

MIRA INFORM REPORT

Report No. :	518745
Report Date :	12.07.2018

IDENTIFICATION DETAILS

Name :	EURO ELECTRONICS CO LTD
Registered Office :	Tsagaan Davaa Street 1, 2-69 Bayanzurkh District, 2nd Khoroo Ulaanbaatar
Country :	Mongolia
Date of Incorporation :	17.04.2006
Com. Reg. No.:	9011041093
Legal Form :	Limited Liability Company
Line of Business :	Trading as importers, wholesalers and retailers of electrical household appliances.
No. of Employees :	28 (subject) 210 (subject and affiliate company)

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 :	TUGRIK 90,000,000
Status :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	Clear

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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 AND ADDRESS

Euro Electronics Co Ltd

ADDRESS

Building : DB Building, 2nd Floor

Street : Uildverchnii Evleliin Street, 43-1

Area : Songinokhairhan District, 18th Khoroo, 21 Khoroolol

Town : Ulaanbaatar 11000

Country : Mongolia

Telephone: (976 77) 008 080 / Mobiles (976 88) 109 797 / (976 99) 015
216 / (976 88) 037 776 / (976 88) 078 877 / (976 99) 173
209 / (976 99) 089 025 (Nyambayar Badrach) / (976 88) 057
771 (Temujin Jargal) / (976 99) 893 223 / (976 88) 037
737 / (976 89) 473 347 / (976 99) 893 223

Fax : (976 70) 003 939

E-Mail : nyambayar@dolonboldog.mn / temujin@kitchenall.mn

Also Known As : Euro Electronics LLC / Euro Electronics XXK

SENIOR COMPANY PERSONNEL

Name	Position
1. Ganbat Sandan	General Director
2. Nyambayar Badrach	Chief Executive Officer
3. Temujin Jargal	Sales & Foreign Affairs Manager
4. Javkhlanbaatar Nergui	Marketing Manager

Total Employees : 28 (subject)
210 (subject and affiliate company)

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 Mongolian importers.

Opinion on maximum credit : TUGRIK 90,000,000

Trade risk assessment: Normal

PRINCIPAL BANKERS

NAME : GOLOMT BANK OF MONGOLIA

Branch : Bodi Tower, Sukhbaatar Square
Town : Ulaanbaatar

Telephone : (976 11) 311 530
Fax : (976 11) 312 307

Account No.: 1801228211

Subject also has an account with the following banks :

1. Khan Bank
Sukhbaatar District
Ulaanbaatar 14200
Telephone: (976 11) 318 185
Fax : (976 11) 328 701
Account No.: 5040003745
2. Trade and Development Bank Mongolia Ltd
Juilnchny Gudamj 7
Ulaanbaatar 210646
Telephone: (976 11) 312 362 / 331 133
Fax : (976 11) 325 449
Account No.: 499184286
3. State Bank of Mongolia
Chingeltei District
Ulaanbaatar

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 3,000,000,000 – 2014 - exact
: TUGRIK 3,880,182,588 – 2015 – exact
: TUGRIK 3,914,990,401 – 2016 – exact
: TUGRIK 4,500,000,000 – 2017 – approx

Net Profit : TUGRIK 800,380,498 – 2015 - exact
: TUGRIK 636,715,414 – 2016 - exact

Total Value Of Stock Held : TUGRIK 1,571,470,616 – 2016

Financial year ends 31 December.

The following financial information applies to Doloon Boldog LLC (latest available) :

Sales Turnover : EURO 5,944,096 - 2011 - exact

Net Profit : EURO 1,921,030 - 2011 - exact

Financial year ends 31 December.

LEGAL STATUS AND HISTORY

Date Started : 17 April 2006

History : Subject was established in Ulaanbaatar on 17 April 2006 as a Limited Liability Company with the following shareholding structure:

- Ganbaatar Sandan 70%
- Chavkhlan Bold 30%

In 2016, subject's shareholding structure changed to the present.

C.R. No. : 9011041093

Tax No. : 5056683 (issue date : 15 February 2007)

Authorized Capital : TUGRIK 2,097,882,166.95

Paid-Up Capital : TUGRIK 2,097,882,166.95

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Limited Liability Company with the following sole shareholder :

Ganbat Sandan (100%)
(Mongolian national)

Affiliated company of the Euro Electronics Co Ltd :

Associate

Doloon Boldog LLC
Uildverchnii Evleliin Street 43-1
Songinokhairkhan District, 18th Khoroo, 21 Khoroolol
Ulaanbaatar
Telephone: (976 11) 636 464
Fax : (976 11) 636 464
Tax No. : 2819449
Capital : TUGRIK 51,000,000

ACTIVITIES

The Company is involved in the following activities :

Trading as importers, wholesalers and retailers of electrical household appliances.

Subject's main brands are as follows :

- Amica Spolka Akcyjna;
- Gorenje d.d;
- Teka industrial.

NACE Codes : 4643 - Wholesale of electrical household appliances
4754 - Retail sale of electrical household appliances in
specialised stores

Imports from Spain, Slovenia, Poland, Turkey and China.

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 5 retail outlets located elsewhere in Ulaanbaatar (see 'Branch Offices' below).

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REGISTERED OFFICE

Tsagaan Davaa Street 1, 2-69
Bayanzurkh District, 2nd Khoroo
Ulaanbaatar
Telephone: (976 11) 636 767

BRANCH OFFICES

1. Germes Center, 2 Vavh, 15th Pavilion
10th Khoroolol, 4th Khoroo
Ulaanbaatar
Mobile: (976 88) 067 790 / (976 88) 097 747
2. Amarsanaagiyn gud, 4th Khoroolol
17th Khoroo
Ulaanbaatar
Mobile: (976 88) 079 077
3. Kitchen all delguur
Chingis Avenue
2nd Khoroo
Ulaanbaatar
Mobile: (976 88) 065 077
4. Misheel Ekspo
Chingis Avenue
2nd Khoroo
Ulaanbaatar
Mobile: (976 88) 064 077

SPECIAL NOTES

The address given by you: "TSAGAAN DAVAA STR. 1, 2-69, 2ND KHOROO, ULAANBAATAR, BAYAN ZURKH DISTRICT" is misspelt and applies to the subject's registered address. Please note that the current administrative address is as per heading.

The fax number which you provided: "+976 11 636767" has been changed. Please note that subject's current administrative office fax number is as per heading.

Interviewed : Subject's employees.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.83
UK Pound	1	INR 91.35
Euro	1	INR 80.79
PLN	1	INR 18.53

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	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)