

MIRA INFORM REPORT

| | |
|----------------------|------------|
| Report No. : | 523204 |
| Report Date : | 13.08.2018 |

IDENTIFICATION DETAILS

| | |
|--------------------------------|-----------------------------------------------------------------------------------------------------------|
| Name : | DC GROUP MMC |
| Registered Office : | Masazir Settlement , Masazir AZ0116, Absheron District |
| Country : | Azerbaijan |
| Date of Incorporation : | 04.05.2005 |
| Com. Reg. No.: | 1602020045394500 |
| Legal Form : | Limited Liability Company |
| Line of Business : | Trading as importers, wholesalers and retailers of motor oils, antifreezes, accumulators and car varnish. |
| No. of Employees : | 22 |

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 |

| | |
|-------------------------------|------------------|
| Maximum Credit Limit : | New Manat 96,000 |
| 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.

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ECGC Country Risk Classification List

| Country Name | Previous Rating (31.12.2017) | Current Rating (01.04.2018) |
|--------------|---------------------------------|--------------------------------|
| Azerbaijan | 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 |

AZERBAIJAN - ECONOMIC OVERVIEW

Prior to the decline in global oil prices since 2014, Azerbaijan's high economic growth was attributable to rising energy exports, and some non-export sectors also featured double-digit growth. Oil exports through the Baku-Tbilisi-Ceyhan Pipeline, the Baku-Novorossiysk, and the Baku-Supsa Pipelines remain the main economic driver, but efforts to boost Azerbaijan's gas production are underway. The expected completion of the geopolitically important Southern Gas Corridor (SGC) between Azerbaijan and Europe will open up another source of revenue from gas exports. First gas to Turkey through the SGC is expected in 2018 with project completion expected by 2020-21.

Declining oil prices caused a 3.1% contraction in GDP in 2016, and a 0.8% decline in 2017, highlighted by a sharp reduction in the construction sector. The economic decline was accompanied by higher inflation, a weakened banking sector, and two sharp currency devaluations in 2015. Azerbaijan's financial sector continued to struggle. In May 2017, Baku allowed the majority state-owned International Bank of Azerbaijan (IBA), the nation's largest bank, to default on some of its outstanding debt and file for restructuring in Azerbaijani courts; IBA also filed in U.S. and UK bankruptcy courts to have its restructuring recognized in their respective jurisdictions.

Azerbaijan has made limited progress with market-based economic reforms. Pervasive public and private sector corruption and structural economic inefficiencies remain a drag on long-term growth, particularly in non-energy sectors. The government has however made efforts to combat corruption, particularly in customs and government services. Several other obstacles impede Azerbaijan's economic progress, including the need for more foreign investment in the non-energy sector and the continuing conflict with Armenia over the Nagorno-Karabakh region. While trade with Russia and the other former Soviet republics remains important, Azerbaijan has expanded trade with Turkey and Europe and is seeking new markets for non-oil/gas exports, mainly from the agricultural sector, for example with Gulf Cooperation Council member countries, the US, and others. It is also improving the Baku airport and the Caspian Sea port of Alat for use as a regional transportation and logistics hub.

Long-term prospects depend on world oil prices, Azerbaijan's ability to implement export routes for its growing gas production, and its ability to improve the business environment and diversify the economy. In late 2016, the President approved a strategic roadmap for economic reforms that identified key non-energy segments of the economy for development, such as agriculture, logistics, information technology, and tourism. In October 2017, the long-awaited Baku-Tbilisi-Kars railway, stretching from the Azerbaijani capital to Kars in north-eastern Turkey, began limited service.

Source : CIA

COMPANY NAME

DC Group MMC (Correct)
DC GROUP MMC (DC GROUP LLC) (Requested)

ADDRESS

Street : A.Rajabli Street 11/33
Area : Binagadi District
Town : Baku AZ1108
Country : Azerbaijan
Telephone : (994 12) 561 7624 / Mobile (994 50) 210 7117 (Oleg Tavakgul Oglu Farzaliyev) / (994 50) 393 9292 (Davit Oleg Ogly Farzaliyev)
Fax : (994 12) 561 7624
E-Mail : cavad.mmc@mail.ru / office@dcgroup.az
Website : www.dcgroup.az
Extended Name : DC Group Mehdud Mesuliyetli Cemiyeti
English Translation : DC Group LLC
Also known as : DC Group Trading Company / DC Group Ltd
Formerly known as : Cavad MMC / Cavad LLC

SENIOR COMPANY PERSONNEL

| Name | Position |
|-----------------------------------------------------|-------------------|
| 1. Oleg Tavakgul Oglu Farzaliyev | Managing Director |
| 2. Davit Oleg Ogly Farzaliyev (son of the above) | General Manager |
| 3. Vugar Asadov | Chief Accountant |
| Total Employees : | 22 |

PAYMENTS

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

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

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Opinion on maximum credit : NEW MANAT 96,000

Trade risk assessment: Normal

PRINCIPAL BANKERS

NAME : PASHA BANK OJSC
Branch : Yusif Mammadaliyev Street 15
Town : Baku AZ1005
Telephone: (994 12) 496 5000
Fax : (994 12) 496 5010

The company also has an account with following banks:

1. Access Bank (Fmly Micro Finance Bank Of Azerbaijan)
Alovsat Guliyev Street 137
Baku AZ1000
Telephone: (994 12) 493 0726
Fax : (994 12) 493 0796
2. VTB Bank (Azerbaijan) OJSC
Khatai Avenue 38
Baku AZ1008
Telephone: (994 12) 492 0080
Fax : (994 12) 492 0080
3. International Bank Of Azerbaijan
Nizami Avenue 67
Baku AZ1000
Telephone: (994 12) 498 1053 / 493 1842
Fax : (994 12) 493 4091 / 498 1158
Acc. No. : 33813018101602799202 (R ROUBLE)
Acc. No. : 33813018401602799202 (US DLRS)

FINANCIAL INFORMATION

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

Sales Turnover : NEW MANAT 4,971,914 – 2012 – exact
: NEW MANAT 5,255,818 – 2013 – exact
: NEW MANAT 5,611,323 – 2014 – exact
: NEW MANAT 6,084,250 – 2015 – exact
: NEW MANAT 4,558,300 – 2016 – exact

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: NEW MANAT 4,830,300 – 2017 – exact
: NEW MANAT 5,800,000 – 2018 – projected

Net Profit : NEW MANAT 984,363 – 2012 – exact
: NEW MANAT 998,605 – 2013 – exact
: NEW MANAT 921,277 – 2014 – exact
: NEW MANAT 876,400 – 2015 – exact
: NEW MANAT 544,500 – 2016 – exact
: NEW MANAT 452,900 – 2017 – exact

Value of current contracts : US DLRS 3,057,000 (as of 1 January 2018)

Total Value of Stock Held : NEW MANAT 736,000 (as of 1 January 2018)

Total Invested Capital : NEW MANAT 1,829,820 (as of 1 January 2018)

Financial year ends 31 December.

LEGAL STATUS AND HISTORY

Date Started : 4 May 2005

History : The subject company was established in Masazir on 4 May 2005 under the name Cavad MMC. In 2017, subject changed its name to the present style.

C.R. No.: 1602020045394500 (issued on 4 March 2016)

Former C.R. No.: 0205-A7-872

Tax No.: VOEN 3100167861

Authorised Capital : NEW MANAT 5,000 (increased from NEW MANAT 10)

Paid-Up Capital : NEW MANAT 164,731 (decreased from NEW MANAT 682,500)

Mehdud Mesuliyetli Cemiyeti (limited liability company) with the following sole shareholder:

Oleg Tavakgul Oglu Farzaliyev 100%
(Azerbaijani national)

Affiliated company of the subject company :

Former Associate

Oleg Tavakgul Oglu Farzaliyev ChP
Baku
(inactive)

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As matter of interest Mr. Davit Oleg Ogly Farzaliyev (General Manager) has interest in the following company:

Davit Oleg Ogly Farzaliyev ChP
Baku

ACTIVITIES

The Company is involved in the following activities :

Trading as importers, wholesalers and retailers of motor oils, antifreezes, accumulators and car varnish.

NACE Code: 4690

Imports from Poland, Russia, Ukraine, Iran, Turkey and China.

Subject does not export, all sales are domestic.

Subject previously was engaged in production of paints.

Subject's principal suppliers include:

1. Sintas Boya Ve Vernik Sanayi
Turkey
Telephone: (90 532) 323 1587
Managing Director: Irfan Sinan
2. Orlen Oil Sp. Zoo
Poland
Telephone: (48 12) 665 5683
Sales Manager: Ibek Agnieska
3. SV-Khim Company
Russia
Telephone: (7 930) 801 6404
Sales Manager: Mr.Maksim
4. PKF KhimAvto OOO
Russia
Telephone: (7 910) 124 0494
Sales Manager: Anastasiya Sutyryna
5. TD Bakss-Treyding OOO
Russia
Telephone: (7 920) 291 4782
Managing Director: Aleksandr Spirin

6. Aktex OOO
Russia
Telephone: (7 395) 255 0430

7. Ataka-NN OOO
Krasnoarmeyskaya Street 17V
Dzerzhinsk 606002
Russia

FACILITIES

The Company has the following facilities :

250 sq. m. rented premises comprising administrative office located at the heading address as well as 5 retail outlets located elsewhere in Baku and Sumgait (see 'Branch Offices' below).

Subject formerly was located at:

Ziya Bunyadov Avenue 3005, Opposite TC "Elite"
Binagadi District
Baku AZ1108

Subject previously was located at:

Kakhramanova Street 5 A
Gabala AZ3600

REGISTERED OFFICE

Masazir Settlement
Masazir AZ0116
Absheron District

BRANCH OFFICES

1. Retail Outlet
Babek Avenue 52S, Quarter 2315
Khatai District
Baku AZ1142
2. Retail Outlet
Binagadi PGT, Darnagul Settlement, Quarter 3105

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Binagadi District
Baku AZ1108

3. 2 Retail Outlets
Baku-Rostov Highway
Sumgait AZ5000

4. Retail Outlet
Ahmed Rajabli Street 11/33
Binagadi District
Baku AZ1108

SPECIAL NOTES

You enquired on: DC GROUP MMC (DC GROUP LLC). Please note that the correct name is as per heading.

The address which you provided: MASAZIR SETTLEMENT, AZ0116 ABSHERON R-N, MASAZIR applies to subject's registered office address. Please note that subject's operational office address is as per heading.

Interviewed: Oleg Tavakgul Oglu Farzaliyev (Managing Director).

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 68.95 |
| UK Pound | 1 | INR 88.19 |
| Euro | 1 | INR 79.00 |
| AZN | 1 | INR 41.04 |

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

INFORMATION DETAILS

| | |
|----------------------|------|
| Analysis Done by : | VIVR |
| Report Prepared by : | SYL |

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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)