

MIRA INFORM REPORT

Report No. :	534023
Report Date :	12.10.2018

IDENTIFICATION DETAILS

Name :	AO MELON FASHION GROUP
Registered Office :	10-Ya Krasnogrmeyskaya Street 22, Liter A, Admiralteyskiy District, 190103 Saint Petersburg,
Country :	Russia
Financials (as on) :	31.12.2017 (Consolidated)
Date of Incorporation :	27.12.2005
Com. Reg. No.:	OGRN 1057813298553
Legal Form :	Joint Stock Company
Line of Business :	Manufacturers, importers, exporters and retailers of women's and men's clothing, shoes and accessories under the trademark "ZARINA", "befree" and "LOVE REPUBLIC".
No. of Employees :	600 (Head Office) (10.2018) 3,854 (total) (01.2018)

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
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 (30.06.2018)	Current Rating (30.09.2018)
Russia	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

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

RUSSIA - ECONOMIC OVERVIEW

Russia has undergone significant changes since the collapse of the Soviet Union, moving from a centrally planned economy towards a more market-based system. Both economic growth and reform have stalled in recent years, however, and Russia remains a predominantly statist economy with a high concentration of wealth in officials' hands. Economic reforms in the 1990s privatized most industry, with notable exceptions in the energy, transportation, banking, and defense-related sectors. The protection of property rights is still weak, and the state continues to interfere in the free operation of the private sector.

Russia is one of the world's leading producers of oil and natural gas, and is also a top exporter of metals such as steel and primary aluminum. Russia is heavily dependent on the movement of world commodity prices as reliance on commodity exports makes it vulnerable to boom and bust cycles that follow the volatile swings in global prices. The economy, which had averaged 7% growth during the 1998-2008 period as oil prices rose rapidly, has seen diminishing growth rates since then due to the exhaustion of Russia's commodity-based growth model.

A combination of falling oil prices, international sanctions, and structural limitations pushed Russia into a deep recession in 2015, with GDP falling by close to 2.8%. The downturn continued through 2016, with GDP contracting another 0.2%, but was reversed in 2017 as world demand picked up. Government support for import substitution has increased recently in an effort to diversify the economy away from extractive industries.

Source : CIA

BRIEF SUMMARY

COMPANY NAME	AO Melon Fashion Group			
ADDRESS	Building Kellermann Center, 6 th Floor, Room 1- H	Street 10-ya Krasnogrmeyskaya Street 22, Liter A	Area Admiralteyskiy District	PO Box 190103 Saint Petersburg
TEL/FAX	Verified Phones: (+7 812) 240 4620 / (+7 812) 240 4626 / Fax: (+7 812) 600 0354			
EMAIL/WEBSITE	Email: office@melonfashion.com / Website: www.melonfashion.ru			
ACTIVITY	NACE 4771 - Retail sale of clothing in specialised stores; NACE 4616 - Agents involved in the sale of textiles, clothing, fur, footwear and leather goods;			
PRINCIPAL	David Kellermann Chairman		Workforce 3,854	
LEGAL INFO	Date Of Est. 27/12/2005	Reg. No. OGRN 1057813298553	Legal Form Joint Stock Company	Status Active
CAPITAL	CURRENCY RUBLE (RUB)		AMOUNT 48,062,000	

IDENTIFICATION

CO. NAME	AO Melon Fashion Group		
ENQUIRED NAME	JSC MELON FASHION GROUP		
TRADEMARK	Zarina / befree / Love Republic		
ALSO KNOWN NAME (S)	MFG / AO Melon Feshn Grup / JSC Melon Fashion Group		
BUILDING	Kellermann Center, 6 th Floor, Room 1-H		
STREET	10-ya Krasnogrmeyskaya Street 22, Liter A		
AREA	Admiralteyskiy District		
POSTAL ADDRESS	190103 Saint Petersburg		
CITY	Saint Petersburg		
COUNTRY	Russia		
TELEPHONE	(+7 812) 240 4620 / (+7 812) 240 4626 / (+7 812) 318 0591		
FAX	(+7 812) 600 0354		
VERIFIED EMAIL	office@melonfashion.com / ssistant@melonfashion.com / strekalovaAE@melonfashion.com		
WEBSITE	www.melonfashion.ru		
BUSINESS HOURS	DAYS Mon-Fri	OFFICE HOURS 09:00-18:00	BREAK TIME 13:00-14:00
REGISTERED ADDRESS	10-ya Krasnogrmeyskaya Street 22, Liter A, Admiralteyskiy District, 190103 Saint Petersburg, Russia		

SENIOR PERSONNEL

MANAGEMENT

NAME

POSITION

David Kellermann
Board of Directors

Chairman

Kestutis Sasnauskas

Member of the Board

Mikhail Urzhumtsev

Member of the Board

Sanny Moskovits

Member of the Board

Jacob Grapengisser

Member of the Board

Management

Mikhail Urzhumtsev

Chief Executive Officer

Natalia Samuticheva

Chief Financial Officer

Igor Maltinsky

Business Development Manager

Polina Bakshaeva

HR Director

Tatiana Bredikhina

Brand Director / ZARINA

Natalia Nemchina

Brand Director / befree

Brand Director / LOVE REPUBLIC

Elena Kovalenko

Purchasing Manager

Lidia Golubchina

IT Director

Maksim Talanov

HR Executive

Aleksandra Evgenievna
Strekalova

WORKFORCE

NO. OF EMPLOYEES

PERIOD

600 (Head Office)

10.2018

3,854 (total)

01.2018

FINANCIAL SUMMARY

REVENUE	31/12/2017 RUBLE 13,870,200,000	31/12/2016 RUBLE 12,474,654,000
NET PROFIT / (LOSS)	31/12/2017 RUBLE 731,568,000	31/12/2016 RUBLE 131,242,000
NOTES	Consolidated Balance Sheets as at 31 December 2017 showed :	

31/12/2016 31/12/2017
(in thousands of RUBLE)

ASSETS

Non-current assets		
Property, plant and equipment	1,112,128	1,562,835
Investment property	56,427	57,350
Intangible assets	102,306	170,092
Deferred income tax asset	58,876	85,989
Trade and other receivables	107,108	103,441
Total non-current assets	1,436,845	1,979,707
Current assets		
Inventories	2,266,474	2,520,090
Trade and other receivables	541,598	627,692
Cash and cash equivalents	574,633	704,321
Total current assets	3,382,705	3,852,705
Total assets	4,819,550	5,831,810

EQUITY & LIABILITIES

Equity		
Share capital	48,094	48,062
Share premium	609,674	607,186
Revaluation reserve	8,513	8,513
Translation reserve	95,979	106,491
Retained earnings	1,140,169	1,471,721
Total equity	1,902,429	2,241,973
Liabilities		
Non-current liabilities		
Retirement benefit obligations	1,440	1,127
Deferred income tax liability	157,390	230,631

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

Total non-current liabilities	158,830	231,758
Current liabilities		
Trade and other payables	2,451,672	2,999,989
Borrowing	4,127	-
Retirement benefit obligations	281	281
Current income tax payables	33,858	92,833
Dividends payable	130	394
Derivative financial instruments	22,955	2,436
Other current liabilities	245,268	262,146
Total current liabilities	2,758,291	3,358,079
Total liabilities	2,917,121	3,589,837
Total liabilities and equity	4,819,550	5,831,810

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT

	31/12/2016	31/12/2017
	(in thousands of RUBLE)	
Revenue	12,474,654	13,870,200
Cost of sales	(6,542,419)	(6,574,549)
Gross profit	5,932,235	7,295,651
Distribution costs	(4,841,619)	(5,575,540)
General and administrative expenses	(550,483)	(591,852)
Net other operating (costs)/income	(296,431)	(152,485)
Operating profit	243,702	975,774
Finance income	6	29
Finance expense	(21,366)	(15,072)
Finance loss - net	(21,360)	(15,043)
Profit before income tax	222,342	960,731
Income tax expense	(91,100)	(229,163)
Profit for the year	131,242	731,568

FISCAL YEAR-END

31 December.

LEGAL STATUS

INCORPORATION

27/12/2005

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

AO MELON FASHION GROUP - 534023

PAGE NO. : 8

REGISTRATION NO.	C.R. NUMBER OGRN 1057813298553	ISSUED BY Federal Tax Service
OTHER REGISTRATION NO.	INN 7839326623 (Tax Code) / KPP 783901001 / OKPO 79723322 (Statistics Code) / OKTMO 40306000000	
AUTHORISED CAPITAL	AMOUNT 48,062,000	CURRENCY RUBLE
PAID-UP CAPITAL	AMOUNT 48,062,000	CURRENCY RUBLE
LEGAL FORM	Joint Stock Company	
BUSINESS HISTORY	The Company was incorporated in Russia on 27 December 2005 on the basis of Pervomayskaya Zarya, which was operating since 1964. Subject's shareholding structure was as follows: Humarito Ltd – 35.96% I.G.M. Manufactrust Limited – 35.53% MFG Intressenter AB – 11.23% Mikhail Urzhumtsev – 6.12% Management of JSC Melon Fashion – 3.23% Other physical persons – 7.18% Other legal entities – 0.75% Later on, subject's shareholding structure changed to the present.	
STATUS	Active	
SHAREHOLDERS	NAME	PERCENTAGE
	1. Eastnine AB (frmly East Capital Explorer AB) Kungsgatan 35 PO Box 7214 103 88 Stockholm Sweden Tel: (+46 8) 5059 7700 E-mail: info@eastnine.com	35.96%
	2. I.G.M. Manufactrust Limited Búronos Street 36 Nicosia Tower Center, Floor 8, 1506, Nicosia Cyprus Est.: 20/01/1986 C.R. No.: HE 26047	35.53%
	3. MFG Intressenter AB PO Box: 1364 111 93 Stockholm Sweden Sole Shareholder: East Capital Holding AB	11.23%
	4. Mikhail Urzhumtsev Nationality: Russian	6.12%

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

Tax Code: INN 781305305376

5. Management of JSC Melon Fashion Group	3.04%
6. Other physical persons	7.31%
7. Other legal entities	0.81%

OPERATION

BANKERS

1. OOO HSBC Bank (RR)
Liter A, 3A Volynsky Lane
Saint-Petersburg, 191186
Russia
Tel: (+7 495) 721 1515
Fax: (+7 495) 258 3154
SWIFT: BLICRUMM
2. PAO BINBANK
Vladimirskiy prospect, d.8, liter A, pom. 9H
Saint-Petersburg
Russia
Tel: (+7 812)495 6398
3. AO Raiffeisenbank
Troitskaya Street 17/1
Moscow 129090
Russia
Tel: (+7 495) 721 9900
Fax: (+7 495) 721 9901
4. PAO Bank Saint-Petersburg
64A, Malookhtinsky pr.,
St. Petersburg, 195112
Russia
Tel: (+7 812) 329 5050
5. PAO VTB Bank
Leninskaya Sloboda Street 26
Moscow
Russia
Telephone: (+7 800) 200 2326

Subject also has an account with AO Gazprombank, Bank of Communications and PAO Sberbank.

AUDITORS	AO PricewaterhouseCoopers Audit Bolshoev Centre Office Building 4 Grivtsova Lane St Petersburg 190000 Russia Tel: (+7 812) 326 6969 Fax: (+7 812) 326 6699
ACTIVITY CODE (NACE)	4616 - Agents involved in the sale of textiles, clothing, fur, footwear and leather goods;
LINE OF BUSINESS	Manufacturers, importers, exporters and retailers of women's and men's clothing, shoes and accessories under the trademark "ZARINA", "befree" and "LOVE REPUBLIC".
IMPORT FROM	China (90.8%), Bangladesh (4.7%), India (3.3%), Myanmar (0.7%), Uzbekistan (0.4%) and Kyrgyzstan (0.2%).
EXPORT TO FACILITIES	Ukraine, Belarus, Georgia, Armenia, Kazakhstan and Poland. Owned premises comprising administrative offices located at the heading address as well as 551 retail outlets located throughout Russia, Ukraine, Belarus, Georgia, Armenia, Kazakhstan and Poland.
RELATED COMPANIES	Subsidiaries 1. OOO Melon Fashion Ukraine Ukraine Interest held: 100% 2. OOO Melon Fashion Trading China Interest held: 100% 3. OOO Melon Fashion Poland Poland Interest held: 100% 4. OOO Taxi Style Russia Interest held: 100% Associates of Eastnine AB (subject's parent) 1. ECEX Holdings SA Luxemburg 2. East Capital Explorer Investments AB Sweden 3. Baltic Cable Holding OÜ Estonia 4. UAB Portarera Lithuania

5. UAB Solverta
Lithuania
6. UAB Verslina
Lithuania
7. Trev-2 Group
Estonia
8. 3 Burés
Lithuania
9. East Capital Baltic Property Fund II
Luxemburg
10. East Capital Baltic Property Fund III
Luxemburg
11. East Capital Deep Value Fund
Luxemburg
12. Komercijalna Banka Skopje
Macedonia
13. East Capital Global Frontier Markets Fund
Luxemburg
14. East Capital Bering Ukraine Fund Class R
Cayman Islands
15. Starman
Estonia

PAYMENT

CREDIT OPINION

We consider it is acceptable to deal with subject

SPECIAL REMARKS

INTERVIEWED COMMENTS

Aleksandra Evgenievna Strekalova (HR Executive).
You enquired on: JSC MELON FASHION GROUP. Please note that
this name applies to an English translation of the subject's name.
Subject's correct registered name is as per heading.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 74.39
UK Pound	1	INR 98.30
Euro	1	INR 85.90
RUB	1	INR 1.12

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

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	POJ

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

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)