

MIRA INFORM REPORT

Report No. :	536864
Report Date :	27.10.2018

IDENTIFICATION DETAILS

Name :	SM HEAVY INDUSTRIES CO., LTD.
Registered Office :	504, Beonyeong-Ro, Gunpo-Si, Gyeonggi-Do, Korea 15869
Country :	South Korea
Financials (as on) :	31.12.2017
Date of Incorporation :	31.12.1994
Com. Reg. No.:	123-81-37226
Legal Form :	Co., Ltd. By Shares
Line of Business :	<ul style="list-style-type: none"> • Shopping Center Leasing Services, Housing Services, Hotel Services • Manufacture of Components for Heavy Equipment and Automobile
No. of Employees :	10

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

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NOTES:

Any query related to this report can be made on e-mail: 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

Company Name	SM HEAVY INDUSTRIES CO., LTD.
Registered Address	504, Beonyeong-ro, Gunpo-si, Gyeonggi-do, Korea
Building	--
Zip Code	15869
Tel	+82-31-341-3000
Fax	+82-31-341-3388
E-mail	sales@acetrack.co.kr
Website	www.acetrack.co.kr
Trading Address	504, Beonyeong-ro, Gunpo-si, Gyeonggi-do, Korea (Old Address System : 1231, Sanbon-dong, Gunpo-si, Gyeonggi-do, Korea)
Tel	+82-31-341-3000
Fax	+82-31-341-3388
Other Address	41, Hwadangsan-ro, Chukdong-myeon, Sacheon-si, Gyeongsangnam-do, Korea (Old Address System : 272, Gasan-ri, Chukdong-myeon, Sacheon-si, Gyeongsangnam-do, Korea)
Tel	+82-55-850-8000
Fax	+82-55-855-0062
Type	Export/Import
Industry	Shopping Center Leasing Services, Housing Services, Hotel Services Manufacture of Components for Heavy Equipment and Automobile
Main Business	Track Link Assy, Link Assy and Segment for Heavy Equipment, Shopping Center Leasing Services, Housing Services, Hotel Services
Sub Business	--
Established (mm/dd/yyyy)	12/31/1994

DETAILED PRODUCTS

Activity	Detailed Products (UNSPSC)
Sell	Heavy equipment components(22101700)
Sell	Transportation components and systems(25170000)
Sell	Shopping Center Leasing Services
Sell	Housing Services
Sell	Hotel Services

CEO'S

Name	Kim Jong-Min
Date of Birth	01/14/1970
Title	President & CEO

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Nationality Korean

PROFILES

Capital (KRW) 46,174,805,000
Employees 10
Formation Co., Ltd by Shares
A Company of SM Group
Bank Details Woori Bank
Corporate Registered No. 135111-0040869
Business Registered No. 123-81-37226
Permit & Licenses N/A
Shareholder Position

Name	Shares	%
HIPLUS CARD CO., LTD.(131111-0191187)	3,000,000	32.49
WOOBANG INDUSTRIAL CO., LTD.(110111-0002834)	1,770,000	19.17
KYUNG NAM WOOL TEXTILE CO., LTD.(184611-0007779)	928,860	10.06
SM LINE CORPORATION(110111-6261228)	1,308,291	14.17
DONGAH CONSTRUCTION INDUSTRIAL CO., LTD.(110111-0119762)	2,046,633	22.16
TREASURY STOCK	20,311	0.22
OTHERS	160,866	1.74
TOTAL	9,234,961	100.00

Company History
12/31/1994 Incorporated as Sanbon Station Shopping Center Co., Ltd.
03/29/2007 Changed company name to Sanbon Station Co., Ltd.
05/24/2011 Started Corporate Reviving Procedure(2011HOIHAP30) by the Decision of Suwon District Court
04/01/2013 Increased the authorized shares to 50,000,000 shares from 1,280,000 shares
11/27/2013 Finished Corporate Reviving Procedure(2011HOIHAP30) by the Decision of Suwon District Court
03/16/2018 Acquired Sungwoo Construction Co., Ltd.(110111-0617394)
03/31/2018 Changed company name to the present name
04/30/2018 Increased capital to 46,174,805,000 KRW from 35,330,920,000 KRW
06/29/2018 Acquired ACE TRACK CO., LTD.(195411-0020532)

MANAGEMENT

Job Description	Name	Nationality	Date of Birth	Inauguration Date
President & CEO	Kim Jong-Min	Korean	01/14/1970	03/30/2016
Director	Woo Oh-Hyun	Korean	11/06/1953	03/30/2016
Director	Choi Seung-Seok	Korean	07/11/1960	03/31/2018
Auditor	Ahn Byung-Sun	Korean	05/25/1972	03/30/2006
Auditor	Woo Ji-Young	Korean	11/28/1978	11/21/2013

FINANCIALS

Year / Unit : KRW	Sales	Assets	Net Income
2017	118,152,715,096	207,507,971,692	1,880,526,692
2016	85,836,622,910	72,050,284,924	15,336,234,466
2015	30,700,551,007	68,973,220,742	2,643,683,555
2014	4,390,392,467	64,178,156,369	2,488,305,203
2013	4,144,570,216	48,278,056,781	1,550,286,806

FINANCIAL DESCRIPTION

Authorized Capital(KRW)	250,000,000,000
Paid-Up Capital(KRW)	46,174,805,000
Total Issued Shares	9,234,961

Balance Sheet

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Total Assets	207,507,971,692	72,050,284,924	68,973,220,742
Current Assets	55,767,772,437	46,337,821,890	50,623,618,444
-Quick Assets	55,345,045,474	31,403,698,648	27,291,558,536
-Inventories	422,726,963	14,934,123,242	23,332,059,908
Fixed Assets	151,740,199,255	25,712,463,034	18,349,602,298
-Investment	13,207,721,736	8,328,239,684	-
-Tangibles	137,489,439,283	16,496,882,779	17,213,201,911
-Intangibles	56,463,684	-	-
-Others	986,574,552	887,340,571	1,136,400,387
Total Liabilities	155,425,183,252	23,641,604,238	36,970,708,919
Current Liabilities	91,626,738,252	17,361,159,238	30,621,542,045

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SM HEAVY INDUSTRIES CO., LTD. - 536864

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Fixed Liabilities	63,798,445,000	6,280,445,000	6,349,166,874
Capital Stock	31,095,165,000	31,095,165,000	31,095,165,000
Capital Surplus	9,542,047,043	9,542,047,043	9,542,047,043
Profit Surplus	-1,521,593,504	-3,402,120,196	18,738,354,662
Capital Adjustment	12,967,169,901	11,173,588,839	10,103,654,442
Total Equity	52,082,788,440	48,408,680,686	32,002,511,823
Liab. & Shareholder's Equity	207,507,971,692	72,050,284,924	68,973,220,742
Current Liabilities	91,626,738,252	17,361,159,238	30,621,542,045
Trade Payables	201,228,201	-	-
Account Payables	21,302,952,106	516,693,277	6,221,666,266
Withholdings	146,707,624	10,776,620	18,047,810
Advance Receipts	120,480,326	-	13,060,350,741
Short-Term Borrowings	56,100,000,000	2,000,000,000	-
Current Portion of Long-Term Debts	2,500,000,000	-	-
Accrued Expenses	749,454,517	9,820,890	8,371,230
Accrued Income Tax	-	4,648,893,157	889,070,888
Reviving Debts	10,505,915,478	10,174,975,294	10,424,035,110
Fixed Liabilities	63,798,445,000	6,280,445,000	6,349,166,874
Long-Term Borrowings	57,500,000,000	-	-
Leasehold Deposit Received	6,298,445,000	6,280,445,000	6,250,445,000
Provision for Severance & Retirement	-206,874,857	0	98,721,874

Income Statement

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Sales	118,152,715,096	85,836,622,910	30,700,551,007
Cost of Sold Goods	103,670,676,532	58,337,901,021	20,148,542,726
Gross Profit	14,482,038,564	27,498,721,889	10,552,008,281
Selling & Admin. Expenses	6,287,200,055	5,253,698,127	7,308,868,213
Operating Income	8,194,838,509	22,245,023,762	3,243,140,068
Non-Operating Income	3,038,295,569	1,647,859,615	691,186,525
Non-Operating Expenses	7,733,412,352	3,325,099,742	425,744,250
Income Before Taxes	3,499,721,726	20,567,783,635	3,508,582,343
Income Taxes Expenses	1,619,195,034	5,231,549,169	864,898,788
Net Income	1,880,526,692	15,336,234,466	2,643,683,555

Cash Flows

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Cash Flows from Operating	34,490,855,080	10,420,457,315	21,801,477,072
-Net Income	1,880,526,692	15,336,234,466	2,643,683,555
-Exp. without Cash Outflow	4,187,983,851	3,927,238,671	805,724,511

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-Revenue without Cash Inflows	-1,241,187,500	-	-
-Changes in Asset/ & Liability	29,663,532,037	-8,843,015,822	18,352,069,006
Cash Flows from Investing	-113,686,264,037	-12,117,628,540	-4,383,292,929
-Cash Inflow from Investing	69,501,598,037	95,857,975,306	22,318,094,817
-Cash Outflows for Investing	-183,187,862,074	-107,975,603,846	-26,701,387,746
Cash Flows from Financing	114,380,940,184	1,750,940,184	-17,834,047,335
-Cash Inflows from Financing	251,060,000,000	14,700,000,000	63,234,150,000
-Cash Outflows from Financing	-136,679,059,816	-12,949,059,816	-81,068,197,335
Increase/Decrease in Cash	35,185,531,227	53,768,959	-415,863,192
Cash at the Beginning of Year	380,988,752	327,219,793	743,082,985
Cash at the End of Year	35,566,519,979	380,988,752	327,219,793

PRODUCTS, TECHNOLOGIES, SERVICES DESCRIPTION

Main Products & Services Track Link Assy, Link Assy and Segment for Heavy Equipment, Shopping Center Leasing Services, Housing Services, Hotel Services

RELATED PARTIES (SUBSIDIARIES, JOINT- VENTURE & AFFILIATES)

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Affiliates	ADM21 CO., LTD. (33.0% held by the subject company)
	SM LINE CORPORATION(110111-6261228) KYUNG NAM WOOL TEXTILE CO., LTD.(184611-0007779) TK CHEMICAL CORPORATION(110111-3783457) NAMSUN ALUMINUM CO., LTD.(170111-0005042) KOREA LINE CORPORATION(110111-0008212) SAMRA CO., LTD.(200111-0013220) WOOBANG CONSTRUCTION CO., LTD.(110111-0380610) WOOBANG INDUSTRY CO., LTD.(110111-0002834) WOOBANG CO., LTD.(170111-0352732) SHINCHANG CONSTRUCTION CO.,LTD.(200111-0026017) CHOYANG CORP(131111-0001774) BECKCELL CO., LTD.(176011-0064945) KYUNGNAM T&D CO., LTD.(170111-0390766) HIPLUSCARD CO., LTD.(131111-0191187) SMT CHEMICAL CO., LTD.(170111-0351776) SAMRA HOLDINGS CO., LTD.(200111-0295761) SAMRA MIDAS CO., LTD.(200111-0069330) SAMRA INDUSTRIAL DEVELOPMENT CO., LTD.(200111-0071319) SC POWERTECH CO., LTD.(KOREA) SC DEVELOPMENT CO., LTD.(KOREA) KOREA COMMUNICATION ENGINEERING CO., LTD.(110111-0204654) TAE JOO INDUSTRIAL CD., LTD.(110111-0238687) SAMRA NETWORKS CO.,LTD.(110111-4934372) KOREA TECHNOLOGY CERAMIC CO.,LTD.(161311-0010139) SEOULIM HIGHPACK LTD.(154511-0012867) SANBON DEPARTMENT STORE CO., LTD.(135111-0040869) HAKSAN CONSTRUCTION CO., LTD.(174811-0037344) DONG JOO INDUSTRIAL CO., LTD.(KOREA) DONG JOO ASCON CO., LTD.(KOREA) KL HOLDINGS CO., LTD.(200111-0378319) SAMRA CO., LTD.(200111-0013220) HIPLUS CARD CO., LTD.(131111-0191187) -Insured Company HYUNDAI MARINE & FIRE INSURANCE CO., LTD.(110111-0035893)
Corporate Ownership	
Major Shareholders	
Cooperative Enterprise	

SALES BY REGION (ACTIVITY & MARKETS)

Not Available.

COURT ACTION

No.

NEWS CLIPPING

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.37
UK Pound	1	INR 94.05
Euro	1	INR 83.41
KRW	1	INR 0.064

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	NIT

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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)