

MIRA INFORM REPORT

Report No. :	519277
Report Date :	10.07.2018

IDENTIFICATION DETAILS

Name :	LOTTE VERSALIS ELASTOMERS CO., LTD.
Registered Office :	53, Yeosusandan 4-ro, Yeosu-si, Jeollanam-do, 59612
Country :	South Korea
Financials (as on) :	31.12.2017
Date of Incorporation :	24.10.2013
Com. Reg. No.:	417-81-47390
Legal Form :	Co., Ltd by Shares
Line of Business :	Manufacture, Sales and Marketing of Petrochemicals Products [SSBR, EPDM, LCBR]
No. of Employees :	8

RATING & COMMENTS

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

MIRA's Rating :

B

Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
Payment Behaviour :	Slow
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 (31.12.2017)	Current Rating (01.04.2018)
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 joined the trillion-dollar club of world economies.

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

Company Name	LOTTE VERSALIS ELASTOMERS CO., LTD.
Registered Address	53, Yeosusandan 4-ro, Yeosu-si, Jeollanam-do, Korea (Old Address System : 172, Jungheung-dong, Yeosu-si, Jeollanam-do, Korea)
Zip Code	59612
Tel	+82-70-8801-0700
Fax	N/A
Trading Address	7FL., Lotte Tower, 51, Boramae-ro 5-gil, Dongjak-gu, Seoul, Korea (Old Address System : 7FL., Lotte Tower, 395-67, Sindaebang-dong, Dongjak-gu, Seoul, Korea)
Tel	+82-2-840-0421~2 +82-2-840-3615
Fax	+82-2-840-0404 +82-2-840-3699
Type	Export/Import
Industry	Manufacture, Sales and Marketing of Petrochemicals Products
Main Business	SSBR, EPDM, LCBR
Established (mm/dd/yyyy)	10/24/2013

DETAILED PRODUCTS

Activity	Detailed Products (UNSPSC)
Sell	SSBR
Sell	EPDM
Sell	LCBR

CEO'S

Name	Choi Nam-Sik
Date of Birth	07/18/1959
Title	Co-President & CEO
Nationality	Korean

PROFILES

Capital (KRW)	301,800,000,000
Employees	8
Formation	Co., Ltd by Shares
Bank Details	NH Nonghyup Bank SC Bank Korea Development Bank

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LOTTE VERSALIS ELASTOMERS CO., LTD. - 519277

PAGE NO. : 5

Corporate Registered No.	206211-0050365			
Business Registered No.	417-81-47390			
Permit & Licenses	N/A			
Shareholder Position		Name	Shares	%
		LOTTE CH	30,180,001	50.00
		EMICAL CORPORATION(110111-0193196)		
		VERSALIS S.P.A.(ITALY)	30,179,999	50.00
		TOTAL	60,360,000	100.00
Company History	10/24/2013 Incorporated as the present name			
	06/23/2017 Increased the authorized shares to 60,360,000 shares from 59,000,000 shares			
	07/01/2017 Increased capital to 301,800,000,000 KRW from 271,720,000,000 KRW			

DETAILED INFORMATION

Management

Job Description	Name	Nationality	Date of Birth	Inauguration Date
Co-President & CEO	Choi Nam-Sik	Korean	07/18/1959	02/01/2015
Co-President & CEO	Andrea Balanzoni	Italian	04/29/1971	09/01/2016
Director	Kim Kyu-Jong	Korean	05/03/1967	07/14/2015
Director	Lee Dong-Hee	Korean	10/31/1966	05/01/2017
Director	Giuseppe La Scola	Italian	01/23/1959	03/05/2015
Director	Franco Andrea Ossola	Italian	11/05/1958	09/20/2015
Auditor	Cheon Chang-Hoon	Korean	12/08/1970	05/01/2017
Auditor	Alessandro Brancaccio	Italian	01/24/1976	04/20/2016

FINANCIALS

Year / Unit : KRW	Sales	Assets	Net Income
2017	7,003,692	757,557,930,809	-4,277,872,773
2016	-	545,634,456,759	-1,620,395,194
2015	-	235,880,151,516	-970,132,959
2014	-	90,936,627,839	-881,327,882
2013	-	78,972,344,784	115,844,034

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Financial Description

Authorized Capital(KRW)	301,800,000,000
Paid-Up Capital(KRW)	301,800,000,000
Total Issued Shares	60,360,000

Balance Sheet

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Total Assets	757,557,930,809	545,634,456,759	235,880,151,516
Current Assets	55,082,438,602	18,997,602,993	7,893,980,069
Cash & Cash Equivalents	39,081,911,969	14,426,492,329	5,827,295,635
Other Receivables	852,854,874	-	-
Inventories	11,971,445,019	-	-
Guarantees	420,000,000	430,000,000	342,500,000
Unearned Income	18,467,217	6,713,429	2,447,857
Advance Payments	5,683,340	5,408,340	5,545,680
Prepaid Expenses	464,870,990	174,670,410	209,600,000
Deferred Income Tax Assets	51,822,220	39,593,730	47,083,150
Prepaid Taxes	2,215,382,973	3,914,724,755	1,459,507,747
Non-Current Assets	702,475,492,207	526,636,853,766	227,986,171,447
Tangibles	701,637,464,641	525,643,033,766	227,981,933,447
Intangibles	355,904,177	-	-
Guarantees	400,380,000	993,820,000	4,238,000
Deferred Income Tax Assets	81,743,389	-	-
Total Liabilities	464,879,851,846	357,938,824,573	73,230,970,136
Current Liabilities	89,920,274,747	46,338,824,573	17,730,970,136
Short-Term Borrowings	49,161,979,839	-	-
Other Payables	7,484,393,485	-	-
Account Payables	30,681,050,216	44,309,251,494	17,468,093,841
Withholdings	87,410,192	300	17,581,090
Accrued Expenses	2,505,441,015	2,029,572,779	245,295,205
Non-Current Liabilities	374,959,577,099	311,600,000,000	55,500,000,000
Long-Term Borrowings	370,000,000,000	311,600,000,000	55,500,000,000
Long-Term Account Payables	4,959,577,099	-	-
Capital Stock	301,800,000,000	192,000,010,000	165,200,010,000
Capital Surplus	-1,488,036,263	-948,365,813	-815,211,813
Profit Surplus	-7,633,884,774	-3,356,012,001	-1,735,616,807
Total Equity	292,678,078,963	187,695,632,186	162,649,181,380
Liab. & Shareholder's Equity	757,557,930,809	545,634,456,759	235,880,151,516

Income Statement

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Sales	7,003,692	-	-
Cost of Sold Goods	8,041,421	-	-

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LOTTE VERSALIS ELASTOMERS CO., LTD. - 519277

PAGE NO. : 7

Gross Profit	-1,037,729	-	-
Selling & Admin. Expenses	5,301,338,882	1,809,278,620	1,305,483,934
Operating Income	-5,302,376,611	-1,809,278,620	-1,305,483,934
Finance Income	349,413,920	261,368,021	297,166,077
Finance Expenses	-	-	-
Non-Operating Income	691,258,616	49,667,953	370,247,738
Non-Operating Expenses	-97,912,087	-122,152,548	-334,351,824
Income Before Taxes	-4,359,616,162	-1,620,395,194	-972,421,943
Income Taxes Expenses	81,743,389	-	-2,288,984
Net Income	-4,277,872,773	-1,620,395,194	-970,132,959

Cash Flows

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Operating Activities Cash Flows	-10,856,534,071	-1,528,250,895	-1,478,830,064
Cash Flows from Operating Net Income	-10,844,305,581	-1,535,740,315	-1,488,634,714
Adjustment	-4,277,872,773	-1,620,395,194	-970,132,959
Changes in Asset/ & Liability	-645,674,710	-258,878,952	-283,561,946
Income Taxes	-5,920,758,098	343,533,831	-234,939,809
Cash Flows from Investing	-12,228,490	7,489,420	9,804,650
Cash Flows from Financing	-181,311,496,640	-272,639,398,411	-158,532,964,008
Increase/Decrease in Cash	216,823,450,351	282,766,846,000	133,118,073,000
Cash at the Beginning of Year	24,655,419,640	8,599,196,694	-26,893,721,072
Cash at the End of Year	14,426,492,329	5,827,295,635	32,721,016,707
	39,081,911,969	14,426,492,329	5,827,295,635

**PRODUCTS, TECHNOLOGIES, SERVICES
DESCRIPTION**

Main Products & Services SSBR, EPDM, LCBR

TRADE PARTNERS & COMPETITORS

Suppliers LOTTE CHEMICAL CORPORATION(110111-0193196)

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RELATED PARTIES (SUBSIDIARIES, JOINT- VENTURE & AFFILIATES)

Affiliates

LOTTE SAMKANG CO., LTD.(110111-0033722)
LOTTE CHILSUNG BEVERAGE CO., LTD.(110111-0003684)
LOTTE CONFECTIONERY CO., LTD.(110111-0076300)
LOTTE DATA COMMUNICATION CO., LTD.(110111-1358343)
LOTTE MIDOPA CO., LTD(110111-0045983)
LOTTE NON-LIFE INSURANCE CO., LTD.(110111-0014459)
LOTTE HAM CO., LTD.(110111-0229371)
LOTTERIA CO., LTD.(110111-0262850)
LOTTE FRESH DELICA CO., LTD.(134511-0034295)
LOTTE BOULANGERIE CO., LTD(135511-0109807)
LOTTE PHARM CO., LTD.(110111-0657788)
FOOD STAR, INC.(110111-1739155)
CINEMA TRADING CO., LTD(110111-3180918)
WELLGA INC.(184511-0000379)
SANJUNG BEVERAGE CO., LTD.(111511-0013288)
CHANG DAE TRADING CO., LTD.(110111-0904907)
HOTEL LOTTE CO., LTD.(110111-0145410)
LOTTE GIANTS BASEBALL CLUB(110111-0317556)
HOTEL LOTTE PUSAN CO., LTD(180111-0053461)
LOTTE MOOLSAN CO., LTD.(110111-0320707)
LOTTE JTB CO., LTD(110111-3685710)
THE CINEMA OF KOREA(110111-3837501)
LOTTE CITY HOTEL CO., LTD(110111-3946518)
LOTTE TRADING CO., LTD(110111-0159099)
LOTTE LOGISTICS CORP.(110111-0040446)
KOREA SEVEN CO., LTD.(110111-0899976)
LOTTE.COM INC(110111-1843972)
LOTTE ASAHI LIQUOR COMPANY LTD.(110111-0530033)
WOORI HOME SHOPPING(110111-2248957)
KP CHEMTECH(230111-0100443)
DAESAN MMA CORPORATION(161411-0016995)
KOREA FUJIFILM CO., LTD(110111-0042715)
HOWTECH CORPORATION(110111-2110114)
LOTTE ALUMINUM CO., LTD.(110111-0003121)
LOTTE ENGINEERING & MACHINERY MFG. CO., LTD.(110111-0154560)
LOTTE ASSET DEVELOPMENT CO., LTD(110111-2394263)
DAEHONG COMMUNICATIONS INC.(110111-0249981)
FRL KOREA CO., LTD.(110111-3133298)
LOTTE CAPITAL CO., LTD.(110111-1217416)
LOTTE CARD CO., LTD.(110111-0641434)
CHEONGNA ENERGY CO., LTD.(110111-3256818)
LOTTE MILK CO., LTD.(110111-3650838)

	LOTTE STATION BUILDING CO., LTD.(110111-0505903)
	LOTTE SHOPPING CO., LTD.(110111-0000086)
	CANON KOREA BUSINESS SOLUTIONS INC.(130111-0007666)
	LOTTE ENGINEERING & CONSTRUCTION CO., LTD(110111-0014764)
	LOTTE MEMBERS CO., LTD.(110111-5605790)
	IGIS I CORPORATION(110111-5513175)
	HYUNDAI LOGISTICS CO., LTD.(110111-0578231)
	HYUNDAI COSCO LOGISTICS CO., LTD.(180111-0684282)
	LOTTE FINE CHEMICAL CO., LTD.(181211-0000013)
	LOTTE NON-LIFE INSURANCE CO., LTD.(110111-0014459)
Subsidiary	NUNGMI SANGMU-SHANGHAI CO., LTD.(녹미상무(상해)유한공사 : CHINA) (100.00% held by t6he subject company)
Corporate Ownership	LOTTE CHEMICAL CORPORATION(110111-0193196)
Major Shareholders	VERSALIS S.P.A.(ITALY) LOTTE CHEMICAL CORPORATION(110111-0193196)
Cooperative Enterprise	VERSALIS S.P.A.(ITALY) -Technical Support from VERSALIS S.P.A.(ITALY)

SALES BY REGION (ACTIVITY & MARKETS)

The Subject deals with the companies in China and Italy.

COURT ACTION

No Records.

NEWS CLIPPING

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.66
UK Pound	1	INR 91.47
Euro	1	INR 80.78
KRW	1	INR 0.062

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

INFORMATION DETAILS

Analysis Done by :	VAR
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)