

### PART 3 FINANCIAL STATUS AND MANAGEMENT DISCUSSIONS AND ANALYSIS

#### 13. Significant Financial Information

Summary of the consolidated financial statements for the years ended March 31, 2020, March 31, 2019, March 31, 2018 is presented below:  
(Unit: Million Baht)

Transactions	2020	2019	2018
<b>Statement of Financial Position</b>			
Cash and cash equivalents	577.00	926.77	519.59
Trade and other receivables - net	650.28	675.60	1,258.85
Inventories	2,515.33	3,188.35	3,477.96
Other current assets	127.58	141.09	64.48
Non-current assets classified as held-for-sale	-	-	460.00
<b>Total current assets</b>	<b>3,870.19</b>	<b>4,931.81</b>	<b>5,780.88</b>
Investments	-	1.20	3.50
Property, plant and equipment – net	2,921.54	3,179.78	3,317.08
Idle assets held-for-sale - net	460.00	460.00	-
Goodwill - net	3,456.01	3,456.01	3,456.01
Deferred tax assets - net	43.29	21.90	36.98
Other non-current assets	112.57	99.63	78.47
<b>Total non-current assets</b>	<b>6,993.41</b>	<b>7,218.52</b>	<b>6,892.04</b>
<b>Total assets</b>	<b>10,863.60</b>	<b>12,150.33</b>	<b>12,672.92</b>
Short-term borrowings from financial institutions	461.73	1,720.43	1,774.34
Trade and other payables	883.13	1,109.56	1,372.39
Current portion of finance lease liabilities - net	1.13	1.09	-
Current income tax payable	61.56	1.44	55.98
Other current liabilities	15.77	23.26	37.69
<b>Total current liabilities</b>	<b>1,423.32</b>	<b>2,855.78</b>	<b>3,240.40</b>
Finance lease liabilities - net	39.65	40.78	-
Employee benefit obligations	340.67	217.16	205.57
Provision for decommissioning costs	1.07	1.07	-
<b>Total non-current liabilities</b>	<b>381.39</b>	<b>259.01</b>	<b>205.57</b>
<b>Total liabilities</b>	<b>1,804.71</b>	<b>3,114.79</b>	<b>3,445.97</b>

(Unit: Million Baht)

Transactions	2020	2019	2018
<b>Statement of Financial Position (Cont.)</b>			
Registered share capital	8,421.54	8,421.54	8,421.54
Paid-up capital			
Ordinary shares	8,421.54	8,421.54	8,421.54
Share premium	3,388.83	3,388.83	3,388.83
Other components of equity	-	1.06	2.89
Legal reserve	372.57	369.09	365.87
Retained earnings (deficits)	(3,108.99)	(3,130.72)	(2,938.63)
Non-controlling interests	(15.06)	(14.26)	(13.55)
<b>Total equity</b>	<b>9,058.89</b>	<b>9,035.54</b>	<b>9,226.95</b>
<b>Total liabilities and equity</b>	<b>10,863.60</b>	<b>12,150.33</b>	<b>12,672.92</b>
<b>Statement of Comprehensive Income</b>			
Revenue from sales and related services	20,124.73	22,222.36	22,246.27
Cost of sales and related services	(19,378.92)	(21,619.55)	(20,674.64)
<b>Gross profit</b>	<b>745.81</b>	<b>602.81</b>	<b>1,571.63</b>
Other income	108.81	81.92	60.99
Selling and administrative expenses	(691.80)	(753.05)	(964.33)
Finance costs	(52.23)	(79.43)	(83.00)
<b>Profit (loss) before income tax expense</b>	<b>110.59</b>	<b>(147.75)</b>	<b>585.29</b>
Income tax expense	(63.49)	(41.13)	(130.94)
<b>Profit (Loss) for the year</b>	<b>47.10</b>	<b>(188.88)</b>	<b>454.35</b>
<b>Other comprehensive income (expense)</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations	(26.04)	(1.01)	9.24
Income tax relating to items that will not be reclassified subsequently to profit or loss	3.36	0.32	(1.51)

Total items that will not be reclassified subsequently to profit or loss	(22.68)	(0.69)	7.73
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(Unit: Million Baht)

Transactions	2020	2019	2018
<b>Statement of Comprehensive Income (Cont.)</b>			
Items that will be reclassified subsequently to profit or loss			
Change in value of available-for-sale investment	(1.20)	(2.30)	0.20
Income tax relating to items that will be reclassified subsequently to profit or loss	0.14	0.46	(0.04)
Total items that will be reclassified subsequently to profit or loss	(1.06)	(1.84)	0.16
Other comprehensive income (expense) for the year - net of tax	(23.74)	(2.53)	7.89
<b>Total comprehensive income (expense) for the year</b>	<b>23.36</b>	<b>(191.41)</b>	<b>462.24</b>
<b>Profit (loss) attributable to</b>			
Owners of the parent	47.88	(188.18)	454.56
Non-controlling interests	(0.78)	(0.70)	(0.21)
	<b>47.10</b>	<b>(188.88)</b>	<b>454.35</b>
<b>Total comprehensive income (expense) attributable to</b>			
Owners of the parent	24.16	(190.71)	462.45
Non-controlling interests	(0.80)	(0.70)	(0.21)
	<b>23.36</b>	<b>(191.41)</b>	<b>462.24</b>
Basic earnings (loss) per share (Baht)	0.01	(0.02)	0.05

### Statement of Cash Flows

For the years ended March 31, 2020, March 31, 2019 and March 31, 2018

(Unit: Million Baht)

	2020	2019	2018
<b>Cash flows from operating activities</b>			
<b>Net Profit (Loss) before tax</b>	<b>110.59</b>	<b>(147.75)</b>	<b>585.29</b>
Reconciliations of net profit (loss) to net cash provided by (used in) operating activities			
Unrealized loss (gain) on foreign exchange	(1.13)	(0.07)	0.04
Dividend received from other long-term investment	(14.40)	-	(14.40)
Depreciation and amortization	492.09	518.53	529.81
Allowance for doubtful accounts	0.01	35.11	40.57
Provision for employee retirement benefit	109.82	25.36	36.14
Loss from writing off fixed assets	1.92	1.56	0.04
Interest income	(4.26)	(2.68)	(3.10)
Interest expense and financial charges	52.23	79.43	83.00
Loss from decrease in value of non-current assets classified as held-for-sale	-	-	61.00
Gain on sale available-for-sale investments	(0.13)	-	-
Gain on disposal of plant and equipment	(0.39)	(0.44)	(0.07)
Written-off payables from restructuring	-	(6.07)	-
	746.35	502.98	1,318.32
Trade and other receivables	28.19	549.01	(339.37)
Inventories-net	636.45	254.67	(407.28)
Other current assets and other non-current assets	14.25	(76.47)	14.35
Trade and other payables	(178.67)	(313.31)	42.33
Other current liabilities and other non-current liabilities	(7.49)	(8.37)	(14.50)
Employee benefit obligations paid	(11.95)	(12.37)	(11.62)
Income tax paid	(34.94)	(101.59)	(189.54)
Interest paid	(53.65)	(74.50)	(93.65)
<b>Net cash provided by (used in) operating activities</b>	<b>1,138.54</b>	<b>720.05</b>	<b>319.04</b>

### Statement of Cash Flows (Cont.)

For the years ended March 31, 2020, March 31, 2019 and March 31, 2018

(Unit: Million Baht)

	2020	2019	2018
<b>Cash flows from investing activities</b>			
Cash paid for temporary investment	-	-	21.00
Dividend received from other long-term investment	14.40	-	14.40
Interest received	4.67	2.50	3.35
Sale of property and equipment	0.40	0.48	1.36
Proceeds from sales of available for sales investment	0.13	-	-
Purchase of property, plant and equipment	(245.49)	(258.20)	(149.93)
<b>Net cash provided by (used in) investing activities</b>	<b>(225.89)</b>	<b>(255.22)</b>	<b>(109.82)</b>
<b>Cash flows from financing activities</b>			
Proceeds (Payments) in bank overdrafts and short-term loans from financial institutions	(1,258.71)	(53.91)	(420.59)
Repayment of long-term loans from related parties	-	-	(199.37)
Cash paid for finance lease liabilities	(3.71)	(3.74)	-
<b>Net cash provided by (used in) financing activities</b>	<b>(1,262.42)</b>	<b>(57.65)</b>	<b>(619.96)</b>
Net increase (decrease) in cash and cash equivalents	(349.77)	407.18	(410.74)
Cash and cash equivalents at the beginning of the year	926.77	519.59	930.33
<b>Cash and cash equivalents at the end of the year</b>	<b>577.00</b>	<b>926.77</b>	<b>519.59</b>

### Financial Ratios

Financial Ratios	2020	2019	2018
<b>Liquidity ratio</b>			
1. Current ratio (times)	2.72	1.73	1.78
2. Quick ratio (times)	0.85	0.55	0.54
<b>Efficiency ratio</b>			
3. Fixed asset turnover ratio (times)	6.63	6.87	6.38
4. Total asset turnover ratio (times)	1.76	1.80	1.74
5. Accounts receivable turnover ratio (times)	31.53	23.81	20.49
6. Average collection period (days)	11.58	15.33	17.81
7. Inventory turnover ratio (times)	6.80	6.49	6.27
<b>Debt Management ratio</b>			
8. Debt to Asset ratio (%)	16.61	25.64	27.19
9. Debt to Equity ratio (times)	0.20	0.34	0.37
10. EBITDA Coverage ratio (times)	13.77	5.63	15.13
<b>Profitability ratio</b>			
11. Return on total revenues (%)	0.24	(0.84)	2.04
12. Return on assets (%)	0.42	(1.52)	3.55
13. Return on equity (%)	0.53	(2.06)	5.05
14. Gross profit margin (%)	3.71	2.71	7.06
15. Operating profit margin (%)	0.80	(0.31)	3.00

1. Current ratio : Current Assets / Current Liabilities

2. Quick ratio : [Cash&cash equivalents+Temporary investment+Average Trade receivable] / Current Liabilities

3. Fixed asset turnover ratio : Total Revenues / Average Net Fixed Assets  
(Total Revenues : Revenue from sales + Other income) (Net Fixed Assets : Property, plant and equipment + Intangible)

4. Total asset turnover ratio : Total Revenues / Total Assets (average)

5. Accounts receivable turnover ratio : Turnover / Average Trade receivable  
(Turnover : Revenue from sales)

6. Average collection period : 365 days / Accounts receivable turnover ratio

7. Inventory turnover ratio : Cost of sales / Average Inventory

8. Debt to Assets ratio : Total Liabilities / Total Assets

9. Debt to Equity ratio : Total Liabilities / Total Attributions to Owners of the Parent Company Income Tax Expense, Depreciation, Amortization and Exceptional Items)

10. EBITDA Coverage Ratio : EBITDA / Finance costs (EBITDA : Profit before Finance Costs,

11. Return on total revenues : Profit (Loss) after tax / Total Revenues

12. Return on assets : Profit (Loss) after tax / Total Assets (average)

13. Return on equity : Profit (Loss) after tax / Average Attributions to Owners of the Parent Company

14. Gross profit margin : [Net sales - Cost of Goods Sold] / Net sales

15. Operating profit margin : Operating Income / Total Revenues

## 14. Management Discussion and Analysis

### Financial Performance

During Financial Year 2019-20 (FY20), the deliveries were at 1.201 million Tons as against 1.154 million Tons of previous year. Higher deliveries as compared to the previous year were primarily due to better domestic rebars volume, partly offset by lower special wire rods and export sales. The revenue from sales and related services was lower than previous year from lower selling price in line with reduction in metallic price. EBITDA for the year was at Baht 719 million and Profit before taxes for the year at Baht 111 million as compared to the EBITDA of Baht 448 million and Loss before taxes Baht 148 million in the previous year.

The analysis of major items of the financial statement is as follows:

#### 1) Revenue from sales and related services and other income

	FY20	FY19	Change %
Revenue from sales and related services	20,125	22,222	(9%)
Gain on exchange rate - net	2	2	-
Dividend income from other long-term investment	14	-	100%
Interest income	4	3	33%
Compensation from insurance company	69	41	68%
Written-off payables from restructuring	-	6	(100%)
Others	20	30	(33%)
<b>Revenue from sales and related services and other income</b>	<b>20,234</b>	<b>22,304</b>	<b>(9%)</b>

#### 2) Cost of sales and related services

Unit: Million Baht

	FY20	FY19	Change %
Cost of sales and related services	19,379	21,620	(10%)

Cost of sales and related services lower by 10% due to lower metallic cost and lower conversion cost from lower graphite electrode price and lower power cost from lower on peak operations.

#### 3) Selling and Administrative expenses

Unit: Million Baht

	FY20	FY19	Change %
Selling and Administrative expenses	692	753	(8%)

The selling and administrative expenses was lower than last year attributable to absence of provision for doubtful debts, lower depreciation mainly due to certain SAP software was fully depreciated, partly offset by higher bank guarantee fee reimbursed to the customers and higher provision for Brand Equity & Brand Promotion fee in line with higher PBT.

#### 4) Finance Costs

Unit: Million Baht

	FY20	FY19	Change %
Finance Costs	52	79	(34%)

The reduction in Finance cost over previous year was due to lower usance LC charges relating to imported billet and lower utilization of utilities and scrap financing from lower on peak operations.

#### 5) Profit/ (loss) before income tax expense

Unit: Million Baht

	FY20	FY19	Change %
Profit (loss) before income tax expense	111	(148)	175%

PBT for the year of FY20 was higher over FY19 attributable to the lower cost of sales and related services on account of lower metallic and conversion cost, higher sales volume mainly from domestic rebars, lower administrative expense, partly offset by lower selling price due to weak market sentiments, and one-off expense for provision for change in labour law in relation to severance pay.

#### 6) Income tax expense

Unit: Million Baht

	FY20	FY19	Change %
Income tax expense	63	41	54%

Higher profit before taxes at SISCO and SCSC as compared to the previous year, resulted in higher income tax expenses in the current year.

#### 7) Cash and cash equivalents

Unit: Million Baht

	FY20	FY19	Change %
Cash and cash equivalents	577	927	(38%)

As on March 31, 2020, the Company and its subsidiaries had a net decrease in cash and cash equivalents of Baht 350 million as compared to the previous year. The change was mainly on account of increase in net cash from operating activities amounting to Baht 1,139 million. This comprised of operating profit before changes in operating assets and liabilities of Baht 746 million and decrease in changes in operating assets and liabilities of Baht 392 million which is largely due to the decrease in the inventories. With respect to investing activities, there was a net cash flow of Baht 226 million related to investments in fixed assets. Net cash outflow of Baht 1,262 million from financing activities was towards short-term loan repayment of Baht 1,258 million and towards lease liabilities Baht 4 million.



## 8) Trade and other receivables, net

Unit: Million Baht

	FY20	FY19	Change %
Trade and other receivables, net	650	676	(4%)

The trade and other receivables was almost at par as compared to previous year.

As on March 31, 2020, trade receivable from related parties was 35% as compared to 9% in the previous year reflecting export sales to India made during March' 20. The receivable against the export sales to India has been fully collected subsequently.

The Company and its subsidiaries have set a policy for provision for doubtful accounts based on an estimate of receivables expectedly uncollectible using historical collection experience and review of current status of existing receivables. As on March 31, 2020, the Company and its subsidiaries set aside a cumulative provision for doubtful accounts amounting to Baht 93 million, equivalent to 12.89% of total trade accounts receivables. As on March 31, 2019, the cumulative provision for doubtful accounts amounted to Baht 93 million, equivalent to 12.62% of total trade accounts receivables.

## 9) Inventories, net

Unit: Million Baht

	FY20	FY19	Change %
Inventories	2,515	3,188	(21%)

The reduction in inventories over previous year was mainly from billet.

## 10) Property, plant & equipment and Intangible assets

Unit: Million Baht

	FY20	FY19	Change %
Property, plant & equipment and Intangible assets	2,922	3,180	(8%)

Reduction in property, plant & equipment and intangible assets is on account of normal depreciation and amortization for the year, partly offset by additional investment of Baht 199 million in fixed assets during the year.

## 11) Other non-current assets

Unit: Million Baht

	FY20	FY19	Change %
Other non-current assets	113	100	13%

Increase in other non-current assets reflects the refundable corporate income tax paid during FY20.

## 12) Short-term borrowings from financial institutions

Unit: Million Baht

	FY20	FY19	Change %
Short-term borrowings from financial institutions	462	1,720	(73%)

Reduction in short-term borrowings from banks mainly reflects lower utilization of scrap, utilities, and other raw material financing.

As at 31 March 2020, short-term borrowings from financial institutions bear interest rates at 3.97% per annum and BIBOR+2.1% per annum for other working capital arrangement (2019 : interest rate at 2.67% - 3.95% per annum and BIBOR+2% - BIBOR+2.1% per annum) and due from 1 April 2020 to 18 June 2020 (2019 : from 1 April 2019 to 11 July 2019).

## 13) Employee benefit obligations

Unit: Million Baht

	FY20	FY19	Change %
Employee benefit obligations	341	217	57%

Increase in employee benefit obligations mainly on account of change in labour law in relation to severance pay of Baht 68 million and remeasurements of post-employment benefit obligations of Baht 26 million.

## Sources of Capital Funds

### Appropriateness of capital structure

As on March 31, 2020, the Company and its subsidiaries' had a debt to equity ratio of 0.20 times improved from 0.34 times in 2019.

### Shareholders' equity

As on March 31, 2020, the Company and its subsidiaries had shareholders' equity of Baht 9,059 million consisting of the paid-up capital from ordinary shares and share premium totaling Baht 11,810 million, retained earnings/ (deficit) Baht (3,109) million, the legal reserve Baht 373 million and non-controlling interests Baht (15) million.

### Liabilities

As on March 31, 2020, the Company and its subsidiaries had liabilities amounting to Baht 1,805 million consisting of current liabilities of Baht 1,423 million and Baht 382 million for non-current liabilities, representing 79% and 21% of total liabilities, respectively. Current liabilities included short-term borrowing from financial institutions of Baht 462 million, trade and other payables of Baht 883 million, current portion of finance lease liabilities of Baht 1 million and other current liabilities of Baht 77 million. Non-current liabilities included finance lease liabilities of Baht 40 million, employee benefit obligations of Baht 341 million and provision for decommissioning costs of Baht 1 million.

**Contingent Liabilities potentially affecting its operation and financial status in the future**

As of March 31, 2020, the Company had contingent liabilities as follows:

1. Its subsidiaries had Letter of Credit (L/C) amounting to Baht 52 million opened but were not under the liabilities' condition.
2. Letters of guarantee issued by the financial institutions to the Revenue Department, Electricity Generating Authority of Thailand, Provincial Electricity Authority, Industrial Estate Authority of Thailand and Bureau of Indian Standards amounting Baht 283 million in the normal courses of business.
3. Its subsidiaries had obligations under the purchase agreement of machinery, equipment and computer software totaling of Baht 24 million
4. The Company and its subsidiaries had obligations under lease agreements (including service fee) amounting to Baht 748 million.

**Other factors potentially affecting Company's operation and financial status in the future**

Other factors that may affect Company's operation and financial status in the future are shown as the risk in item "Risk of business", and item "Notes to the Consolidated and Separate Financial Statements", No. 30: Financial Instruments.