

MIRA INFORM REPORT

Report No. :	538803
Report Date :	13.11.2018

IDENTIFICATION DETAILS

Name :	DHARAM CREATIONS (HK) LIMITED
Registered Office :	Unit 303, 3/F., Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon
Country :	Hongkong
Date of Incorporation :	07.07.2004
Com. Reg. No.:	34748434
Legal Form :	Private Limited Company.
Line of Business :	Importer and exporter of all kinds of diamonds and jewellery.
No. of Employees :	15

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 :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES:

Any query related to this report can be made on e-mail: while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Hongkong	A1	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

HONGKONG - ECONOMIC OVERVIEW

Hong Kong has a free market economy, highly dependent on international trade and finance - the value of goods and services trade, including the sizable share of reexports, is about four times GDP. Hong Kong has no tariffs on imported goods, and it levies excise duties on only four commodities, whether imported or produced locally: hard alcohol, tobacco, oil, and methyl alcohol. There are no quotas or dumping laws. Hong Kong continues to link its currency closely to the US dollar, maintaining an arrangement established in 1983.

Excess liquidity, low interest rates and a tight housing supply have caused Hong Kong property prices to rise rapidly. The lower and middle-income segments of the population increasingly find housing unaffordable.

Hong Kong's open economy has left it exposed to the global economic situation. Its continued reliance on foreign trade and investment makes it vulnerable to renewed global financial market volatility or a slowdown in the global economy.

Mainland China has long been Hong Kong's largest trading partner, accounting for about half of Hong Kong's total trade by value. Hong Kong's natural resources are limited, and food and raw materials must be imported. As a result of China's easing of travel restrictions, the number of mainland tourists to the territory surged from 4.5 million in 2001 to 47.3 million in 2014, outnumbering visitors from all other countries combined. After peaking in 2014, overall tourist arrivals dropped 2.5% in 2015 and 4.5% in 2016. The tourism sector rebounded in 2017, with visitor arrivals rising 3.2% to 58.47 million. Travelers from Mainland China totaled 44.45 million, accounting for 76% of the total.

The Hong Kong Government is promoting the Special Administrative Region (SAR) as the preferred business hub for renminbi (RMB) internationalization. Hong Kong residents are allowed to establish RMB-denominated savings accounts, RMB-denominated corporate and Chinese government bonds have been issued in Hong Kong, RMB trade settlement is allowed, and investment schemes such as the Renminbi Qualified Foreign Institutional Investor (RQFII) Program was first launched in Hong Kong. Offshore RMB activities experienced a setback, however, after the People's Bank of China changed the way it set the central parity rate in August 2015. RMB deposits in Hong Kong fell from 1.0 trillion RMB at the end of 2014 to 559 billion RMB at the end of 2017, while RMB trade settlement handled by banks in Hong Kong also shrank from 6.8 trillion RMB in 2015 to 3.9 trillion RMB in 2017.

Hong Kong has also established itself as the premier stock market for Chinese firms seeking to list abroad. In 2015, mainland Chinese companies constituted about 50% of the firms listed on the Hong Kong Stock Exchange and accounted for about 66% of the exchange's market capitalization.

During the past decade, as Hong Kong's manufacturing industry moved to the mainland, its service industry has grown rapidly. In 2014, Hong Kong and China signed a new agreement on achieving basic liberalization of trade in services in Guangdong Province under the Closer Economic Partnership Agreement (CEPA), adopted in 2003 to forge closer ties between Hong Kong and the mainland. The new measures, which took effect in March 2015, cover a negative list and a most-favored treatment provision. On the basis of the Guangdong Agreement, the Agreement on Trade in Services signed in November 2015 further enhanced liberalization, including extending the implementation of the majority of Guangdong pilot liberalization measures to the whole Mainland, reducing the restrictive measures in the negative list, and adding measures in the positive lists for cross-border services as well as cultural and telecommunications services. In June 2017, the Investment Agreement and the Agreement on Economic and Technical Cooperation (Ecotech Agreement) were signed under the framework of CEPA.

Hong Kong's economic integration with the mainland continues to be most evident in the banking and finance sector. Initiatives like the Hong Kong-Shanghai Stock Connect, the Hong Kong- Shenzhen Stock Connect the Mutual Recognition of Funds, and the Bond Connect scheme are all important steps towards opening up the Mainland's capital markets and have reinforced Hong Kong's role as China's leading offshore RMB market. Additional connect schemes such as ETF Connect (for exchange-traded fund products) are also under exploration by Hong Kong authorities. In 2017, Chief Executive Carrie LAM announced plans to increase



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government spending on research and development, education, and technological innovation with the aim of spurring continued economic growth through greater sector diversification.

Source : CIA

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COMPANY NAME AND ADDRESS

DHARAM CREATIONS (HK) LIMITED

ADDRESS: Unit 303, 3/F., Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon, Hong Kong.

PHONE: 852-2723 1466, 60-63

FAX: 852-2722 6214

E-MAIL: hk@ddpl.com

MANAGEMENT

Managing Director: Mr. Manishkumar Vallabhbhai Mangukia

SUMMARY

Incorporated on: 7th July, 2004.

Organization: Private Limited Company.

Issued Share Capital: HK\$136,938,000.00

Business Category: Diamond Trader.

Employees: 15.

Annual Turnover: US\$100 – 250 million. (Including associated company)

Main Dealing Banker: Union Bank of India, Hong Kong Branch.

Banking Relation: Satisfactory.

ADDRESS

Registered Office:-

Unit 303, 3/F., Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon, Hong Kong.

Associated Offices:-

Mumbai Office

Dharmanandan Diamonds Pvt. Ltd.
1014-16, Prasad Chambers, Opera House, Mumbai 400004, India.
Tel: 91 22 4004 1111~5
Fax : 91 22 6635 5533
E-mail: info@dharmanandan.com

Surat Factory

Dharmanandan Diamonds Pvt. Ltd.
Behind Patel Faliya, Gotalawadi, Katargam Road, Surat 395004, Gujarat, India.
Tel: 91 261 253 3777
Fax: 91 261 253 3775

USA Office

Dharm International LLC
Suite 506, 15 West, 47th Street, NY 10036, New York, USA.
Tel: 1 212 398 7777~8
Fax: 1 212 398 7775
E-mail: bhavesh@dharmanandan.com

Belgium Office

Dharm Diam B.V.B.A.
30, Hoveniersstraat, Suite No.428, Box No.133, 2018, Antwerp, Belgium.
Tel: 323 234 1444
Fax: 323 234 1445
E-mail: sandip@dharmdiam.com

Holding Company:-

DDL Investment Ltd., Mauritius.

Associated Companies:-

Dharm Diam B.V.B.A., Belgium.
Dharm Exim (Exporters of Diamonds & Diamond Jewellery), India.
Dharm International LLC, USA.
Dharmanandan Diamonds Pvt. Ltd., India.
Dharm (Shanghai) Ltd., China.

BUSINESS REGISTRATION NUMBER

34748434

COMPANY FILE NUMBER

0910307

MANAGEMENT

Managing Director: Mr. Manishkumar Vallabhbhai Mangukia

ISSUED SHARE CAPITAL

HK\$136,938,000.00 (8,112,435 fully paid ordinary shares)

SHAREHOLDERS

(As per registry dated 07-07-2018)

<u>Name</u>	<u>No. of shares</u>
DDL Investment Ltd. 42 Hotel Street, 3rd Floor GFin Tower, Cybercity Ebene, Mauritius. Sandipkumar Dayalbhai PATEL	8,111,850 585
Total:	8,112,435 =====

DIRECTORS

(As per registry dated 07-07-2018)

<u>Name</u> <u>(Nationality)</u>	<u>Address</u>
Hareshbhai Ramajibhai PATEL	Flat G, 27/F., Tower 23A, Laguna Verde, Phase 5, Ocean Vista, 8 Laguna Verde Avenue, Hungghom, Kowloon, Hong Kong.
Manishkumar Vallabhbhai MANGUKIA	Flat B, 55/F., Tower 2, Harbourfront Landmark, 11 Wan Hoi Street, Kowloon, Hong Kong.

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<u>Name</u> <u>(Nationality)</u>	<u>Address</u>
Alpeshkumar Gordhanbhai VIRANI	Flat D, 3/F., Tower 21, Laguna Verde, Phase 4, Laguna Grande, 8 Laguna Verde Avenue, Hunghom, Kowloon, Hong Kong.
Vipulbhai Purshottambhai SUTARIYA	Flat A, 5/F., Kimberley Mansion, 15 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong.

SECRETARY

(As per registry dated 07-07-2018)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
Sovereign Secretaries (HK) Ltd.	Suite 1601-1603, 16/F., Kinwick Centre, 32 Hollywood Road, Central, Hong Kong.	0280990

HISTORY

The subject was incorporated on 7th July, 2004 as a private limited liability company under the Hong Kong Companies Ordinance.

Formerly the registered address of the subject was located at Suite 1601-1603, 16/F., Kinwick Centre, 32 Hollywood Road, Central, Hong Kong, moved to Unit 107, 1/F., Chevalier House, 45-51 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong in August, 2008.

With effect from 4th November, 2013 the subject's registered office and operating office moved to the present address.

Apart from these, neither material change nor amendment has been ever traced and noted.

OPERATIONS

Activities:	Importer and Exporter.
Lines:	All kinds of diamonds and jewellery.
Brand name:	"Dharmanandan Diamonds".
Employees:	15.
Commodities Imported:	Belgium, India, other Asian countries, etc.
Markets:	Asia, Europe, North America, etc.
Annual Turnover:	US\$100 – 250 million. (Including associated company)

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Terms/Sales: CAD, L/C, T/T, etc.

Terms/Buying: L/C, T/T, D/P, O/A, etc.

MEMBERSHIP

Hong Kong Jewelry Manufacturers' Association, Hong Kong.
Shanghai Diamond Exchange, Shanghai, China.

FINANCIAL INFORMATION

Issued Share Capital: HK\$136,938,000.00 (8,112,435 fully paid ordinary shares)

Mortgage or Charge: (See attachment)

Profit or Loss: Making a small profit every year.

Condition: Business is active and steady.

Facilities: Making active use of general banking facilities.

Payment: Met trade commitments as contracted.

Commercial Morality: Good.

Bankers:-

The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.
Wing Lung Bank Ltd., Hong Kong.
Bank of China (Hong Kong) Ltd., Hong Kong.
Antwerpse DiamantBank NV
(also known as Antwerp Diamond Bank NV), Hong Kong Branch.
Bank of Baroda, Hong Kong Branch.
Union Bank of India, Hong Kong Branch.

Standing: Very Good.

GENERAL

Formerly Dharam Creations (HK) Limited was jointly owned by four Indian and an India firm. Its old holding company Dharmanandan Diamonds Pvt. Ltd. was an India-based firm. However, the holding company changed in late 2009. The equity of each shareholders also has been changed. Now, its holding

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company DDL Investment Ltd. [DDL] is a Mauritius-registered firm. On 2nd March, 2011, the subject became a wholly-owned subsidiary of DDL. Now, the subject is not fully owned by DDL, Sandipkumar Dayalbhai Patel is holding an insignificant amount of stake.

All the directors of the subject are Indian while each of them is holding a Hong Kong ID. Mr. Manishkumar Vallabhbai Mangukia is the managing director of the subject who is residing in Hong Kong most of the time. On 21st August, 2014, a new director Mr. Alpeshkumar Gordhanbhai Virani was appointed but he outwent in January 2015. In July 2015, he was appointed again.

The subject moved to the present in early November 2013. It is one of the significant India diamond companies in Hong Kong.

The subject in fact is a member of Dharmanandan Group [Dharmanandan] which is one of the largest manufacturers of bigger size diamonds in India. It is a marketing arm of the Group.

The subject is dealing in 0.01 cts to 5.00 cts diamond with D to Cape colour of IF to I3 clarity in different shapes. According to the subject, it is dealing in the following diamonds:-

Loose diamonds, certified diamonds, pearls, loose diamond stones, loose round diamonds, loose polish diamonds, loose cut diamonds, colour diamonds, diamond gem, clarity diamonds, carats diamonds, loose princess diamond, loose emerald diamond, polished diamonds, loose diamond stone, round diamond, loose cut diamond, GIA/HRD/IGI certified diamonds, square diamonds, branded diamonds, pear cut diamond, brilliant cut diamond, princess, marques, pears, baguettes, etc.

Its jewellery products include rings, earrings, necklaces, pendants, etc. Most of the products bear the brand name *Dharmanandan Diamonds*.

Its products are marketed in Hong Kong, China, and exported to South Korea, India, Southeast Asia, Africa, the Middle East, Central & South America, Belgium, the United Kingdom, the United States, Canada, Australia, etc.

The subject has had several employees stationing in China in order to penetrate the China market further.

Formally known as Dharm (Shanghai) Ltd., now the China Company has become a member of Shanghai Diamond Exchange member. Its business in China is normal.

Dharmanandan, founded in 1992, is a Sightholder of the Diamond Trading Company [DTC].

Dharmanandan Diamonds spreads over 275,000 square feet area with modern hi-tech infrastructure. Having a work force of more than 6,400 employees, it is able to produce about 550,000 carats of polished diamond ranging from 0.01 Cts to 3.00 Cts. It is serving more than 2,500 customers worldwide.

The factory of Dharmanandan Diamonds supplies the subject with all kinds of loose diamond products. Dharmanandan Diamonds are ISO 9001:2008 certified.

The Group is also engaged in jewellery manufacturing. Its products include rings, earrings, necklaces, pendants, bracelets, etc.

In order to penetrate the international market further, the subject has taken part in fairs and exhibitions held in Hong Kong and other foreign large cities.

For instance, it took part in "HKTDC Hong Kong International Diamond, Gem & Pearl Show 2018" which had been held in Hong Kong AsiaWorld-Expo, Lantau, Hong Kong during the period of 27th February to 3rd March, 2018. Its booth No. was AWE 2-J02.

Besides, it is going to take part in "Hong Kong International Jewelry Manufacturers' Show 2018" which will be held in Hong Kong Convention & Exhibition Centre, Wanchai, Hong Kong during the period of 29th November to 2nd December, 2018. Its booth No. is 1DD2.

The subject is fully supported by Dharmanandan. Annual sales turnover ranges from US\$100 to 250 million (including associated company). Business is profitable and active.

The subject owns a number of premises in Hong Kong. Financial standing is good and steady.

The subject is a member of Hong Kong Jewelry Manufacturers' Association, Hong Kong.

The history of the subject in Hong Kong is over fourteen years and four months.

On the whole, consider it good for normal business engagements.

REMARKS

Property information of the company:-

1. Property Location:

Unit 107 on 1/F., Chevalier House, 45-51 Chatham Road South, Kowloon, Hong Kong.

Owner: Dharam Creations (HK) Ltd.

Date of Purchase: 28-03-2008

Purchased Price: HK\$10,861,500

Incumbrances:-

Date of Mortgage	Amount Consideration	Mortgagee	Nature
04-06-2018	-	Bank of China (Hong Kong) Ltd., Hong Kong.	Mortgage to secure general banking facilities

2. Property Location:

5/F. of Block A, Kimberley Mansion, 15 Austin Avenue, Kowloon, Hong Kong.

Owner: Dharam Creations (HK) Ltd.

Date of Purchase: 15-07-2008

Purchased Price: HK\$4,310,000

Incumbrances: No mortgage record registered against the property.

MORTGAGE OR CHARGE

Date	Description of Instrument	Mortgagee
14-06-2010	Memorandum	Bank of Baroda, Hong Kong Branch.
22-12-2010	Mortgage	The Hongkong & Shanghai Banking Corp. Ltd., Hong Kong.
27-06-2011	General Letter of Hypothecation	Bank of Baroda, Hong Kong Branch.
03-01-2013	Mortgage	Industrial & Commercial Bank of China (Asia) Ltd., Hong Kong.
14-03-2016	General Letter of Hypothecation	Bank of India, Hong Kong Branch.
23-08-2016	Floating Charge	Union Bank of India, Hong Kong Branch.
04-06-2018	Mortgage	Bank of China (Hong Kong) Ltd., Hong Kong.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.91
UK Pound	1	INR 93.99
Euro	1	INR 82.43
HKD	1	INR 9.27

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

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	NIT

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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)