

MIRA INFORM REPORT

Report No. :	483954
Report Date :	04.01.2018

IDENTIFICATION DETAILS

Name :	ARCHROMA CHEMICALS (CHINA) LTD.
Registered Office :	3/F, No. 2, Lane 168 Linhong Road, Changning District, Shanghai 200335 PR
Country :	China
Financials (as on) :	31.12.2015
Date of Incorporation :	26.06.2013
Com. Reg. No.:	91310000071188178G
Legal Form :	Wholly Foreign-Owned Enterprise
Line of Business :	Subject registered business scope includes manufacturing and selling geotechnical synthetic material; selling building materials, plastic raw materials;
No. of Employees :	90

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 :	Good
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Payment Behaviour :	Regular
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 (30.06.2017)	Current Rating (30.09.2017)
China	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

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 allowed resumption of a gradual liberalization. In 2015, the People's Bank of China announced it would continue to carefully push for full convertibility of the renminbi (RMB) after the currency was accepted as part of the IMF's special drawing rights basket. After engaging in one-way, large-scale intervention to resist appreciation of the RMB for a decade, China's 2016 intervention in foreign exchange markets has sought to prevent a rapid RMB depreciation that would have negative consequences for the United States, China, and the global economy.

China's economic growth has slowed since 2011. The Chinese Government faces numerous economic challenges including: (a) reducing its high domestic savings rate and correspondingly low domestic household consumption; (b) servicing its high corporate debt burdens to maintain financial stability; (c) facilitating higher-wage job opportunities for the aspiring middle class, including rural migrants and college graduates, while maintaining competitiveness; (d) dampening speculative investment in the real estate sector; (e) reducing industrial overcapacity; and (f) raising productivity growth rates through the more efficient allocation of capital. 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 only marginal progress toward these rebalancing goals. Under President Xi Jinping, Beijing has signaled its understanding that China's long-term economic health depends on giving the market a more decisive role in allocating resources, but has moved slowly on market-oriented reforms because of potential negative consequences for stability and short-term economic growth. He has also increased state-control over key sectors and Party control over state-owned enterprises. 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

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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.

Source : CIA

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COMPANY NAME AND ADDRESS

COMPANY NAME	Archroma Chemicals (China) Ltd.
CURRENT ADDRESS/ REGISTERED ADDRESS	3/F, No. 2, Lane 168 Linhong Road, Changning District, Shanghai 200335 PR China
TEL. NO.	86 (0) 21-22483310/22483380
FAX NO.	86 (0) 21-22483310

EXECUTIVE SUMMARY

DATE OF REGISTRATION	: JUNE 26, 2013
UNIFIED SOCIAL CREDIT CODE	: 91310000071188178G
LEGAL FORM	: WHOLLY FOREIGN-OWNED ENTERPRISE
CHIEF EXECUTIVE	: LIU JINGPING (LEGAL REPRESENTATIVE)
REGISTERED CAPITAL	: CNY 124,000,000
STAFF	: 90
BUSINESS CATEGORY	: TRADING
REVENUE	: CNY 558,351,000 (AS OF DEC. 31, 2015)
EQUITIES	: CNY 111,077,000 (AS OF DEC. 31, 2015)
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 wholly foreign-owned enterprise of PRC with State Administration of Industry & Commerce (SAIC) under unified social credit code: 91310000071188178G.

SC's Import and Export Enterprise Code: 3100071188178

SC's registered capital: CNY 124,000,000

SC's paid-in capital: CNY 124,000,000

Registration Change Record:-

Date	Change of Contents	Before the change	After the change
2013	Registered Capital	CNY 1,000,000	CNY 124,000,000
2014-3-4	Legal Representative Company Name	Barry Bahram Siadat Archroma Chemicals (Shanghai) Ltd.	Yang Shujun Archroma Chemicals (China) Ltd.
2017-3-14	Legal Representative	Yang Shujun	Liu Jinping
--	Registration No./ Unified Social Credit Code	310000400713807	91310000071188178G

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

Name of Shareholder (s)	% of Shareholding
Archroma Textiles S.à r.l. (Luxembourg)	100

SC's Chief Executives:-

Position	Name
Legal Representative and Chairman	Liu Jinping
General Manager	Yang Shujun
Director	Winkler Thomas Waibel Roland Michael
Supervisor	Lourens Johannes Marinus Machiel

RECENT DEVELOPMENT

No recent development was found during our checks at present.

SHAREHOLDER CHART & BACKGROUND

Name	% of Shareholding
Archroma Textiles S.à r.l. (Luxembourg)	100

MANAGEMENT

Liu Jinping, Legal Representative and Chairman

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

At present, working in SC as legal representative and chairman

Yang Shujun, General Manager

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

At present, working in SC as general manager

Director

Winkler Thomas
Waibel Roland Michael

Supervisor

Lourens Johannes Marinus Machiel

BUSINESS OPERATION

SC's registered business scope includes manufacturing and selling geotechnical synthetic material; selling building materials, plastic raw materials;

SC is mainly engaged in selling chemicals.

SC's products mainly include: textile and printing and dyeing auxiliaries.

SC sources its products 40% from domestic market, and 60% from overseas market. SC sells 70% of its products in domestic market, and 30% 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 T/T, L/C and Credit of 30-60 days.

Major Customers

=====
Archroma U.S. Inc.
Archroma Textiles Mexico
Archroma Peru S.A.

Staff & Office:

SC is known to have approx. 90 staff at present.

SC rents an area as its operating office, but the detailed information is unknown.

RELATED COMPANY

SC is known to have a branch at present,

Archroma Chemicals (China) Ltd. Guangzhou Branch

Date of Registration: September 27, 2013
Unified Social Credit Code: 914401010803542626
Legal Form: Branch
Principal: Liu Jinping

PAYMENT

Overall payment appraisal:

Excellent Good Average Fair Poor Not yet be determined

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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 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:

Industrial and Commercial Bank of China Linkong Sub-branch

AC#: 1001288309300294701

FINANCIALS

Balance Sheet

Unit: CNY'000	As of Dec. 31, 2014	As of Dec. 31, 2015
Cash	11,495	7,672
Notes receivable	20,126	2,812
Accounts receivable	97,610	137,269
Advances to suppliers	1,779	1,162
Other receivable	607	811
Inventory	34,373	57,383
Non-current assets within one year	0	0
Other current assets	1,216	4,629
	-----	-----
Current assets	167,206	211,738
Fixed assets	11,036	9,439
Long-term prepaid expenses	0	683
Deferred income tax assets	0	4,905
Other non-current assets	160	68,890
	-----	-----
Total assets	178,402	295,655
	=====	=====
Short-term loans	0	0
Notes payable	0	0
Accounts payable	59,652	168,948
Wages payable	7,739	6,255

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Taxes payable	3,771	4,065
Other payable	4,491	5,310
Other current liabilities	0	0
	-----	-----
Current liabilities	75,653	184,578
Non-current liabilities	0	0
	-----	-----
Total liabilities	75,653	184,578
Equities	102,749	111,077
	-----	-----
Total liabilities & equities	178,402	295,655
	=====	=====

Income Statement

Unit: CNY'000

	As of Dec. 31, 2014	As of Dec. 31, 2015
Revenue	479,934	558,351
Cost of sales	393,499	427,212
Sales expense	68,076	71,169
Management expense	39,088	51,735
Finance expense	2,049	3,763
Profit before tax	-32,195	3,197
Less: profit tax	238	-5,130
Profits	-32,433	8,327

Important Ratios

	As of Dec. 31, 2014	As of Dec. 31, 2015
*Current ratio	2.21	1.15
*Quick ratio	1.76	0.84
*Liabilities to assets	0.42	0.62
*Net profit margin (%)	-6.76	1.49
*Return on total assets (%)	-18.18	2.82
*Inventory / Revenue x365	27 days	38 days
*Accounts receivable/ Revenue x365	75 days	90 days
*Revenue/Total assets	2.69	1.89
*Cost of sales / Revenue	0.82	0.77

FINANCIAL COMMENTS

PROFITABILITY: AVERAGE

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

LIQUIDITY: AVERAGE

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The current ratio of SC is maintained in a normal level.
SC's quick ratio is maintained in a normal level.
The inventory of SC is maintained in an average level.
The accounts receivable of SC is maintained in an average level.
SC has no short-term loans.
SC's revenue is in an average level, comparing with the size of its total assets.

LEVERAGE: AVERAGE

The debt ratio of SC is average.
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 63.48
UK Pound	1	INR 86.41
Euro	1	INR 76.54
CNY	1	INR 9.76

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

INFORMATION DETAILS

Analysis Done by :	PRA
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)

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