

Chemical Industry of Russia (Expert RA)

Expert RA Rating Agency offers unique market research to foreign companies exploring the possibility of entering the Russian market or searching for Russian partners. The market research provided by Expert RA has several distinct advantages:

- Expert RA has been surveying companies in the Russian chemical, petrochemical, metal, and energy industries since 1997. This has allowed our agency to amass a large amount of exclusive, first-hand information.
- Expert RA's many years of surveys include the leading companies in the metal, chemical, petrochemical, and energy industries and give our clients a comprehensive overview of the industry in question.

Sample List of Research Topics on the Current Status and Market Changes in the Russian Chemical and Petrochemical Industries:

I. Status and future of the Russian chemical and petrochemical industries

1.1 Main characteristics

- Basic information
- Geographical location
- Russia's place in world chemical manufacturing

1.2 Production trends for main products

1.3 Raw inputs and main technical cycles

- Basic heavy-chemical products
- Petrochemical products

1.4 Industry organizational structure

- Major petrochemical groups
- Industrial groups with chemical companies
- Associations and foundations
- State regulation of chemical and petrochemical manufacturers

1.5 Foreign trade

- Export
- Import

1.6 Price levels

- Changes in prices

1.7 Companies' financial status

- Financial indicators
- Accounting procedures

1.8 Purchasing and sales at chemical and petrochemical manufacturers

The wholesale sector of the chemicals market

1.9 The status of technology in the industry and investment

The physical and technological status of production

Russian and foreign investment

1.10 Chemical and petrochemical companies' stock on the stock market

1.11 Future development of the industry

Expert offers the following types of analysis for the chemicals and petrochemicals market:

information about total production and production by manufacturer, the amount and geographical distribution of exports and imports, and the size and types of product purchasers.

Specialists at Expert RA can also conduct detailed analysis of the markets for the following chemicals:

- **Inorganic chemical products** (apatite concentrate, calcium carbide, synthetic ammonium, sulfuric acid, calcium carbonate, caustic ash, chlorine, chemical herbicides)
- **Mineral fertilizers** (nitrogen, potassium, phosphorous fertilizers)
- **Synthetic rubber and monomers to produce synthetic rubber** (butadiene, isoprene)
- **Industrial carbon**
- **Synthetic resins and plastics** (polyethylene, polypropylene, polystyrene, polyvinylchloride, polymethyl metacrylate, caprolactam, fluorine plastics, epoxy resins)
- **Synthetic yarns and fibers**
- **Tires**
- **Industrial rubber products** (rubber textile conveyor belts, rubber cable conveyor belts, V belts, molded and unmolded rubber tubing)
- **Plastic products** (flexible PVC, polymer films, thermoplastic sheets, thermoplastic pipes and plumbing parts)
- **Synthetic dyes**
- **Paints and enamels**
- **Synthetic detergents**
- **Organic chemical products** (methanol, acetic acid, butyl acetate, ethylene, propylene, benzole, ortho-xylene and paraxylene, monoethanolamine, styrene, vinyl chloride, phenol, acetone, butyl alcohols, monoethylene glycol, phthalic anhydride, aniline, plasticizers, pentaerythritol, formalin).

Expert RA's specialists have extensive experience preparing business reports on chemical and petrochemical companies that include the following information:

information about production (capacity, volumes, and production structure, the main suppliers and purchasers of products), foreign trade (volume, geographical distribution, and product type for exports and imports), prices for the industry's main products, fixed assets and shareholder capital, financial indicators, and a company's main debtors and creditors.

Expert RA can provide business reports on the following chemical and petrochemical companies:

Sample Company Report:

AO Khimprom, Novocheboksarsk

General Information

Company Information

Full company name: OAO Khimprom

Type of legal entity: Public stock company (OAO)

Address: 429952 Republic of Chuvashia, Novocheboksarsk, ul. Promyshlennaya 101

Telephone: (8352) 74-06-70

Fax: (8352) 74-02-73, 73-87-23

E-mail: himprom@chts.ru

Company Directors

Position	Name
General Director	Viktor Stepanovich Starodubtsev

Company Board of Directors

Name	Representing
Valeri Vladimirovich Bashkirtsev	ZAO TCL International
Vitali Borisovich Vyazovoi	OAO Khimprom
Mikhail Tromimovich Dedyukhin	OOO Group Khimprominvest
Alexander Viktorovich Domanin	Government of the Republic of Chuvashia
Sergei Viktorovich Ivanov	ZAO Corporatsia Sintez
Alexei Viktorovich Kontsedailo	OAO Khimprom
Leonid Petrovich Tantsorov	ChOP Leyb-Gvardiya
Gennadi Semenovich Fedorov	Government of the Republic of Chuvashia
Sergei Grigovyevich Shestakov	OOO NPPT

Main Chemical and Petrochemical Products

- caustic soda;
- plasticizers;
- synthetic dyes;
- synthetic resins and plastics;
- chemical additives for rubber;
- complexons;
- herbicides;

- aniline;
- hydrogen dioxide;
- liquid bleach.

Number of Employees

	2001	2002
Employees	7989	7761

Production

Production Volume

Product	Unit	Total Production, 1999	Total Production, 2000	Total Production, 2001	Total Production, 2002	Total Production, I qtr 2003
Caustic soda	tons	68422	67100	68300	69200	18000
Aniline	tons	12574	6100	3800	4600	1900
Platicizers	tons	6332	10240	10500	8000	n/a
Chlorine	tons	57400	55000	55700	62500	n/a
Synthetic dyes	tons	249	88	—	-	-

Main Input Suppliers

Type of Input	Supplier
Propylene oxide	OA0 Nizhnekamskneftkhim, Nizhnekamsk, Tatarstan
Propylene oxide	ZAO Exim-Service, Novocheboksarsk, Chuvashia
Isopropyl alcohol	OA0 TFK Oksky Labaz, Dzerzhinsk, Nizhegorod Province
Isopropyl alcohol	OOO Sintez-Ortek Company, Moscow
Phosphorus	TOO Kazfosfat, Almaty, Kazakhstan
Nitrobenzene	GUP Ya. M. Sverdlov Factory, Dzerzhinsk, Nizhegorod Province
Nitrobenzene	ZAO Middle Volga, Novocheboksarsk, Chuvashia

Crystal silicon	OOO Sibtrade, Elista, Kalmykia
Crystal silicon	ZAO Exim-Service, Novocheboksarsk, Chuvashia
Ethyl oxide	OAo Nizhnekamskneftkhim, Nizhnekamsk, Tatarstan
Ethyl oxide	ZAO Exim-Service, Novocheboksarsk, Chuvashia
Ethylene glycol	OAo Nizhnekamskneftkhim, Nizhnekamsk, Tatarstan
Ethylene glycol	OAo Sibur-Neftekhim, Dzerzhinsk, Nizhegorod Province
Industrial salt	OOO Region-Balsnab, Cheboksary
High-pressure polyethylene	OAo Kazanorgsintez, Kazan, Tatarstan
High-pressure polyethylene	OOO Volgokhim, Novocheboksarsk, Chuvashia
High-pressure polyethylene	OOO Klemma, Novocheboksarsk, Chuvashia
Low-pressure polyethylene	OAo Kazanorgsintez, Kazan, Tatarstan
Benzene Chloride	OAo Ufakhimprom, Ufa, Bashkortostan
Denatured ethanol	OAo Samara Ethanol Factory, Novokuibyshevsk, Samara Province
Soda ash	OAo Soda, Sterlitamak, Bashkortostan
Soda ash	OAo Permenergосnabkomplekt, Perm
Soda ash	ZAO Middle Volga, Novocheboksarsk, Chuvashia
Ethyl cellusolve	OAo Nizhnekamskneftkhim, Nizhnekamsk, Tatarstan
Toluene	OOO Kirishinefteorgsintez, Kirishi, Leningrad Province
Toluene	OAo Business-Fond, Dzerzhinsk, Nizhegorod Province
Toluene	OOO Remos-S, Cheboksary
2-4-dinitroaniline	OAo Pigment, Tambov
Liquid paraffin	OOO Kirishinefteorgsintez, Kirishi, Leningrad Province
Liquid paraffin	OAo Business-Fond, Dzerzhinsk, Nizhegorod Province
Acetic acid	OAo Nevinnomysk Nitrogen, Nevinnomysk, Stavropol Territory
Methanol	OAo Metafrax, Gubakha, Perm Province

Methanol	OA0 Schekinoazot, Pervomaysky, Tula Province
Formalin	OA0 Metafrax, Gubakha, Perm Province

Main Purchasers of Company Products

Product	Purchaser
Trichloropropyl phosphate	Expanko, Luxemburg
Hydrogen dioxide 30%	AO Syktyvkar LPK, Syktyvkar, Komi Republic
Hydrogen dioxide 30%	GP Sverdlov Factory, Dzerzhinsk, Nizhegorod Province
Hydrogen dioxide 30%	Kotlassky TsBK, Koryazhma, Arkhangelsk Province
Hydrogen dioxide 30%	OA0 TFK Oksky Labaz, Dzerzhinsk, Nizhegorod Province
Acetonanil	ZAO Middle Volga, Novocheboksarsk, Chuvashia
Acetonanil	OOO Volga Trading House, Nizhny Novogorod
Acetonanil	AO Omskshina, Omsk
Acetonanil	OOO New Textile Company, Moscow
Aniline	ZAO Middle Volga, Novocheboksarsk, Chuvashia
Aniline	SP ZAO Pronova, Novocheboksarsk, Chuvashia
Caustic ash	ZAO Energokhim, Novocheboksarsk, Chuvashia
Caustic ash	Bravo-Link, Cheboksary
Caustic ash	ZAO Resource Plus, Moscow
Caustic ash	OA0 OA0 Metafrax, Gubakha, Perm Province
Ethyl silicate-40	OOO Sonata, Gorno-Altai
Ethyl silicate-40	OA0 Kamsk Foundary, Naberezhnye Chelny, Tatarstan
Ethyl silicate-40	OA0 Avtodizel, Yaroslavl
Methylene chloride	Road Town Brintor Holding, Ltd. Tortola, Virgin Islands
Methylene chloride	AO Shymkentnefteorgsintez, Shymkent, Kazakhstan
Methylene chloride	OOO Ventanda, Moscow

Methylene chloride	TOO Kazfosfat, Almaty, Kazakhstan
Chloroform	ZAO Goods and Medicines, Perm
Chloroform	OOO Promkhimprodukt, Moscow
Chloroform	ZAO Energokhim, Novocheboksarsk, Chuvashia

Foreign Trade

Export of Main Products

Product	Units	Total Export, 2001	Total Export, 2002
Methylene chloride	tons	2061.2	8619.0
Hydrogen chloride	tons	518.8	1091.4
Dyes	tons	373.7	148.5
Phosphate plasticizers	tons	9041.1	6146.0
Acetonanil (antioxidant)	tons	840.1	528.0

Export by Country

Product	Purchaser Country, 2002	Export, 2002 (tons)	Total Value, 2002 (thousands of dollars)
Hydrogen chloride	Kazakhstan	1091.4	67.8
Methylene chloride	Total	8619.0	2255.2
Methylene chloride	Includes:		
Methylene chloride	Israel	294.3	54.7
Methylene chloride	China	5022.6	1646.1
Methylene chloride	Turkey	488.1	141.1
Methylene chloride	Ukraine	160.6	45.5
Methylene chloride	Finland	2340.4	291.2
Methylene chloride	France	210.4	45.9

Methylene chloride	Japan	102.6	30.7
Dyes	Total	148.5	913.7
Dyes	Includes:		
Dyes	Latvia	104.1	645.1
Dyes	Uzbekistan	44.4	268.6
Phosphate platicizers	Total	6146.0	6091.6
Phosphate platicizers	Includes		
Phosphate platicizers	Germany	22.5	21.4
Phosphate platicizers	Luxemburg	5988.7	5911.6
Phosphate platicizers	Netherlands	22.1	23.7
Phosphate platicizers	Ukraine	22.1	39.2
Phosphate platicizers	Estonia	90.6	95.7
Acetonanil (antioxidant)	Total	528.0	655.5
Acetonanil (antioxidant)	Includes		
Acetonanil (antioxidant)	Kazakhstan	3.0	6.6
Acetonanil (antioxidant)	Ukraine	525.0	648.9

Import of Main Inputs

Product	Total Import, 2002	Supplying Country, 2002	Units
Tetrachloride silicate	121.1	Ukraine	tons

Product Prices

Average Export Price

Product	Average Export Prices, 2001 (dollars/ton)	Average Export Prices, 2002 (dollars/ton)
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Methylene chloride	245.17	261.65
Hydrogen dioxide	79.19	62.15
Dyes	6279.30	6149.69
Phosphate platicizers	1068.14	991.17
Acetonanil	1181.67	1242.08

Company's Fixed Assets

Equipment Age, %

Equipment Category	Years in Operation, Total %	Less than 5 Years in Operation	5 to 15 Years in Operation	15 to 25 Years in Operation	More than 25 Years in Operation
Chemical equipment	100.0	3.0	50.0	24.0	23.0
Pumps	100.0	16.0	42.0	20.0	22.0
Compression equipment	100.0	0.0	22.0	36.0	42.0
Metalworking equipment	100.0	2.0	20.0	14.0	64.0
Transportation equipment	100.0	3.0	46.0	16.0	15.0
Other equipment	100.0	15.0	44.0	18.0	23.0

Changes in Fixed Assets

	As of 01.01.2002	Gained	Lost	As of 01.01.2003
Land and natural resources	-	-	-	-
Buildings	1808772	36676	5192	1840256
Other structures	880495	6843	5370	881968
Machinery and equipment	2279596	64406	32781	2311221

Transportation devices	264426	1398	1981	263843
Inventory	5473	2030	831	6672
Other assets	18490	-	17	18473
Total	5257252	111353	46172	5322433

Fixed Asset Depreciation

	As 01.01.2002	As 01.01.2003
	(thousands of rubles)	(thousands of rubles)
Total assets	3268031	3351964
Including:		
Buildings and other structures	1038840	1179201
Machinery, equipment, and transportation devices	2015611	2162343
Other	213580	10420

Company's Capital Stock

Amount of Capital Stock

As of 01.04.2003: 918526 thousand rubles

Capital stock is divided into 688,894,206 common shares with a face value of 1 ruble and 229,631,402 preferential shares with a face value of 1 ruble.

Capital Stock Profile as of 01.04.2003

Shareholder, shareholder location	Stake in CS, %
Ministry of Property Relations, Republic of Chuvashia	25.50
ZAO Depository Clearing Company, Moscow (nominee shareholder)	50.36
Other shareholders	24.14
Total	100.0

Stake in Capital Stock of Other Companies

Company	Location	Share, %	Type of Business Activity
OOO Khimpromservis	Novocheboksarsk, Chuvashia	100.0	Chain of consumer product dealerships
OOO PROFI	Novocheboksarsk, Chuvashia	100.0	Produces sewn and knit products
OOO Khimprom Trade	Novocheboksarsk, Chuvashia	100.0	Commercial trade
ZAO Ekoperkhim	Yekaterinburg	65.0	Produces and applies ГЖФК
ZAO SP Pronova	Novocheboksarsk, Chuvashia	50.0	Produces ДФГ
ZAO SP Kation	Novocheboksarsk, Chuvashia	49.0	Produces cationic dyes
OOO Prisma	Novocheboksarsk, Chuvashia	49.0	Produces lubricants and additives
ZAO Proton	Novocheboksarsk, Chuvashia	45.9	Provides long distance and international telephone services
ZAO SP Dyupon-Khimprom	Novocheboksarsk, Chuvashia	40.0	Produces chemical herbicides
OAO Perkarbonat	Novocheboksarsk, Chuvashia	29.0	Constructs ПКН factories
OOO Salambi	Novoe Atlashevo, Cherboksarsk Region, Chuvashia	83.6	Agriculture

Financial Indicators

Balance Sheet, 2001-2002 (thousands of rubles)

	01.01.2002	01.01.2003
ASSETS		
I. CAPITAL ASSETS		
Non-material assets	1446	844

Main capital	1989221	1970469
Uncompleted construction	137269	103931
Long-term financial investments	53986	53497
Other capital assets	—	—
Total for Section I	2181922	2128741
II. CURRENT ASSETS		
Current inventory	274410	280144
VAT on purchase of valuables	20329	9336
Accounts receivable (payments for which are anticipated more than 12 months after reporting date)	—	—
Accounts receivable (payments for which are anticipated within 12 months of reporting date)	153005	188640
Short-term financial investments	—	—
Monetary funds	15801	27038
Other current assets	—	—
Total for Section II	463545	505158
TOTAL ASSETS	2645467	2633899
LIABILITIES		
III. CAPITAL AND RESERVES		
Capital stock	918526	918526
Capital surplus	1357314	1355036
Reserve capital	6262	9250
Social insurance fund	59466	59466
Targeted investments and revenue	94340	30676
Undistributed profits from previous years	50345	47921
Uncovered losses from previous years	169933	144608
Undistributed profits from reporting year	59749	20054

Uncovered losses from reporting year	—	—
Total for Section III	2376069	2296321
IV. LONG-TERM LIABILITIES		
Total for Section IV	—	36864
V. LONG-TERM LIABILITIES		
Loans	26858	74870
Accounts payable	230834	146804
Accounts payable to participants (founders) from earnings	5825	9816
Earnings for future periods	5881	69224
Reserves for costs to be incurred	—	—
Other short-term obligations	—	—
Total for Section V	269398	300714
TOTAL LIABILITIES	2645467	2633899

Profits and Losses, 2001-2002 (thousands of rubles)

	2001	2002
I. Revenues and expenses incurred in the regular line of business		
Income (net) from sales of goods, products, or services	1923406	1631533
Cost of selling goods or services	1455891	1308821
Commercial expenses	66417	22 291
Administrative expenses	274627	296 913
Profit (loss) from sales	126471	3 508
II. Operational income and expenses		
Interest receivable	135	7 924
Interest payable	23	12 754
Income from participation in other organizations	4977	5 217
Other operational income	327706	389 985

Other operational expenses	358690	408 522
III. Extra-sales income and expenses		
Extra-sales income	14766	59 547
Extra-sales expenses	15477	29 242
Profit (loss) before taxes	99865	15 663
Profit tax	40093	-4 399
Profit (loss) from main business activity	59772	20 062
IV. Extraordinary income and expenses		
Extraordinary income	—	2
Extraordinary expenses	—	10
Net profit (undistributed profit (loss) for the reporting period)	59772	20 054

Company's Main Accounts Receivable

Customer	Total Account Due (millions of rubles)	Overdue (millions of rubles)
Total	188.6	44.8
Includes:		
Transargiko Ltd., USA	16.3	16.3
ZAO RR firma, Moscow	6.6	6.6
OAO Adygeyaagrokhmservis, Maikop	3.2	3.2
OAO Sverdlovskagropromkhim, Yekaterinburg	2.9	2.9
OOO Kemion, Moscow	2.5	2.5
OOO Khimprom Trading, Novocheboksarsk	2.4	2.3
OOO Agrokhimia, Kurgan	1.9	1.9
OOO Agrokhimservis, Ishim	1.8	-

RGUP Chuvashselkhozkhimia, Cheboksary	1.7	1.7
ZAO Agro-MDT, Moscow	1.3	-
Others	148.0	7.4

Cost Profile

	Percentage of Total Costs, 2001	Percentage of Total Costs, 2002
Material expenditures	61.9	57.1
Salaries and wages	15.3	18.5
Social insurance fund	5.6	7.1
Capital depreciation	6.9	7.1
Other expenditures	10.2	10.1
Total	100.0	100.0

For additional information about services offered by Expert RA Rating Agency, please contact us at tromlakova@raexpert.ru