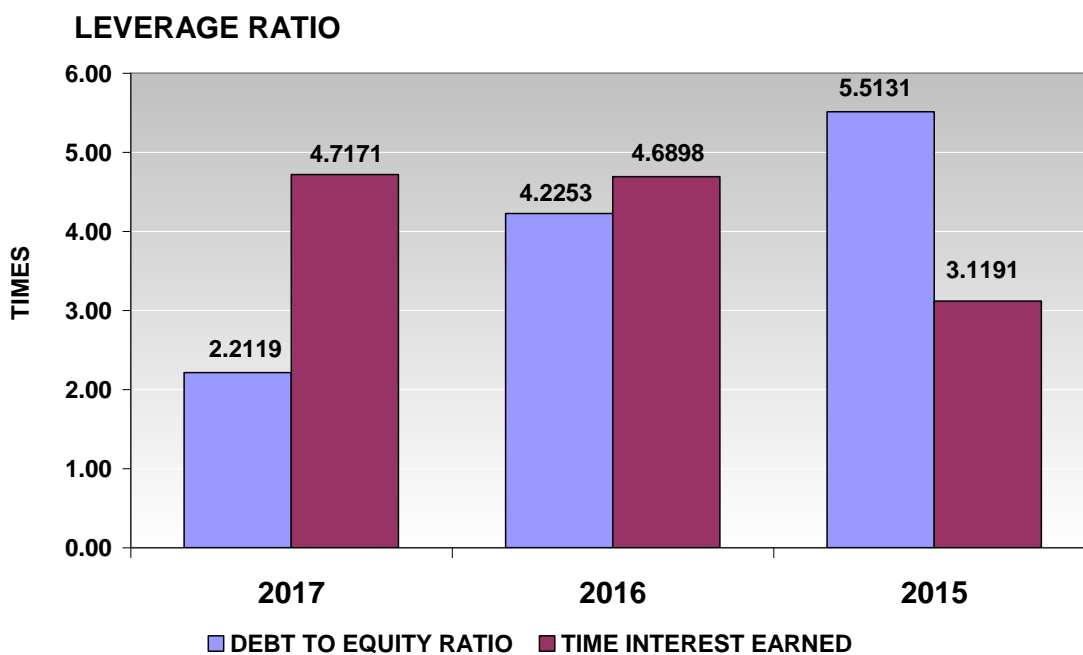
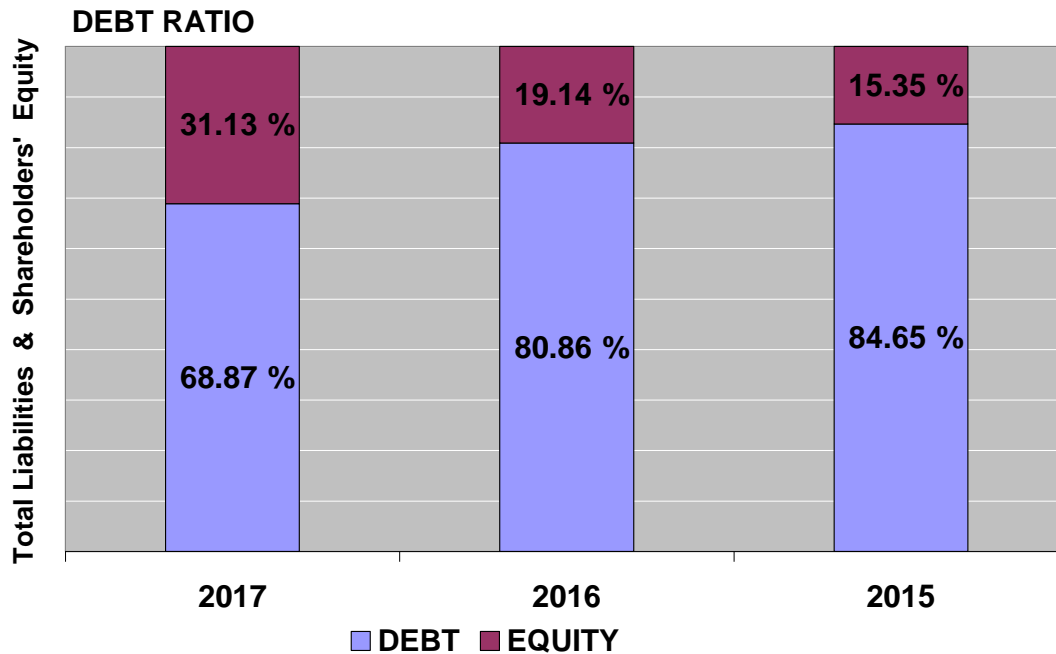
The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 42 days.

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

Current Ratio            Uptrend

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**LEVERAGE : ACCEPTABLE**



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**LEVERAGE RATIO**

Debt Ratio	0.69	Acceptable	Industrial Average	0.59
Debt to Equity Ratio	2.21	Risky	Industrial Average	1.46
Times Interest Earned	4.72	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 higher the percentage means that the company is using less equity and has stronger leverage position.

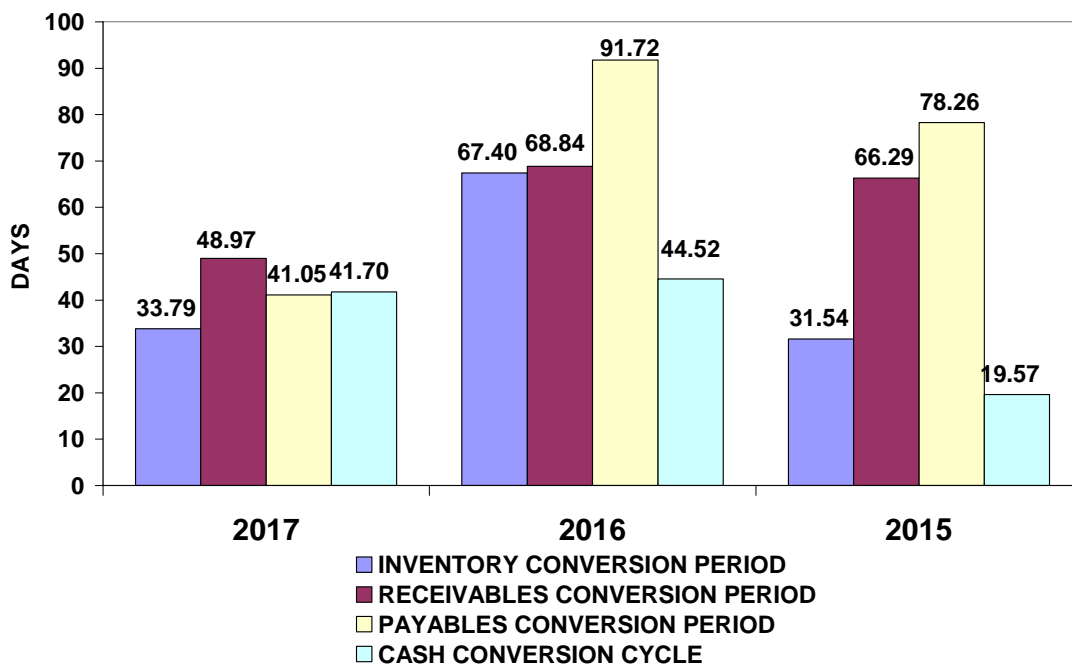
Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 4.72 higher than 1, so the company can pay interest expenses on outstanding debt.

Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.69 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	Downtrend
Times Interest Earned	Stable

**ACTIVITY : EXCELLENT**



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**ACTIVITY RATIO**

Fixed Assets Turnover	6.85	Impressive	Industrial Average	-
Total Assets Turnover	2.68	Impressive	Industrial Average	1.61
Inventory Conversion Period	33.79			
Inventory Turnover	10.80	Impressive	Industrial Average	5.53
Receivables Conversion Period	48.97			
Receivables Turnover	7.45	Impressive	Industrial Average	4.57
Payables Conversion Period	41.05			

The company's Account Receivable Ratio is calculated as 7.45 and 5.30 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 67 days at the end of 2016 to 34 days at the end of 2017. This represents a positive trend. And Inventory turnover has increased from 5.42 times in year 2016 to 10.8 times in year 2017.

The company's Total Asset Turnover is calculated as 2.68 times and 1.84 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 72.81
UK Pound	1	INR 95.50
Euro	1	INR 85.62
THB	1	INR 2.24

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	PRI
<b>Report Prepared by :</b>	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)