

MIRA INFORM REPORT

Report No. :	524752
Report Date :	16.08.2018

IDENTIFICATION DETAILS

Name :	NANO INTERNATIONAL CO. LTD
Formerly Known As :	MONOS HOUSEHOLD CO LTD
Registered Office :	WW Center, 10th Floor, Teeverchidiin 3/1 Street, Bayangol District, 3rd Khoroo, Ulaanbaatar
Country :	Mongolia
Financials (as on) :	31.12.2017
Date of Incorporation :	01.08.2007
Com. Reg. No.:	9011048134
Legal Form :	Limited Liability Company
Line of Business :	<ul style="list-style-type: none"> Trading as importers, wholesalers and distributors of FMCG products. Agents involved in the sale of a variety of goods Agents specialised in the sale of other particular products
No. of Employees :	250 (Subject) 1,300 Plus (Group)

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

Maximum Credit Limits :	640,000,000
Status :	Satisfactory

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Payment Behaviour :	No Complaints
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 (31.12.2017)	Current Rating (01.04.2018)
Mongolia	B2	B2

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

MONGOLIA - ECONOMIC OVERVIEW

Foreign direct investment in Mongolia's extractive industries – which are based on extensive deposits of copper, gold, coal, molybdenum, fluorspar, uranium, tin, and tungsten - has transformed Mongolia's landlocked economy from its traditional dependence on herding and agriculture. Exports now account for more than 40% of GDP. Mongolia depends on China for more than 60% of its external trade - China receives some 90% of Mongolia's exports and supplies Mongolia with more than one-third of its imports. Mongolia also relies on Russia for 90% of its energy supplies, leaving it vulnerable to price increases. Remittances from Mongolians working abroad, particularly in South Korea, are significant.

Soviet assistance, at its height one-third of GDP, disappeared almost overnight in 1990 and 1991 at the time of the dismantlement of the USSR. The following decade saw Mongolia endure both deep recession, because of political inaction, and natural disasters, as well as strong economic growth, because of market reforms and extensive privatization of the formerly state-run economy. The country opened a fledgling stock exchange in 1991. Mongolia joined the WTO in 1997 and seeks to expand its participation in regional economic and trade regimes.

Growth averaged nearly 9% per year in 2004-08 largely because of high copper prices globally and new gold production. By late 2008, Mongolia was hit by the global financial crisis and Mongolia's real economy contracted 1.3% in 2009. In early 2009, the IMF reached a \$236 million Stand-by Arrangement with Mongolia and it emerged from the crisis with a stronger banking sector and better fiscal management. In October 2009, Mongolia passed long-awaited legislation on an investment agreement to develop the Oyu Tolgoi (OT) mine, among the world's largest untapped copper-gold deposits. However, a dispute with foreign investors developing OT called into question the attractiveness of Mongolia as a destination for foreign investment. This caused a severe drop in FDI, and a slowing economy, leading to the dismissal of Prime Minister Norovyn ALTANKHUYAG in November 2014. The economy had grown more than 10% per year between 2011 and 2013 - largely on the strength of commodity exports and high government spending - before slowing to 7.8% in 2014, and falling to the 2% level in 2015. Growth rebounded from a brief 1.6% contraction in the third quarter of 2016 to 5.8% during the first three quarters of 2017, largely due to rising commodity prices.

The May 2015 agreement with Rio Tinto to restart the OT mine and the subsequent \$4.4 billion finance package signing in December 2015 stemmed the loss of investor confidence. The current government has made restoring investor trust and reviving the economy its top priority, but has failed to invigorate the economy in the face of the large drop-off in foreign direct investment, mounting external debt, and a sizeable budget deficit. Mongolia secured a \$5.5 billion financial assistance package from the IMF and a host of international creditors in May 2017, which is expected to improve Mongolia's long-term fiscal and economic stability as long as Ulaanbaatar can advance the agreement's difficult contingent reforms, such as consolidating the government's off-balance sheet liabilities and rehabilitating the Mongolian banking sector.

Source : CIA

COMPANY NAME

NANO INTERNATIONAL CO. LTD

ADDRESS

Building : WW Center, 10th Floor
Street : Teeverchidiin 3/1 Street
Area : Bayangol District, 3rd Khoroo
Town : Ulaanbaatar
Country : Mongolia
Telephone : (976 77) 115 852 / 005 852 / Mobiles (976 99) 110 956 (N. Batbaatar) / (976 99) 086 063 /
(976 99) 055 852 / (976 99) 080 588 (D. Nyamsuren)
Fax : (976 77) 106 060
E-Mail : household@monos.mn / batbaatar@monos.mn / bujinskham@monos.mn
Website : www.nanointernational.mn

Also Known As : Nano International LLC / Nano International XXK

Formerly Known As : Monos Household Co Ltd

SENIOR COMPANY PERSONNEL

Name	Position
1. Khurelbaatar Lupsan	Chairman
2. Anand Khurelbaatar	Group Chief Executive Officer
3. N. Batbaatar	Managing Director
4. Uyanga Bandii	Group Administrative Manager
5. Tulga Enkhbayar	Head of Sales Department
6. Bujinskham Bold (Mrs)	Chief Operation Officer
7. D. Nyamsuren (Mrs)	Head of Procurement

Total Employees : 250 (subject)
1,300 plus (group)

PAYMENTS

No complaints have been heard regarding payments from local suppliers or banks.

Subject is a subsidiary of the Monos Group of companies was established in 1990. Monos Group has 16 years history and 10 affiliated companies, cooperates with 50 companies from 30 countries in the worldwide. Monos Group has more than 1,300 workers.

Association inspires confidence and we consider it is acceptable to deal with subject for MEDIUM amounts, although it is normal accepted practice for international suppliers to deal on secured terms with Mongolian importers.

Opinion on maximum credit : TUGRIK 640,000,000

Trade risk assessment : Normal

PRINCIPAL BANKERS

NAME : TRADE AND DEVELOPMENT BANK OF MONGOLIA

Branch : Juulnchny Gudamj 7
Town : Ulaanbaatar 210646

Telephone: (976 11) 312 362 / 331 133
Fax : (976 11) 325 449

Subject also has an account with the following banks :

1. Golomt Bank of Mongolia
Sukhbaatar Square 3
PO Box 22
Ulaanbaatar 210620A
Telephone: (976 11) 311 530
Fax : (976 11) 326 535
2. Khan Bank
Seoul Street 25
Sukhbaatar District
Ulaanbaatar
Telephone: (976 11) 332 333
Fax : (976 70) 117 023

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3. Khas Bank
Sukhbaatar district
Ulaanbaatar 14200
Telephone: (976 11) 318 185
Fax : (976 11) 328 701

FINANCIAL INFORMATION

Private companies in Mongolia are not required to publish or disclose balance sheets. However, the subject interviewed offered the following information :

Sales Turnover : US DLRS 8,500,000 - 2015 – approx
: US DLRS 10,000,000 – 2016 – exact
: TUGRIK 32,000,000,000 – 2017 – exact
: TUGRIK 55,000,000,000 – 2018 – projected *

Net Profit : not given but stated to be 8-10% of the sales turnover

* Projected increase in sales turnover in 2018 is due to favorable market conditions and expansion of the business.

Financial year ends 31 December.

The following financial information applies to Nano Fashion LLC, subject's affiliated company (latest available):

Sales Turnover : EURO 1,000,000 - 2014 – approx

Net Profit : not given

Financial year ends 31 December.

The following financial information applies to Monos Pharma Trade LLC, subject's affiliated company (latest available) :

Sales Turnover : US DLRS 16,835,025 - 2009 - exact
: US DLRS 16,431,383 - 2010 - exact
: US DLRS 19,430,000 - 2011 - exact
: US DLRS 35,000,000 - 2012 – exact *
: US DLRS 40,000,000 - 2013 – exact *
: US DLRS 45,000,000 - 2014 – approx
: not given 2015
: US DLRS 30,000,000 – 2016 – approx **

Net Profit : US DLRS 3,125,960 - 2009 - exact
: US DLRS 2,387,019 - 2010 - exact
: not given - 2011

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: US DLRS 3,500,000 - 2012 - exact
: US DLRS 2,000,000 - 2013 - exact **
: US DLRS 2,225,000 - 2014 - approx

* Sharp increase in sales turnover in 2012 & 2013 was attributed to favorable market conditions.

** Decrease in net profit in 2013 & 2016 was due to unfavorable market conditions.

Financial year ends 31 December.

Balance Sheets as at 31 December 2009 applies to parent company (latest available) :

	31/12/2007	31/12/2008	31/12/2009
	(in thousands of TUGRIK)		
ASSETS			
NON CURRENT ASSETS			
Property.plant and equipment	2,864,079.0	4,830,912.1	4,939,073.3
Intangible assets	19,675.0	12,812.7	600.0
Investment in subsidiary	-	-	
Subtotal non-current assets	2,883,754.0	4,843,724.8	4,939,673.3
CURRENT ASSETS			
Inventories	4,272,326.0	6,398,286.1	6,335,707.8
Trade receivables	1,955,447.0	3,125,960.9	2,211,005.6
Other receivables, prepayments	1,928,742.0	1,423,009.4	1,158,985.6
Amounts due from related companies	1,556,927.0	814,082.5	1,540,253.8
Cash and bank balances	995,687.0	229,963.4	245,757.6
Subtotal current assets	10,709,129.0	11,991,302.3	11,491,710.5
TOTAL ASSETS	13,592,883.0	16,835,027.1	16,431,383.8
LIABILITIES & EQUITY			
EQUITY			
Share capital	587,930.0	587,930.4	587,930.4
Revaluation reserve	-	1,938,216.6	1,967,450.4
Retained earnings	5,312,479.0	5,407,985.5	5,769,287.0
Subtotal equity	5,900,409.0	7,934,132.5	8,324,667.8
CURRENT LIABILITIES			
Interest bearing loans and borrowings	3,164,892.0	6,147,679.1	5,212,500.0
Trade payables	1,441,077.0	1,692,263.2	2,387,019.7
Other payables	2,438,821.0	240,398.4	471,651.8
Amounts due to related companies	647,418.0	754,453.2	23,642.5
Tax payable	266.0	66,100.7	11,902.0
Subtotal current liabilities	7,692,474.0	8,900,894.6	8,106,716.0
TOTAL LIABILITIES & EQUITY	13,592,883.0	16,835,027.1	16,431,383.8

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INCOME STATEMENT (as at 31 December 2008) :

	2008	2007
	(in thousands of TUGRIK)	
Revenue	24,097,459	18,887,148
Cost of sales	18,394,291	14,176,981
Gross profit	5,703,168	4,710,167
Administrative expenses	3,456,511	2,001,031
Other expenses	854,252	480,837
Other income	1,288,860	142,842
Finance cost	699,658	314,271
Profit before taxation	1,981,608	2,056,870
Taxation	290,459	235,114
Net profit for the year	1,691,608	1,821,756

Financial year ends 31 December.

LEGAL STATUS AND HISTORY

Date Started : 1 August 2007

History : Subject was established in Ulaanbaatar on 1 August 2007 as a Limited Liability Company under the name "Monos Household Co Ltd".

In the beginning of 2015, subject changed its name to the present style.

C.R. No. : 9011048134

Tax No. : 5108233 (issue date : 1 August 2007)

Paid-Up Capital : TUGRIK 1,000,000

Limited Liability Company with the following directors and shareholders :

Directors

1. Khurelbaatar Lupsan
(Mongolian national)
2. Anand Khurelbaatar
(Mongolian national)
3. N. Batbaatar
(Mongolian national)

Shareholders

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Percentage

1. Monos Group LLC 80%
Monos Group LLC Building
Choimbol Street
Chingeltei District
Telephone: (976 11) 315 908
Fax : (976 11) 320 967
E-Mail : info@monos.mn
Website : www.monos.mn
Tax No. : 2811243
Shareholders :
- Khurelbaatar Lupsan
- Erdenechimeg Lupsan (Ms)
- Solongo Khurelbaatar

2. N. Batbaatar 20%
(Mongolian national)

Affiliated companies of the Nano International Co. Ltd :

Subject is a subsidiary of Monos Group LLC, which also includes the following companies :

1. Nano Fashion LLC
Net Capital Building
Bayangol District, 2nd Khoroo
Ulaanbaatar
Telephone: (976 77) 115 852 / Mobile (967 94) 085 3223
E-Mail : hh_hrmanager@monos.mn / khambaa@monos.mn
Tax No. : 5690056
2. Monos Cosmetics Co., Ltd
Songolon Toiruu 5
Songinokhairkhan District 20
Ulaanbaatar 211137
Telephone: (976 11) 633 257
Fax : (976 11) 633 257
E-Mail : info@monosc cosmetics.mn / cosmetics@monos.mn
Website : www.monosc cosmetics.mn
3. Monos-ABC Co., Ltd
Kharaa Hotel
Chingeltei District 2
Ulaanbaatar
Telephone: (976 11) 311 336
Fax : (976 11) 311 336
E-Mail : Monosabc@mongol.net
4. Monos Research Center

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Songolon Toiruu 5
Songinokhairkhan District 20
Telephone: (976 11) 633 107
Fax : (976 11) 633 117
E-Mail : monospharma@mongol.net

5. Computer Tomography
Bayangol District
PO Box 26
Ulaanbaatar
Telephone: (976 99) 798 990
E-Mail : monospharma@mongol.net

6. Monos pharma Co., Ltd
Songolon Toiruu 5
Songinokhairkhan District 20
Telephone: (976 11) 633 107
Fax : (976 11) 633 117
E-Mail : monospharma@mongol.net / pharma@monos.mn
Tax No. : 99771185

7. Monos Ulaanbaatar Co., Ltd
Chingeltei District 2
Ulaanbaatar 210526
Telephone: (976 11) 315 908
Fax : (976 11) 315 908
E-Mail : monostrade@mongol.net

8. Monos San Co., Ltd
Chingunjav Street 9
2th Khoroo
Bayangol District
Ulaanbaatar 210526
Telephone: (976 11) 361 419 / 305 390
Fax : (976 11) 361 419
E-Mail : monostrade@mongol.net

9. Monos University
Songolon Toiruu 5
Songinokhairkhan District 20
Ulaanbaatar 211137
Telephone: (976 11) 633 235
Fax : (976 11) 633 235

10. Magic of Health Magazine
Chingeltei District 2
Ulaanbaatar 210526
Telephone: (976 11) 322 996
Fax : (976 11) 325 639

E-Mail : monostrade@mongol.net / uvdis@yahoo.com

11. Monos Pharma Trade LLC

Monos Pharma Building

Namyanju Street

18th Khoroo, Bayanzurkh District

Ulaanbaatar 210348

Telephone: (976 11) 450 054 ext. 111 (Legal Advisor) / 450 127 /

453 954 / Mobiles (976 99) 090 832 (Ariunzaya Chojj) /

(976 88) 106 431 (Tamir Bayasgalan) / (976 96) 657 181

/ (976 99) 116 431 / (976 88) 090 088 / (976 99) 175

223

Fax : (976 11) 463 158

E-Mail : monostrade@mongol.net / ariunzaya.chojj@monos.mn /

monostrade@monos.mn / tamir@monos.mn

Website : www.monos.mn

Registration No. : 9011022059

Tax No. : 2670712

Capital : TUGRIK 587,930,000

ACTIVITIES

The Company is involved in the following activities :

Trading as importers, wholesalers and distributors of FMCG products.

Subject's main suppliers include:

- GlaxoSmithKline;
- Reckitt Benkiser;
- Beiersdorf;
- Danone group;
- Loacker;
- KAO Corporation;
- Borjomi.

NACE Codes : 4619 - Agents involved in the sale of a variety of goods

4618 - Agents specialised in the sale of other particular products

Imports worldwide mainly from USA, UK, Poland, Russia, Singapore, Vietnam, Kazakhstan and Japan.

Subject does not export, all sales are domestic.

FACILITIES

The Company has the following facilities:

Rented premises comprising administrative offices located at the heading address as well as storage facilities located in Ulaanbaatar and 2 branch offices located in Darkhan and Erdenet.

Until 2014, subject was located at :

Namyanju Street
Bayanzurkh District, 18th Khoroo, 13th Khoroolol

Subject previously used the following telephone number :

Telephone: (976 11) 455 852

Until 2014, subject used the following postal code number :

Ulaanbaatar 210348

SPECIAL NOTES

The address given by you: "10TH FL." is misspelt. Please note that the correct spelling is as per heading.

The telephone number which you provided: 97611455852 is no longer in use. Please note that subject's current administrative office telephone number is as per heading.

Interviewed : D. Nyamsuren (Head of Procurement).

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.47
UK Pound	1	INR 88.63
Euro	1	INR 79.19
MNT	1	INR 0.028

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)