

## MIRA INFORM REPORT

<b>Report No. :</b>	544237
<b>Report Date :</b>	17.12.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	NEXT ELECTRONICS LLC
<b>Registered Office :</b>	Next Plaza Center, 2nd Floor, Ard Ayush Avenue, Bayangol District, 13 Khoroo, 3 Khoroolol, Ulaanbaatar
<b>Country :</b>	Mongolia
<b>Financials (as on) :</b>	31.12.2017 (Summarized)
<b>Date of Incorporation :</b>	04.11.2009
<b>Com. Reg. No.:</b>	5337631
<b>Legal Form :</b>	Limited Liability Company
<b>Line of Business :</b>	Trading as importers, wholesalers and retailers of computers and electrical household appliances.
<b>No. of Employees :</b>	200

### RATING & COMMENTS

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

**MIRA's Rating :** A

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

<b>Maximum Credit Limit :</b>	480,000 USD
<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	No Complaints
<b>Litigation :</b>	Clear

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**NOTES :**

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

**ECGC Country Risk Classification List**

<b>Country Name</b>	<b>Previous Rating (30.06.2018)</b>	<b>Current Rating (30.09.2018)</b>
Mongolia	B2	B2

<b>Risk Category</b>	<b>ECGC Classification</b>
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

## ***EXECUTIVE SUMMARY***

COMMERCIAL NAME	Next Electronics LLC НЭКСТ Электроникс ХХК		
BUILDING	TB Tower, 7th Floor		
STREET	Chinggis Avenue-6		
AREA	Khan Uul District, Stadium Orgil 1		
P.O. BOX	170-32		
TOWN	Ulaanbaatar		
POST CODE	17010		
TELEPHONE	(976 77) 771 540 Mobiles (976 99) 053 751 (Bolortuya Buyambadorj) / (976 99) 117 615 (Lkhamsuren Chuluunbold) / (976 99) 991 540 (Erdenezaya Chimeddorj) / (976 99) 154 243		
E-MAIL	bolortuya@nextelectronics.mn info@nextelectronics.mn / chuluunbold@nextelectronics.mn / erdenezaya@next.mn		
WEBSITE	www.nextgroup.mn		
ACTIVITIES	Trading as importers, wholesalers and retailers of computers and electrical household appliances.		
EXECUTIVE	Lkhamsuren Chuluunbold	President	
WORKFORCE	200	13/12/2018	subject
ESTABLISHED YEAR	2009		
MAIN REGISTRATION NO.	5337631 (TAX NO.)		
LEGAL FORM	Limited Liability Company		
STATUS	Active		
REGISTERED CAPITAL	USD	4,000,000	
CREDIT OPINION	We consider it is acceptable to deal with subject.		
MAXIMUM CREDIT	USD	480,000	

## ***IDENTIFICATION***

COMMERCIAL NAME	Next Electronics LLC
NAME IN THE LOCAL LANGUAGE	НЭКСТ Электроникс ХХК

## ***PRINCIPAL PLACE OF BUSINESS***

BUILDING	TB Tower, 7th Floor
STREET	Chinggis Avenue-6
AREA	Khan Uul District, Stadium Orgil 1
P.O. BOX	170-32
TOWN	Ulaanbaatar
POST CODE	17010

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TELEPHONE (976 77) 771 540  
Mobiles (976 99) 053 751 (Bolortuya Buyambadorj) / (976 99) 117 615 (Lkhamsuren Chuluunbold) / (976 99) 991 540 (Erdenezaya Chimeddorj) / (976 99) 154 243

E-MAIL bolortuya@nextelectronics.mn  
info@nextelectronics.mn / chuluunbold@nextelectronics.mn / erdenzaya@next.mn

WEBSITE www.nextgroup.mn

PREMISES Administrative office

DESCRIPTION

TYPE OF OCCUPATION Owned

POSTAL ADDRESS PO Box 393, Ulaanbaatar 16901

REGISTERED ADDRESS Next Plaza Center, 2nd Floor, Ard Ayush Avenue, Bayangol District, 13 Khoroo, 3 Khoroolol, Ulaanbaatar, Mongolia.

***LEGAL DATA***

ESTABLISHED YEAR 2009

INCORPORATION DATE 04/11/2009

MAIN REGISTRATION NO. 5337631 (TAX NO.)

C.R. NO. 9011212025 REGISTERED AT GENERAL AUTHORITY FOR STATE REGISTRATION

TAX NO. 5337631 REGISTERED AT GENERAL DEPARTMENT OF TAXATION OF MONGOLIA

REGISTRATION PLACE issue date: 14/05/2010 Ulaanbaatar

REGISTERED CAPITAL USD 4,000,000

PAID-UP CAPITAL USD 4,000,000

LEGAL FORM Limited Liability Company

OWNERSHIP TYPE Private

STATUS Active

STATUS DATE 13/12/2018

**OWNERSHIP STRUCTURE**

1. NAME Lkhamsuren Chuluunbold

RELATION TYPE Shareholder

SHARE PERCENTAGE 100%

NATIONALITY Mongolia

GENDER Male

## **WORKFORCE**

### KEY PERSONNEL

1.			<b>POSITION</b>
NAME	Lkhamsuren Chuluunbold		President
AUTHORISED SIGNATORY	Yes		
NATIONALITY	Mongolia		
GENDER	Male		
SPOKEN LANGUAGES	knowledge of English		
2.			<b>POSITION</b>
NAME	Erdenezaya Chimeddorj		Vice President
GENDER	Male		
3.			<b>POSITION</b>
NAME	Bolortuya Buyambadorj		Head of Purchase Department
GENDER	Male		
4.			<b>POSITION</b>
NAME	Dashdaleg Erdentsetseg		Purchasing Manager
GENDER	Male		

WORKFORCE	PERIOD	NOTES
200	13/12/2018	subject
210	27/12/2017	subject

## **OPERATIONS**

### ACTIVITIES

ACTUAL ACTIVITIES	Trading as importers, wholesalers and retailers of computers and electrical household appliances.
IMPORT COUNTRIES	China, Singapore, Kazakhstan, Romania, Poland, Thailand, Vietnam, Malaysia, South Korea and Turkey.
EXPORT COUNTRIES	N/A.
SUPPLIERS	Samsung, LG, DELL, Lenovo, Bosch, Amican and Asus.
NACE CODE (REV. 2)	DESCRIPTION
4651	Wholesale of computers, computer peripheral equipment and software.
4615	Agents involved in the sale of furniture, household goods, hardware and ironmongery.

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## FACILITIES

Rented 2-storey building comprising administrative offices, a retail outlet and storage facilities located at the heading address as well as 16 retail outlets located throughout Mongolia.

## ***BRANCH OFFICES***

1. NAME	Branch
ADDRESS	Nexr Plaze Center, 2nd Floor, Ard Ayush Avenue 15, Bayangol District, 13 Khoroo, 3 Khoroolol, PO Box 393
TOWN	Ulaanbaatar
COUNTRY	Mongolia
COUNTRY CODE	MN
TELEPHONE	(976 11) 361 543 / (976 70) 131 540
FAX	(976 11) 361 543

## ***GROUP PROFILE***

GROUP NAME                      Next Group LLC

GROUP COMPANIES

## ***RELATED COMPANIES***

1. NAME	Next Group LLC
RELATION TYPE	Parent Company
ADDRESS	Next Plaza Center, II Floor, Ayush Avenue 15, Bayangol District, 13 Khoroo, 3 Khoroolol, P.O. Box 393
TOWN	Ulaanbaatar
COUNTRY	Mongolia
COUNTRY CODE	MN
TELEPHONE	(976 11) 361 543 / (976 70) 141 540
FAX	(976 11) 361 543 ext. 211

2. NAME	Next Motors LLC
RELATION TYPE	Affiliate
TOWN	Ulaanbaatar
COUNTRY	Mongolia
COUNTRY CODE	MN

3. NAME	Next Mebel LLC
RELATION TYPE	Affiliate

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ADDRESS	TB Tower, 7th Floor, Chinggis Avenue-6, Khan Uul District, Stadium Orgil 1, 170-32			
TOWN	Ulaanbaatar			
COUNTRY	Mongolia			
COUNTRY CODE	MN			
TELEPHONE	(976 77) 771 540 / Mobiles (976 99) 053 751 (Bolortuya Buyambadorj) / (976 99) 117 615 (Lkhamsuren Chuluunbold) / (976 99) 991 540 (Erdenezaya Chimeddorj) / (976 99) 154 243			
REGISTRATION DATE	01/07/2010			
REGISTRATION NO.	9011240118 (C.R. No.)			
LEGAL FORM	Limited Liability Company			
STATUS	Active			
REVENUE	MNT	5,000,000,000	2017	estimated
NET PROFIT	MNT	300,000,000	2017	estimated
4. NAME	Next Properties LLC			
RELATION TYPE	Affiliate			
TOWN	Ulaanbaatar			
COUNTRY	Mongolia			
COUNTRY CODE	MN			

***GENERAL INFORMATION***

**BANKERS**

1. BANK NAME	Khan Bank Of Mongolia
WEBSITE	www.khanbank.com
2. BANK NAME	Trade and Development Bank of Mongolia
WEBSITE	www.tdbm.mn
3. BANK NAME	Golomt Bank of Mongolia
WEBSITE	www.golomtbank.com

***FINANCIAL INFORMATION***

FINANCIAL YEAR 31-Dec  
ENDS

**SUBJECT COMPANY KEY FINANCIAL DATA**

NOTES Private companies are not required to publish or disclose balance sheets. The subject interviewed offered the following information:

CURRENCY	USD	USD	USD	USD	USD
PERIOD ENDED	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
LENTH OF PERIOD	12	12	12	12	12

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RELIABILITY LEVEL	projected	estimated	estimated	estimated	estimated
TURNOVER	28000000	24000000	19500000	20000000	22000000
NET PROFIT (LOSS)		1000000	1000000		

***PAYMENT INFORMATION***

MODE OF PAYMENT No complaints have been heard regarding payments from local suppliers or banks.  
CREDIT OPINION We consider it is acceptable to deal with subject.  
MAXIMUM CREDIT USD 480,000  
OPINION

SECTION REMARKS It is normal accepted practice for international suppliers to deal on secured terms with the local buyers.

***SPECIAL REMARKS***

INTERVIEWED Lkhamsuren Chuluunbold President  
PERSON  
OTE

DESCRIPTION OF RELIABILITY LEVELS IN FINANCIAL INFORMATION SECTION:  
ACTUAL - Figures are acquired from official sources.  
ESTIMATED - Figures are acquired directly from subject company.  
PROJECTED - Figures are the assumptions of current/next financial period.  
MODELLED - Figures are derived from sector averages.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.74
UK Pound	1	INR 90.58
Euro	1	INR 81.46
MNT	1	INR 0.027

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	VIV
<b>Report Prepared by :</b>	TRU

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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)