

MIRA INFORM REPORT

Report No. :	542015
Report Date :	27.11.2018

IDENTIFICATION DETAILS

Name :	KANGNAM CHEMICAL CO., LTD.
Registered Office :	12, Seoun-Ro 1-Gil, Seocho-Gu, Seoul, Korea, 9th Fl., Gangnam Bldg. 06733
Country :	South Korea
Financials (as on) :	31.12.2017
Date of Incorporation :	12.03.1971
Com. Reg. No.:	214-81-10843
Legal Form :	Co., Ltd by shares
Line of Business :	Manufacture of Synthetic Resin and Other Plastic Materials (Phenolic Resins, Polyurethane Resins, Acryl Resins, Silicone Balance, Painters Work)
No. of Employees :	324

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+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
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 (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	KANGNAM CHEMICAL CO., LTD.
Registered Address	12, Seoun-ro 1-gil, Seocho-gu, Seoul, Korea
Building	9th Fl., Gangnam Bldg.
Zip Code	06733
Tel	+82-2-3415-8000
Fax	+82-2-3473-3262
E-mail	kangnam@kangnam.co.kr
Website	www.kangnamchem.com
Trading Address	9th Fl., Gangnam Bldg., 12, Seoun-ro 1-gil, Seocho-gu, Seoul, Korea (Old Address System : 9th Fl., Gangnam Bldg., 1355-21, Seocho 2-dong, Seocho-gu, Seoul, Korea)
Tel	+82-2-3415-8023~4
Fax	+82-2-3473-3262
Other Address-Banwol	253, Byeolmang-ro, Danwon-gu, Ansan-si, Gyeonggi-do, Korea
Factory	(Old Address System : 609B-22, 626, Seonggok-dong, Danwon-gu, Ansan-si, Gyeonggi-do, Korea)
Tel	+82-31-599-8000
Fax	+82-31-492-2860
Other Address-Pyeongtaek	152, Poseunggongdan-ro, Poseung-eup, Pyeongtaek-si, Gyeonggi-do, Korea
Factory	(Old Address System : 679-11, Naegi-ri, Poseung-eup, Pyeongtaek-si, Gyeonggi-do, Korea)
Tel	+82-70-7096-3308
Fax	+82-31-683-3820
Other Address-Daegu Sales Office	99, Yutongdanji-ro, Buk-gu, Daegu, Korea (Old Address System : 1578, Sangyeok 2-dong, Buk-gu, Daegu, Korea)
Tel	+82-53-383-6580
Fax	+82-53-383-6588
Other Address-Daejeon Sales Office	7, Sinildong-ro 67beon-gil, Daedeok-gu, Daejeon, Korea (Old Address System : 1682-7, Sinil-dong, Daedeok-gu, Daejeon, Korea)
Tel	+82-42-934-7088
Fax	+82-42-934-7235
Other Address-Busan Sales Office	36, Sasang-ro 333beon-gil, Sasang-gu, Busan, Korea (Old Address System : 394-1, Deokpo 2-dong, Sasang-gu, Busan, Korea)
Tel	+82-51-301-3871
Fax	+82-51-301-3876
Other Address-Gwangju Sales Office	54, Hanamsandan 3beon-ro, Gwangsan-gu, Gwangju, Korea (Old Address System : 989-3, Jangdeok-dong, Gwangsan-gu, Gwangju, Korea)
Tel	+82-62-953-7930
Fax	+82-62-953-7929
Type	Export/Import
Industry	Manufacture of Synthetic Resin and Other Plastic Materials
Main Business	Phenolic Resins, Polyurethane Resins, Acryl Resins, Silicone Balance, Painters Work
Sub Business	

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Established (mm/dd/yyyy) 03/12/1971

DETAILED PRODUCTS

Activity	Detailed Products (UNSPSC)
Sell	Resins(13111000)
Sell	Polyurethane resins(13111061)
Sell	Compounds and mixtures(12350000)
Sell	Phenolic resin(13111002)
Sell	Polyamide(13111031)
Sell	Preservatives(12164501)
Sell	Polyurethane resins(13111061)

CEO'S

Name	Seo Jae-Jin
Date of Birth	02/27/1958
Title	President & CEO
Nationality	Korean

PROFILES

Capital (KRW)	7,000,000,000
Employees	324
Formation	Co., Ltd by shares Foreign Direct Investment Corporation(Japan) A Company of KUNSUL CHEMICAL INDUSTRIAL GROUP
Bank Details	Citibank, Korea Shinhan Bank KEB Hana Bank
Corporate Registered No.	110111-0101264
Business Registered No.	214-81-10843
Permit & Licenses	06/05/1984 KS Mark 08/18/1987 KS Mark 10/04/1995 ISO 9001 by LRQA KOREA 02/27/2006 ISO 14001 by LRQA KOREA

Shareholder Position	Int'l Trade No.: 538022		
	Name	Shares	%
	DIC CO., LTD.(JAPAN)	700,000	50.00
	KANGNAM JEVISCO CO., LTD. (EX. KUNSUL CHEMICAL INDUSTRIAL CO.,	578,115	41.29

LTD.(180111-0003391))			
KANGNAM CORPORATION(180111-0054667)	79,885	5.71	
HWANG IK-JOON	21,000	1.50	
HWANG JOONG-HO	21,000	1.50	
TOTAL	1,400,000	100.00	

Company History

03/12/1971 incorporated as the present name
10/12/1971 Registered as a Foreign Direct Investment Corporation
03/19/1996 Increased the authorized shares to 2,500,000 shares from 1,200,000 shares
12/21/1999 Increased capital to 7,000,000,000 KRW from 3,865,000,000 KRW

DETAILED INFORMATION

Management

Job Description	Name	Nationality	Date of Birth	Inauguration Date
President & CEO	Seo Jae-Jin	Korean	02/27/1958	03/16/2016
Director	Hasumito Shiho	Japanese	08/13/1956	04/30/2007
Director	Ko Jae-Hyun	Korean	08/22/1964	03/16/2017
Director	Ikeda Takashi	Japanese	05/07/1965	03/16/2017
Director	Hwang Ik-Joon	Korean	11/03/1980	03/22/2012
Director	Cho Hyun-Kook	Korean	10/17/1954	03/26/2013
Director	Kikuchi Yuji	Japanese	07/24/1961	11/15/2013
Director	Ikushima Akihiro	Japanese	09/08/1960	12/22/2015
Auditor	Sakai Kaoru	Japanese	04/16/1968	03/20/2018
Auditor	Park Hyun-Woo	Korean	07/16/1963	03/16/2016
Supervisor	Min Hak-Ki	Korean	06/10/1961	04/28/2014

FINANCIALS

Year / Unit : KRW	Sales	Assets	Net Income
2017	248,755,667,127	227,415,741,387	16,359,306,123
2016	223,273,219,015	211,172,236,304	20,161,707,751
2015	220,172,861,978	188,827,764,799	20,111,832,499
2014	228,466,972,530	172,536,152,769	13,881,920,693
2013	230,668,277,682	162,074,450,421	14,134,828,070
2012	221,862,955,810	149,596,299,833	15,465,164,256
2011	225,965,801,426	154,812,784,405	14,792,167,995
2010	193,049,102,357	129,413,143,059	8,678,465,571
2009	165,367,237,583	115,875,436,090	12,570,065,696
2008	182,669,222,525	113,491,497,579	5,555,479,425
2007	131,950,448,811	98,369,962,575	3,214,472,377
2006	120,351,294,438	83,383,615,957	6,109,935,705

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2005 113,086,626,947 77,060,692,157 3,959,284,718

Financial Description

Authorized Capital(KRW) 12,500,000,000
Paid-Up Capital(KRW) 7,000,000,000
Total Issued Shares 1,400,000

Balance Sheet

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Total Assets	227,415,741,387	211,172,236,304	188,827,764,799
Current Assets	166,825,429,649	156,207,760,420	130,648,089,946
Cash & Cash Equivalents	14,079,816,808	43,239,933,166	40,483,385,574
Current Financial Instruments	59,000,000,000	30,500,000,000	9,000,000,000
Held-to-Maturity Financial Assets	6,665,000	20,315,000	-
Trade Receivables & Other Receivables	65,229,400,854	59,489,309,661	53,009,465,340
Other Receivables-Construction	-	679,320	757,426,174
Inventories	28,337,132,187	22,782,987,350	27,290,580,010
Other Current Assets	172,414,800	174,535,923	107,232,848
Non-Current Assets	60,590,311,738	54,964,475,884	58,179,674,853
Held-to-Maturity Financial Assets	-	6,665,000	26,980,000
Marketable Financial Instruments	153,582,062	153,582,062	153,582,062
Long-Term Trade Receivables & Other Long-Term Receivables	561,782,953	542,509,873	688,516,953
Tangibles	54,302,720,009	53,112,629,429	56,138,506,318
Investment_Real Estates	359,097,810	359,097,810	359,097,810
Intangibles	756,376,810	445,724,410	467,724,410
Other Non-Current Financial Assets	6,000,000	6,500,000	7,500,000
Investment_Subsidiaries	337,767,300	337,767,300	337,767,300
Confirmed Salaries	4,112,984,794	-	-
Total Liabilities	47,549,085,485	44,629,641,509	38,402,281,610
Current Liabilities	43,848,699,872	40,809,256,301	33,980,124,448
Trade Payables & Other Payables	42,511,123,098	36,150,689,842	28,835,412,984
Other Payables-Construction	-	23,876,022	336,127,640
Current Portion of Long-Term Debts	99,100,000	99,100,000	99,100,000
Other Current Liabilities	266,103,048	885,033,814	884,798,645
Deferred Income Tax Credit	972,373,726	3,650,556,623	3,824,685,179

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KANGNAM CHEMICAL CO., LTD. - 542015

PAGE NO. : 8

Non-Current Liabilities	3,700,385,613	3,820,385,208	4,422,157,162
Long-Term Trade Payables & Other Long-Term Payables	392,048,267	521,411,009	357,320,990
Long-Term Borrowings	214,600,000	313,700,000	412,800,000
Confirmed Salaries	-	350,672,917	347,330,017
Deferred Income Tax Credit	3,093,737,346	2,634,601,282	3,304,706,155
Capital Stock	7,000,000,000	7,000,000,000	7,000,000,000
Capital Surplus	12,067,520,994	12,067,520,994	12,067,520,994
Profit Surplus	160,799,134,908	147,475,073,801	131,357,962,195
Total Equity	179,866,655,902	166,542,594,795	150,425,483,189
Liab. & Shareholder's Equity	227,415,741,387	211,172,236,304	188,827,764,799

Income Statement

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Sales	248,755,667,127	223,273,219,015	220,172,861,978
Cost of Sold Goods	216,112,343,521	185,374,774,952	-183,324,179,444
Gross Profit	32,643,323,606	37,898,444,063	36,848,682,534
Selling & Admin. Expenses	13,039,641,125	12,698,055,396	-11,615,279,059
Operating Income	19,603,682,481	25,200,388,667	25,233,403,475
Other Income	469,503,346	960,509,163	680,230,780
Other Expenses	822,368,625	826,331,233	-562,877,752
Finance Income	1,153,417,030	831,323,294	573,343,309
Finance Expenses			-524,320
Income Before Taxes	20,404,234,232	26,165,889,891	25,923,575,492
Income Taxes Expenses	4,044,928,109	6,004,182,140	-5,811,742,993
Net Income	16,359,306,123	20,161,707,751	20,111,832,499

Cash Flows

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Operating Activities Cash Flows	10,746,719,230	30,102,346,342	31,439,414,939
Cash Flows from Operating Net Income	16,412,016,239	35,915,118,553	35,771,549,044
Adjustment	16,359,306,123	20,161,707,751	20,111,832,499
Changes in Asset/ & Liability	12,813,284,672	13,916,813,838	13,983,188,240
Interests Received	-12,760,574,556	1,836,596,964	1,676,528,305
Interests Paid	745,376,174	748,353,507	561,724,000
Dividends Received	1,680,000	1,680,000	-524,320
Income Taxes	-6,412,353,183	-6,562,805,718	-4,893,333,785
Cash Flows from Investing	-36,531,178,625	-24,510,522,643	-14,005,087,233
Cash Flows from Financing	-3,360,644,000	-2,822,816,800	-2,612,780,000
Increase/Decrease in Cash	-29,145,103,395	2,769,006,899	14,821,547,706
Cash at the Beginning of	43,239,933,166	40,483,385,574	25,647,173,230

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Year			
Cash at the End of Year	14,079,816,808	43,239,933,166	40,483,385,574

PRODUCTS, TECHNOLOGIES, SERVICES DESCRIPTION

Main Products & Services	Phenolic Resins, Polyurethane Resins, Acryl Resins, Silicone Balance, Painters Work
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TRADE PARTNERS & COMPETITORS

Competitors	KPX CHEMICAL CO., LTD. 190-3, CHUNGJEONGRO 2-GA SEODAEMUN-GU SEOUL, 120-012 SOUTH KOREA TEL:+82-2-3616500 FAX:+82-2-3635600
	DONGSUNG CHEMICAL CO., LTD. 472, SHINPYONG-DONG SAHA-GU BUSAN, 604-836 SOUTH KOREA TEL:+82-51-2004500 FAX:+82-51-2045636
	M&FC CO., LTD 376-11, SEOGYO-DONG MAHPO-GU SEOUL, 121-839 SOUTH KOREA TEL:+82-2-3257050 FAX:+82-2-3253885

RELATED PARTIES

(Subsidiaries, Joint-Venture & Affiliates)

Affiliates	KANGNAM JEVISCO CO., LTD. (EX. KUNSUL CHEMICAL INDUSTRIAL CO., LTD.(180111-0003391)) KANG NAM CORPORATION(180111-0054667) KANG NAM GUNYOUNG CO., LTD.(110111-0328412) KDK AUTOMATIC COATINGS CO., LTD (110111-0601701) KPI CO., LTD.(180111-0044535) KANGNAM ITEC CO., LTD.(110111-2062349) BO KWANG CORPORATION(181211-0000419) CHUNGSAN BIOTECH CO., LTD.(110111-1033961) P&S CO., LTD.(KOREA)
Subsidiary	KANG NAM CHEMICAL BEIJING MATERIALS CO., LTD.(CHINA) (100.0% held by the subject company)

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Corporate Ownership	DIC CO., LTD.(JAPAN)
Major Shareholders	DIC CO., LTD.(JAPAN)
Cooperative Enterprise	-Technical support from DIC CO., LTD.(JAPAN)
	-Insured Company DONGBU INSURANCE CO., LTD.(110111-0095285) HYUNDAI MARINE& FIRE INSURANCE CO., LTD.(110111-0035893) LOTTE NON-LIFE INSURANCE CO., LTD.(110111-0014459)

SALES BY REGION

(Activity & Markets)

The Subject deals with the companies in China, Japan, Philippines and Vietnam.

COURT ACTION

No Records.

NEWS CLIPPING

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.71
UK Pound	1	INR 90.65
Euro	1	INR 80.27
KRW	1	INR 0.063

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

INFORMATION DETAILS

Analysis Done by :	DIV
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)

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