

MIRA INFORM REPORT

Report No. :	518204
Report Date :	09.07.2018

IDENTIFICATION DETAILS

Name :	KHANBOGD CASHMERE LLC
Registered Office :	Royal Castle Seoul Business Building, 4th Floor, Office No. 406 Zaluuchuud Avenue – 26 Bayanzurkh District Ulaanbaatar
Country :	Mongolia
Financials (as on) :	2017 (Summarized)
Date of Incorporation :	01.07.1998
Legal Form :	Limited Liability Company
Line of Business :	Producers and distributors of raw cashmere.
No. of Employees :	260

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 :	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

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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 AND ADDRESS

CO. NAME : Khanbogd Cashmere LLC

ADDRESS

Building : Royal Castle Seoul Business Building, 4th Floor, Office
No. 406
Street : Zaluuchuud Avenue - 26
Area : Bayanzurkh District
Town : Ulaanbaatar
Country : Mongolia
Telephone : (976 11) 459 632 / Mobiles (976 99) 110 755 / (976 99)
118 724
Fax : (976 11) 635 697
E-Mail : khanbogd@mobinet.mn / cashmere@khanbogd.mn
Website : www.khanbogd.mn

Also Known As : Khanbogd Cashmere Co Ltd / Khanbogd Cashmere XXK

SENIOR COMPANY PERSONNEL

Name	Position
1. Ch. Gantsetseg (Mrs)	General Director
2. Mrs. Egi	Executive Manager

Total Employees : 260

PAYMENTS

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

Subject is a well-established company operating since 1990s.

We consider it is acceptable to deal with subject for LARGE amounts, although it is normal accepted practice for international suppliers to deal on secured terms with Mongolian importers.

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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
Main Branch
Bodi Tower, Sukhbaatar Square
Ulaanbaatar
Telephone: (976 11) 311 530
Fax : (976 11) 312 307
2. Khan Bank of Mongolia
Peace Avenue
P.O Box-185
Ulaanbaatar
Telephone: (976 11) 457 880
Fax : (976 11) 457 880

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	:	TUGRIK	33,091,507,843	-	2009	-	exact
	:	TUGRIK	46,299,191,793	-	2010	-	exact
	:	TUGRIK	74,936,870,612	-	2011	-	exact
	:	TUGRIK	48,639,073,921	-	2012	-	exact
	:	TUGRIK	91,665,235,689	-	2013	-	exact
	:	TUGRIK	103,069,181,162	-	2014	-	exact
	:	TUGRIK	100,000,000,000	-	2015	-	approx
	:	TUGRIK	100,000,000,000	-	2016	-	approx
	:	TUGRIK	105,000,000,000	-	2017	-	approx

Net Profit : not given but stated to be profitable

Financial year ends 31 December.

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LEGAL STATUS AND HISTORY

Date Started : 1 July 1998

History : Subject was established in Ulaanbaatar on 1 July 1998.

Tax No. : 2615916 (issue date : 1 March 2004)

Capital : not given

Limited Liability Company with the following director and sole shareholder :

Director

Erden Bat
(Mongolian national)

Shareholder

Ch. Gantsetseg (Mrs) 100%
(Mongolian national)

Affiliated companies of the Khanbogd Cashmere LLC :

Associates

1. Khanbogd Corporation LLC
Mongolia
2. Khanbogd Capital NBFO LLC
Mongolia

ACTIVITIES

The Company is involved in the following activities :

Producers and distributors of raw cashmere.

Subject's main products are as follows :

- Scoured cashmere;
- Dehaired cashmere;
- Washed wool.

Subject's main clients include :

- CILEK;
- Yelkenci Group.

NACE Code : 1399 - Manufacture of other textiles n.e.c.

Subject purchases all its requirements locally.

Exports to Italy, UK, Japan, South Korea, India, China and Hong Kong.

FACILITIES

The Company has the following facilities :

Owned premises comprising administrative offices located at the heading address as well as 18,800 sq. m. owned manufacturing unit with storage facilities located in Songinokhairkhan District in Ulaanbaatar.

Subject has 2 scouring lines of LB023 equipment to wash, to shake and to dry cashmere produced in China and which is modern and fully automatic equipment's and it has a capacity to wash 2400 tons of cashmere in per year.

SPECIAL NOTE

Interviewed : Mrs. Egi (Executive Manager).

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.87
UK Pound	1	INR 91.14
Euro	1	INR 80.63
MNT	1	INR 0.027

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	POJ

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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)