

MIRA INFORM REPORT

Report No. :	547207
Report Date :	29.12.2018

IDENTIFICATION DETAILS

Name :	HDC SHILLA DUTY FREE LTD.
Registered Office :	55, Hangang-daero 23-gil, Yongsan-gu, Seoul, Korea 3~7FL., I-Park Mall 04377
Country :	South Korea
Financials (as on) :	31.12.2017
Date of Incorporation :	14.05.2015
Com. Reg. No.:	705-87-00066
Legal Form :	Co., Ltd by Shares
Line of Business :	Tour Service Development, Tourism Services, Local Economy Promotion, Entertainment & Contents Investment, Duty Free Shop
No. of Employees :	158

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 :	Slow but Correct
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 (30.06.2018)	Current Rating (30.09.2018)
South Korea	A1	A1

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

SOUTH KOREA - ECONOMIC OVERVIEW

After emerging from the 1950-53 war with North Korea, South Korea emerged as one of the 20th century's most remarkable economic success stories, becoming a developed, globally connected, high-technology society within decades. In the 1960s, GDP per capita was comparable with levels in the poorest countries in the world. In 2004, South Korea's GDP surpassed one trillion dollars.

Beginning in the 1960s under President PARK Chung-hee, the government promoted the import of raw materials and technology, encouraged saving and investment over consumption, kept wages low, and directed resources to export-oriented industries that remain important to the economy to this day. Growth surged under these policies, and frequently reached double-digits in the 1960s and 1970s. Growth gradually moderated in the 1990s as the economy matured, but remained strong enough to propel South Korea into the ranks of the advanced economies of the OECD by 1997. These policies also led to the emergence of family-owned chaebol conglomerates such as Daewoo, Hyundai, and Samsung, which retained their dominant positions even as the government loosened its grip on the economy amid the political changes of the 1980s and 1990s.

The Asian financial crisis of 1997-98 hit South Korea's companies hard because of their excessive reliance on short-term borrowing, and GDP ultimately plunged by 7% in 1998. South Korea tackled difficult economic reforms following the crisis, including restructuring some chaebols, increasing labor market flexibility, and opening up to more foreign investment and imports. These steps lead to a relatively rapid economic recovery. South Korea also began expanding its network of free trade agreements to help bolster exports, and has since implemented 16 free trade agreements covering 58 countries—including the United State and China—that collectively cover more than three-quarters of global GDP.

In 2017, the election of President MOON Jae-in brought a surge in consumer confidence, in part, because of his successful efforts to increase wages and government spending. These factors combined with an uptick in export growth to drive real GDP growth to more than 3%, despite disruptions in South Korea's trade with China over the deployment of a US missile defense system in South Korea.

In 2018 and beyond, South Korea will contend with gradually slowing economic growth - in the 2-3% range - not uncommon for advanced economies. This could be partially offset by efforts to address challenges arising from its rapidly aging population, inflexible labor market, continued dominance of the chaebols, and heavy reliance on exports rather than domestic consumption. Socioeconomic problems also persist, and include rising inequality, poverty among the elderly, high youth unemployment, long working hours, low worker productivity, and corruption.

Source : CIA

BASIC INFORMATION

Basic

Company Name	HDC SHILLA DUTY FREE LTD.
Registered Address	55, Hangang-daero 23-gil, Yongsan-gu, Seoul, Korea
Building	3~7FL., I-Park Mall
Zip Code	04377
Tel	+82-2-490-3102
Fax	+82-2-490-3010
E-mail	juhyeon.noh@hdcshilla.co.kr;shillaiparkdfs@hdcshilla.co.kr
Website	www.hdcshilla.co.kr;www.shillaipark.com
Trading Address	3~7FL., I-Park Mall, 55, Hangang-daero 23-gil, Yongsan-gu, Seoul, Korea (Old Address System : 3~7FL., I-Park Mall, 40-999, Hangangno 3-ga, Yongsan-gu, Seoul, Korea)
Tel	+82-2-2008-8965
Fax	+82-2-2012-0090
Type	Export/Import
Industry	Duty Free Shop
Main Business	Tour Service Development, Tourism Services, Local Economy Promotion, Entertainment & Contents Investment, Duty Free Shop
Established (mm/dd/yyyy)	05/14/2015

Detailed Products

Activity	Detailed Products (UNSPSC)
Sell	Distribution(80141700)

CEO's

Name	Kim Cheon-Hwan
Date of Birth	05/18/1959
Title	Co-President & CEO
Nationality	Korean

Profiles

Capital (KRW)	80,000,000,000						
Employees	158						
Formation	Co., Ltd by Shares						
Bank Details	Woori Bank KEB Hana Bank Korea Development Bank						
Corporate Registered No.	110111-5722916						
Business Registered No.	705-87-00066						
Permit & Licenses	Mail Order License No.:2015-Seoul Yongsan-01118						
Shareholder Position	<table> <thead> <tr> <th>Name</th> <th>Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>HOTEL SHILLA CO., LTD.(110111-0145519)</td> <td>8,000,000</td> <td>50.00</td> </tr> </tbody> </table>	Name	Shares	%	HOTEL SHILLA CO., LTD.(110111-0145519)	8,000,000	50.00
Name	Shares	%					
HOTEL SHILLA CO., LTD.(110111-0145519)	8,000,000	50.00					

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	HDC HOLDINGS CO., LTD.(Ex. HYUNDAI DEVELOPMENT CO. - ENGINEERING & CONSTRUCTION CO., LTD.(110111-0279433))	4,000,000	25.00
	HDC I'PARK MALL CO., LTD.(110111-1635189)	4,000,000	25.00
	TOTAL	16,000,000	100.00
Company History	05/14/2015 Incorporated as the present name		
	08/22/2015 Increased capital to 80,000,000,000 KRW from 20,000,000,000 KRW		

DETAILED INFORMATION

Management

Job Description	Name	Nationality	Date of Birth	Inauguration Date
Co-President & CEO	Kim Cheon-Hwan	Korean	05/18/1959	05/29/2017
Co-President & CEO	Kim Hoi-Eon	Korean	07/17/1964	11/01/2018
Director	Yang Chang-Hoon	Korean	02/12/1959	03/16/2018
Director	Han In-Kyu	Korean	01/02/1960	03/16/2018
Auditor	Chae Hong-Gwan	Korean	08/25/1959	03/29/2016
Auditor	Kim Hong-II	Korean	02/20/1969	03/28/2017

Financials

Year / Unit : KRW	Sales	Assets	Net Income
2017	681,889,488,881	238,263,195,234	4,060,121,594
2016	363,591,211,841	241,904,071,719	-19,410,517,515
2015	994,095,316	136,872,211,347	-2,254,350,262

FINANCIAL DESCRIPTION

Authorized Capital(KRW)	300,000,000,000
Paid-Up Capital(KRW)	80,000,000,000
Total Issued Shares	16,000,000

Balance Sheet

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Total Assets	238,263,195,234	241,904,071,719	136,872,211,347
Current Assets	136,498,063,281	136,978,450,893	71,908,596,047

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HDC SHILLA DUTY FREE LTD. - 547207

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Cash & Cash Equivalents	17,245,148,972	16,504,446,786	32,071,061,975
Trade Receivables	15,597,173,525	10,372,595,173	559,430,126
Other Receivables	17,898,263,743	22,019,993,754	5,258,363,410
Other Current Assets	3,014,546,977	2,860,706,439	5,206,940,813
Inventories	82,742,930,064	85,208,766,211	28,812,799,723
Deferred Income Tax Assets	-	11,942,530	-
Non-Current Assets	101,765,131,953	104,925,620,826	64,963,615,300
Non-Current Financial Instruments	8,000,000	8,000,000	5,500,000
Other Long-Term Receivables	35,301,894,443	33,765,182,446	32,092,399,272
Other Non-Current Assets	3,167,516,434	4,764,399,722	6,496,908,714
Tangibles	54,875,516,878	56,032,393,518	25,454,303,021
Intangibles	3,453,160,590	4,509,680,166	253,523,983
Deferred Income Tax Assets	4,959,043,608	5,845,964,974	660,980,310
Total Liabilities	176,481,511,597	184,222,353,577	59,523,415,349
Current Liabilities	175,876,260,848	119,554,289,879	59,438,385,064
Trade Payables	58,055,696,420	50,512,333,372	31,053,375,209
Other Payables	13,772,044,091	16,615,653,230	28,267,022,965
Other Current Liabilities	5,543,135,410	2,979,157,907	117,986,890
Short-Term Borrowings	34,404,271,533	49,447,145,370	-
Current Portion of Long-Term Debts	64,000,000,000	-	-
Deferred Income Tax Credit	101,113,394	-	-
Non-Current Liabilities	605,250,749	64,668,063,698	85,030,285
Long-Term Borrowings	-	64,000,000,000	-
Confirmed Salaries	42,667,251	122,984,430	85,030,285
Provisions	562,583,498	545,079,268	-
Capital Stock	80,000,000,000	80,000,000,000	80,000,000,000
Others	-396,853,740	-396,853,740	-396,853,740
Profit Surplus	-17,821,462,623	-21,921,428,118	-2,254,350,262
Total Equity	61,781,683,637	57,681,718,142	77,348,795,998
Liab. & Shareholder's Equity	238,263,195,234	241,904,071,719	136,872,211,347

Income Statement

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Sales	681,889,488,881	363,591,211,841	994,095,316
Cost of Sold Goods	-477,993,374,432	-230,679,482,879	-482,177,546
Gross Profit	203,896,114,449	132,911,728,962	511,917,770
Selling & Admin. Expenses	-198,597,004,848	-153,832,046,293	-4,015,804,182
Operating Income	5,299,109,601	-20,920,317,331	-3,503,886,412
Other Income	54,013,873	134,466,567	12,816,487
Other Expenses	-324,097,606	-2,901,860,830	-165,960,916
Finance Income	8,209,888,369	3,060,133,511	754,524,072
Finance Expenses	-8,078,243,028	-3,895,560,923	-12,823,803
Income Before Taxes	5,160,671,209	-24,523,139,006	-2,915,330,572

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Income Taxes Expenses	-1,100,549,615	5,112,621,491	660,980,310
Net Income	4,060,121,594	-19,410,517,515	-2,254,350,262

Cash Flows

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Operating Activities Cash Flows	20,907,393,074	-67,077,226,907	-4,565,441,622
Cash Flows from Operating Interests Received	23,764,780,687	-65,732,622,438	-4,804,406,042
Interests Paid	48,529,737	77,614,783	244,219,214
Income Taxes	-2,794,107,002	-1,410,276,722	-5,254,794
Cash Flows from Investing Cash Inflow from Investing	-111,810,348	-11,942,530	-
Cash Outflows for Investing	-5,123,817,051	-61,936,533,652	-42,966,642,663
Cash Flows from Financing Cash Inflows from Financing	-	215,506,100	-
Cash Outflows from Financing	-5,123,817,051	-62,152,039,752	-42,966,642,663
Increase/Decrease in Cash	-15,042,873,837	113,447,145,370	59,603,146,260
Cash at the Beginning of Year	34,404,271,533	284,928,089,443	69,603,146,260
Cash at the End of Year	-49,447,145,370	-171,480,944,073	-10,000,000,000
	740,702,186	-15,566,615,189	12,071,061,975
	16,504,446,786	32,071,061,975	20,000,000,000
	17,245,148,972	16,504,446,786	32,071,061,975

**PRODUCTS, TECHNOLOGIES, SERVICES
DESCRIPTION**

Main Products & Services Tour Service Development, Tourism Services, Local Economy Promotion, Entertainment & Contents Investment, Duty Free Shop

TRADE PARTNERS & COMPETITORS

Competitors HOTEL LOTTE CO., LTD.(110111-0145410)
1, SOGONG-DONG, JUNG-GU, SEOUL, KOREA
TEL:+82-2-771-1000 FAX:+82-2-752-3758

PARADISE GLOBAL CO., LTD.
1408-5, JUNG 1-DONG, HAEUNDAE-GU, BUSAN, KOREA
TEL:+82-51-749-3335 FAX:+82-51-742-9992

DONG WHA DUTY FREE SHOP CO., LTD.
B1, GWANGHWAMUN BLDG., 211, SEJONGNO, JONGNO-GU, SEOUL, KOREA

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TEL:+82-2-399-3000 FAX:+82-2-399-3111~2

RELATED PARTIES (SUBSIDIARIES, JOINT-VENTURE & AFFILIATES)

Affiliates	HOTEL SHILLA CO., LTD.(110111-0145519) HDC HOLDINGS CO., LTD.(Ex. HYUNDAI DEVELOPMENT CO. - ENGINEERING & CONSTRUCTION CO., LTD.(110111-0279433)) HDC I'PARK MALL CO., LTD.(110111-1635189)
Corporate Ownership	HOTEL SHILLA CO., LTD.(110111-0145519) HDC HOLDINGS CO., LTD.(Ex. HYUNDAI DEVELOPMENT CO. - ENGINEERING & CONSTRUCTION CO., LTD.(110111-0279433)) HDC I'PARK MALL CO., LTD.(110111-1635189)
Major Shareholders	HOTEL SHILLA CO., LTD.(110111-0145519) HDC HOLDINGS CO., LTD.(Ex. HYUNDAI DEVELOPMENT CO. - ENGINEERING & CONSTRUCTION CO., LTD.(110111-0279433)) HDC I'PARK MALL CO., LTD.(110111-1635189)
Cooperative Enterprise	-Management Consulting Agreement with HOTEL SHILLA CO., LTD.(110111-0145519)

SALES BY REGION (ACTIVITY & MARKETS)

Not Available.

COURT ACTION

No Records.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.98
UK Pound	1	INR 88.66
Euro	1	INR 80.18
KRW	1	INR 0.063

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	SDA

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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)