

MIRA INFORM REPORT

Report No. :	525265
Report Date :	16.08.2018

IDENTIFICATION DETAILS

Name :	DRESSER MACHINERY (SUZHOU) CO., LTD.
Registered Office :	No. 81, Suhong Zhong Road, Industrial Park, Suzhou, Jiangsu Province 215021 PR
Country :	China
Financials (as on) :	30.04.2017
Date of Incorporation :	28.05.2004
Unified Social Credit Code :	913205947624499041
Legal Form :	Wholly Foreign-Owned Enterprise
Line of Business :	Subject registered business scope includes manufacturing low power pneumatic control valves and other valve products, blowers and related parts, gas equipment, roots vacuum pumps and equipment, centrifugal compressors and equipment, selling self-produced products and providing related maintenance and after-sales service; computer software, systems integration and technology development and testing; wholesale business, commission agency, import and export and related services of similar products; providing business information services.
No. of Employees :	266

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+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular

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Litigation :	Clear
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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)
China	A2	A1

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

CHINA - ECONOMIC OVERVIEW

Since the late 1970s, China has moved from a closed, centrally planned system to a more market-oriented one that plays a major global role. China has implemented reforms in a gradualist fashion, resulting in efficiency gains that have contributed to a more than tenfold increase in GDP since 1978. Reforms began with the phaseout of collectivized agriculture, and expanded to include the gradual liberalization of prices, fiscal decentralization, increased autonomy for state enterprises, growth of the private sector, development of stock markets and a modern banking system, and opening to foreign trade and investment. China continues to pursue an industrial policy, state support of key sectors, and a restrictive investment regime. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2016 stood as the largest economy in the world, surpassing the US in 2014 for the first time in modern history. China became the world's largest exporter in 2010, and the largest trading nation in 2013. Still, China's per capita income is below the world average.

After keeping its currency tightly linked to the US dollar for years, China in July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, the renminbi appreciated more than 20% against the US dollar, but the exchange rate remained virtually pegged to the dollar from the onset of the global financial crisis until June 2010, when Beijing announced it would allow a resumption of gradual liberalization. From 2013 until early 2015, the renminbi (RMB) appreciated roughly 2% against the dollar, but the exchange rate fell 13% from mid-2015 until end-2016 amid strong capital outflows in part stemming from the August 2015 official devaluation; in 2017 the RMB resumed appreciating against the dollar – roughly 7% from end-of-2016 to end-of-2017. From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year. In 2015, the People's Bank of China announced it would continue to carefully push for full convertibility of the renminbi, after the currency was accepted as part of the IMF's special drawing rights basket. However, since late 2015 the Chinese Government has strengthened capital controls and oversight of overseas investments to better manage the exchange rate and maintain financial stability.

The Chinese Government faces numerous economic challenges including: (a) reducing its high domestic savings rate and correspondingly low domestic household consumption; (b) managing its high corporate debt burden to maintain financial stability; (c) controlling off-balance sheet local government debt used to finance infrastructure stimulus; (d) facilitating higher-wage job opportunities for the aspiring middle class, including rural migrants and college graduates, while maintaining competitiveness; (e) dampening speculative investment in the real estate sector without sharply slowing the economy; (f) reducing industrial overcapacity; and (g) raising productivity growth rates through the more efficient allocation of capital and state-support for innovation. Economic development has progressed further in coastal provinces than in the interior, and by 2016 more than 169.3 million migrant workers and their dependents had relocated to urban areas to find work. One consequence of China's population control policy known as the "one-child policy" - which was relaxed in 2016 to permit all families to have two children - is that China is now one of the most rapidly aging countries in the world. Deterioration in the environment - notably air pollution, soil erosion, and the steady fall of the water table, especially in the North - is another long-term problem. China continues to lose arable land because of erosion and urbanization. The Chinese Government is seeking to add energy production capacity from sources other than coal and oil, focusing on natural gas, nuclear, and clean energy development. In 2016, China ratified the Paris Agreement, a multilateral agreement to combat climate change, and committed to peak its carbon dioxide emissions between 2025 and 2030.

The government's 13th Five-Year Plan, unveiled in March 2016, emphasizes the need to increase innovation and boost domestic consumption to make the economy less dependent on government investment, exports, and heavy industry. However, China has made more progress on subsidizing innovation than rebalancing the economy. Beijing has committed to giving the market a more decisive role in allocating resources, but the



MIRA INFORM PRIVATE LIMITED
605, Palmspring, Near D'Mart, Link Road,
Malad (West), Mumbai - 400 064. INDIA
Tel : 91-22-40448000 (44 lines)
Fax : 91-22-40448045 / 40448046
E-mail : mira@mirainform.com
info@mirainform.com
Website : <http://www.mirainform.com>
<http://www.miraglobalcheck.com>
<http://www.miraglobalcollections.com>

Chinese Government's policies continue to favor state-owned enterprises and emphasize stability. Chinese leaders in 2010 pledged to double China's GDP by 2020, and the 13th Five Year Plan includes annual economic growth targets of at least 6.5% through 2020 to achieve that goal. In recent years, China has renewed its support for state-owned enterprises in sectors considered important to "economic security," explicitly looking to foster globally competitive industries. Chinese leaders also have undermined some market-oriented reforms by reaffirming the "dominant" role of the state in the economy, a stance that threatens to discourage private initiative and make the economy less efficient over time. The slight acceleration in economic growth in 2017—the first such uptick since 2010—gives Beijing more latitude to pursue its economic reforms, focusing on financial sector deleveraging and its Supply-Side Structural Reform agenda, first announced in late 2015.

Source : CIA

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COMPANY NAME AND ADDRESS

COMPANY NAME	Dresser Machinery (Suzhou) Co., Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	No. 81, Suhong Zhong Road, Industrial Park, Suzhou, Jiangsu Province 215021 PR China
TEL. NO.	86 (0) 512-62586500/62588715
FAX NO.	86 (0) 512-62588591

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: MAY 28, 2004
UNIFIED SOCIAL CREDIT CODE	: 913205947624499041
LEGAL FORM	: WHOLLY FOREIGN-OWNED ENTERPRISE
CHIEF EXECUTIVE	: XU YING (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: USD 4,700,000
STAFF	: 266
BUSINESS CATEGORY	: MANUFACTURING & TRADING
REVENUE	: CNY 110,012,000 (FROM JAN. 1, 2017 TO APR. 30, 2017)
EQUITIES	: CNY 226,784,000 (AS OF APR. 30, 2017)
WEBSITE	: N/A
E-MAIL	: N/A
PAYMENT	: REGULAR
MARKET CONDITION	: COMPETITIVE
FINANCIAL CONDITION	: FAIRLY STABLE
OPERATIONAL TREND	: FAIRLY STEADY
GENERAL REPUTATION	: AVERAGE

Adopted abbreviations (as follows)

SC - Subject Company (the company inquired by you)

N/A – Not available

CNY – China Yuan Ren Min Bi

OPERATIONAL TREND & GENERAL REPUTATION

This section aims at indicating the relative positions of SC in respect of its operational trend & general reputation

Operational Trend:-

Upward

Steady

Fairly Steady

General Reputation:-

Excellent

Good

Fairly Good

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Ordinary	Average
Fair	Fair
Stagnant	Detrimental
Downward	Not known
Not known	Not yet be determined
Not yet be determined	

LEGAL STATUS & HISTORY

SC was established as a wholly foreign-owned enterprise of PRC with State Administration of Industry & Commerce (SAIC) under Unified Social Credit Code: 913205947624499041.

SC's Import and Export Enterprise Code: 3200762449904

SC's registered capital: USD 4,700,000

SC's paid-in capital: USD 4,700,000 (CNY 38,314,330)

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2016-6-2	Legal Representative Registration No./ Unified Social Credit Code	Xiang Lei项雷 320594400009093	Xu Ying徐颖 913205947624499041

Current Co search indicates SC's shareholders & chief executives are as follows:-

Name of Shareholder (s)	% of Shareholding
Dresser China, LLC	100

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Xu Ying
General Manager	Chen Shuo
Director	Xiang Lei
	Chen Xi
	Wang Hui
Supervisor	Thomas Dylan Cannon

RECENT DEVELOPMENT

No recent development was found during our checks at present.

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SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
Dresser China, LLC.	100

MANAGEMENT

Xu Ying, Legal Representative and Chairman

Gender: F
Nationality: China
Age: 48
ID# 210102197001045622
Qualification: University
Working experience (s):

At present, working in SC as legal representative and chairman

Chen Shuo, General Manager

Nationality: China
Qualification: University
Working experience (s):

At present, working in SC as general manager

Director

Xiang Lei
Chen Xi
Wang Hui

Supervisor

Thomas Dylan Cannon

BUSINESS OPERATION

SC's registered business scope includes manufacturing low power pneumatic control valves and other valve products, blowers and related parts, gas equipment, roots vacuum pumps and equipment, centrifugal compressors and equipment, selling self-produced products and providing related maintenance and after-sales service; computer software, systems integration and technology development and testing; wholesale business,

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commission agency, import and export and related services of similar products; providing business information services.

SC is mainly engaged in manufacturing and selling valve products, blowers, gas equipment, etc.

SC's products mainly include: valve products, blowers, gas equipment, etc.

SC sources its materials 90% from domestic market, and 10% from overseas market. SC sells 40% of its products in domestic market and 60% to overseas market.

The buying terms of SC include Check, T/T, L/C and Credit of 30-60 days. The payment terms of SC include Check, T/T, L/C and Credit of 30-60 days.

Major Customers

=====
Barani Hydraulics India Pvt Ltd
Dresser De Mexicosa De Cv
Sunlake Co., Ltd.

Staff & Office:

SC is known to have approx. 266 staff at present.

SC owns an area as its operating office and factory, but the detailed information is unknown.

RELATED COMPANY

SC is not known to have any subsidiary at present.

PAYMENT

Overall payment appraisal:

Excellent Good Average Fair Poor Not yet be determined

The appraisal serves as a reference to reveal SC's payments habits and ability to pay. It is based on the 3 weighed factors: Trade payment experience (through current enquiry with SC's suppliers), our delinquent payment records and our debt collection record concerning SC.

Trade payment experience: SC did not provide any name of trade/service suppliers and we have no other sources to conduct the enquiry at present.

Delinquent payment record: None in our database.

Debt collection record: No overdue amount owed by SC was placed to us for collection within the last 6 years.

BANKING

Basic Bank:

China Construction Bank Suzhou Industrial Park Sub-branch

AC#: 32201988236052517263

FINANCIALS

Balance Sheet

Unit: CNY'000	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Apr. 30, 2017
Cash	1,464	806	533
Notes receivable	0	0	0
Accounts receivable	82,032	87,017	68,486
Advances to suppliers	2,736	2,562	3,598
Other receivable	42,538	1,267	108,180
Inventory	29,939	57,281	64,775
Non-current assets within one year	0	0	0
Other current assets	2,331	10	-21
	-----	-----	-----
Current assets	161,040	148,943	245,551
Fixed assets	36,340	35,399	33,253
Construction in progress	867	0	0
Intangible assets	826	826	594
Long-term prepaid expenses	5,187	4,164	4,117
Deferred income tax assets	3,008	0	3,009
Other non-current assets	0	0	0
	-----	-----	-----
Total assets	207,268	189,332	286,524
	=====	=====	=====
Short-term loans	0	-85,326	0
Notes payable	0	0	0
Accounts payable	46,270	62,403	54,662
Wages payable	7,772	6,943	1,843
Taxes payable	1,832	-1,890	-3,544
Advances from clients	3,551	1,728	4,864
Other payable	7,126	50	81
Other current liabilities	9,194	5,308	3,636
	-----	-----	-----
Current liabilities	75,745	-10,784	61,542
Non-current liabilities	0	-5,685	-1,802
	-----	-----	-----

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Total liabilities	75,745	-16,469	59,740
Equities	131,523	205,801	226,784
	-----	-----	-----
Total liabilities & equities	207,268	189,332	286,524
	=====	=====	=====

Income Statement

Unit: CNY'000	As of Dec. 31, 2015	As of Dec. 31, 2016	From Jan. 1, 2017 to Apr. 30, 2017
Revenue	321,925	308,753	110,012
Cost of sales	179,421	191,592	59,841
Sales expense	34,135	28,858	6,737
Management expense	45,312	9,599	11,658
Finance expense	-2,326	-6,283	862
Profit before tax	64,422	82,646	29,701
Less: profit tax	16,124	22,306	5,884
Profits	48,298	60,340	23,817

Important Ratios

	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Apr. 30, 2017
*Current ratio	2.13	-13.81	3.99
*Quick ratio	1.73	-8.50	2.94
*Liabilities to assets	0.37	-0.09	0.21
*Net profit margin (%)	15.00	19.54	21.65
*Return on total assets (%)	23.30	31.87	8.31
*Inventory / Revenue x365/120	34 days	68 days	71 days
*Accounts receivable/ Revenue x365/120	94 days	103 days	75 days
*Revenue/Total assets	1.55	1.63	0.38
*Cost of sales / Revenue	0.56	0.62	0.54

FINANCIAL COMMENTS

PROFITABILITY: FAIRLY GOOD

The revenue of SC appears fairly good in its line.
SC's net profit margin is fairly good.
SC's return on total assets is fairly good.
SC's cost of sales is average, comparing with its revenue.

LIQUIDITY: FAIRLY GOOD

The current ratio of SC is maintained in a fairly good level.
SC's quick ratio is maintained in a fairly good level.
The inventory of SC is maintained in an average level.

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The accounts receivable of SC appears average.
SC's revenue is in an average level, comparing with the size of its total assets.

LEVERAGE: AVERAGE

The debt ratio of SC is low.
The risk for SC to go bankrupt is average.

Overall financial condition of the SC: Fairly Stable.

CONCLUSIONS

SC is considered medium-sized in its line with fairly stable financial conditions.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.47
UK Pound	1	INR 88.63
Euro	1	INR 79.19
CNY	1	INR 10.18

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	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)