

## MIRA INFORM REPORT

<b>Report No. :</b>	532651
<b>Report Date :</b>	29.09.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	DAEHAN PAPER CO. LTD.
<b>Registered Office :</b>	256, Sangjeongssangcheong-ro, Osong-eup, Cheongwon-gun, Chungcheongbuk-do, Korea
<b>Country :</b>	South Korea
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	12.06.1947
<b>Com. Reg. No.:</b>	110111-0044232
<b>Legal Form :</b>	Co., Ltd By Shares
<b>Line of Business :</b>	Manufacture of Newsprint
<b>No. of Employees :</b>	201

**RATING & COMMENTS**

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

**MIRA's Rating :**

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	Slow but Correct
<b>Litigation :</b>	Clear

**NOTES :**

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto: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

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**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	DAEHAN PAPER CO., LTD.
Registered Address	256, Sangjeongssangcheong-ro, Osong-eup, Cheongwon-gun, Chungcheongbuk-do, Korea (Old Address System : 131-1, Ssangcheong-ri, Osong-eup, Cheongwon-gun, Chungcheongbuk-do, Korea)
Building	
Zip Code	28157
Tel	+82-43-249-6000
Fax	+82-43-238-3706
E-mail	webmaster_daehan@daehanpaper.com
Website	www.daehanpaper.com
Trading Address	563, Ahasan-ro, Gwangjin-gu, Seoul, Korea (Old Address System : 445-5, Gwangjang-dong, Gwangjin-gu, Seoul, Korea)
Tel	+82-2-2049-7000
Fax	+82-2-2049-7788
Other Address	16FL., Gumha Bldg., 401, Hakdong-ro, Gangnam-gu, Seoul, Korea (Old Address System : 16FL., Gumha Bldg., 41-2, Cheongdam-dong, Gangnam-gu, Seoul, Korea)
Tel	
Fax	
Type	Export/Import
Industry	Manufacture of Newsprint
Main Business	Newsprint, Printing Paper, Writing Paper, Copying Paper
Sub Business	
Established (mm/dd/yyyy)	12/06/1947

## **DETAILED PRODUCTS**

Activity	Detailed Products (UNSPSC)
Sell	Printer or copier paper(14111507)
Sell	Newsprint and offset papers(14121900)
Buy	Paper wastes(11141604)
Buy	Inorganic peroxides(12352304)
Buy	Surfactants(12161900)
Buy	Wood pulp(11121607)

## **CEO'S**

Name	Yang Sung-Hak
Date of Birth	10/16/1937
Title	Chairman & CEO
Nationality	Korean

## **PROFILES**

Capital (KRW)	8,500,000,000
Employees	201
Formation	Co., Ltd by Shares
Bank Details	Korea Development Bank Shinhan Bank Woori Bank KEB Hana Bank

Corporate Registered No.	110111-0044232
Business Registered No.	207-81-01424
Permit & Licenses	09/18/1982 KA Mark 04/1993 KS Mark 06/1996 NT Mark 10/1997 GR Mark 08/2011 FSC 12/2012 GR Mark

Shareholder Position	Int'l Trade No.:	300803	
	Name	Shares	%
	YANG SUNG-HAK	282,345	16.61
	SEO BUM-JOO	54,125	3.18
	YANG DEUNG-RAK	146,200	8.60
	YANG CHANG-RAK	124,100	7.30
	YANG SUN-RAK	120,700	7.10
	YANG CHUNG-RAK	117,300	6.90
	YANG HYE-JUNG	100,300	5.90
	YANG SEUNG-IN	313,287	18.43
	HEUNGWHA CO., LTD.(110111-0053407)	183,400	10.79
YANG KYUNJG-RAK	120,896	7.11	
OTHERS	137,347	8.08	
TOTAL	1,700,000	100.00	

Company History	12/06/1947 Incorporated as DAEHAN PAPER Manufacturing Co., Ltd. 01/1986 Changed company name to the present name 11/1999 Awarded US\$ 30 Million Export Top Prize 03/19/2004 Moved to the present HQ registered address from 445-5, Gwangjang-dong, Gwangjin-gu, Seoul, Korea
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## **DETAILED INFORMATION**

### Management

Job Description	Name	Nationality	Date of Birth	Inauguration Date
Chairman & CEO	Yang Sung-Hak	Korean	10/16/1937	03/27/2001
President & CEO	Yang Deung-Rak	Korean	07/27/1966	06/30/2016
Director	Yang Chang-Rak	Korean	08/12/1968	07/24/2006
Director	Yang Sun-Rak	Korean	11/13/1970	04/01/2009
Director	Yang Chung-Rak	Korean	01/04/1972	04/01/2009
Director	Park Do-Yeol	Korean	01/16/1961	04/30/2018
Auditor	Seo Bum-Joo	Korean	02/23/1941	03/19/2004

### Financials

Year / Unit : KRW	Sales	Assets	Net Income
2017	184,516,231,422	315,914,204,813	-687,790,397
2016	179,126,510,052	307,426,501,590	6,786,030,580
2015	195,581,425,298	298,460,998,091	-1,071,855,340
2014	203,686,633,267	318,164,980,928	-5,189,198,745
2013	213,609,052,222	336,297,893,478	7,316,012,106
2012	223,155,541,540	339,849,569,130	14,397,548,276
2011	224,834,151,168	336,172,815,953	10,484,418,386
2010	215,212,404,884	319,658,903,864	11,157,461,175
2009	210,637,220,081	296,261,599,187	20,201,626,612
2008	207,361,851,831	293,922,545,933	3,586,671,198

## **FINANCIAL DESCRIPTION**

Authorized Capital(KRW)	40,000,000,000
Paid-Up Capital(KRW)	8,500,000,000
Total Issued Shares	1,700,000

### Balance Sheet

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Total Assets	315,914,204,813	307,426,501,590	298,460,998,091
Current Assets	89,462,924,354	85,284,361,037	91,133,422,640
-Quick Assets	57,828,757,263	49,871,571,107	61,952,612,593
-Inventories	31,634,167,091	35,412,789,930	29,180,810,047
Fixed Assets	226,451,280,459	222,142,140,553	207,327,575,451
-Investment	108,310,151,070	100,289,710,844	88,987,239,436
-Tangibles	113,082,171,430	118,426,057,381	115,867,133,901

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-Intangibles			
-Others	5,058,957,959	3,426,372,328	2,473,202,114
Total Liabilities	82,783,979,398	70,315,949,231	64,252,061,365
Current Liabilities	46,089,706,038	43,702,852,549	36,940,829,376
Fixed Liabilities	36,694,273,360	26,613,096,682	27,311,231,989
Capital Stock	8,500,000,000	8,500,000,000	8,500,000,000
Capital Surplus	50,335,275,323	50,335,275,323	50,335,275,323
Profit Surplus	174,199,994,370	177,731,821,428	175,008,700,364
Capital Adjustment	94,955,722	543,455,608	364,961,039
Total Equity	233,130,225,415	237,110,552,359	234,208,936,726
Liab. & Shareholder's Equity	315,914,204,813	307,426,501,590	298,460,998,091

Current Liabilities	46,089,706,038	43,702,852,549	36,940,829,376
Trade Payables	3,245,860,873	3,981,415,449	3,628,742,006
Short-Term Borrowings	19,800,000,000	22,000,000,000	10,000,000,000
Short-Term Borrowings- Foreign Currency	14,170,469,877	8,265,237,086	10,631,626,372
Current Portion of Long- Term Debts	1,964,200,000	3,208,000,000	4,420,090,000
Account Payables	5,874,453,429	4,889,338,390	5,437,674,887
Accrued Dividends	15,863,100	15,439,600	20,428,160
Withholdings	278,456,864	252,089,980	352,091,210
Advance Receipts	12,487,136	17,458,019	475,069,297
Accrued Expenses	727,914,759	882,530,762	1,258,882,405
VAT Withhold	-	191,343,263	716,225,039
Fixed Liabilities	36,694,273,360	26,613,096,682	27,311,231,989
Long-Term Borrowings	14,551,000,000	3,515,200,000	6,723,200,000
Provision for Severance & Retirement	1,295,198,243	1,344,291,602	724,478,595
Leasehold Deposit Received	7,179,763,200	7,052,308,200	6,887,071,950
Deferred Income Tax Credit	13,668,311,917	14,701,296,880	12,976,481,444

**Income Statement**

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Sales	184,516,231,422	179,126,510,052	195,581,425,298
Cost of Sold Goods	183,299,874,389	168,651,450,175	185,732,855,847
Gross Profit	1,216,357,033	10,475,059,877	9,848,569,451
Selling & Admin. Expenses	13,683,486,465	13,111,820,779	13,313,260,069
Operating Income	-12,467,129,432	-2,636,760,902	-3,464,690,618
Non-Operating Income	12,642,029,080	15,262,872,591	4,305,818,698
Non-Operating Expenses	1,779,334,562	4,100,025,916	1,974,881,852
Income Before Taxes	-1,604,434,914	8,526,085,773	-1,133,753,772
Income Taxes Expenses	-916,644,517	1,740,055,193	-61,898,432
Net Income	-687,790,397	6,786,030,580	-1,071,855,340

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**Cash Flows**

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Cash Flows from Operating	588,715,081	6,008,054,530	21,855,659,909
-Net Income	-687,790,397	6,786,030,580	-1,071,855,340
-Exp. without Cash Outflow	13,919,579,112	16,712,052,442	16,779,830,492
-Revenue without Cash Inflows	-11,317,015,494	-13,478,764,723	-2,730,097,564
-Changes in Asset/ & Liability	-1,326,058,140	-4,011,263,769	8,877,782,321
Cash Flows from Investing	-6,105,176,074	-15,033,106,307	-5,306,204,029
-Cash Inflow from Investing	3,966,034,980	3,970,615,603	1,869,477,277
-Cash Outflows for Investing	-10,071,211,054	-19,003,721,910	-7,175,681,306
Cash Flows from Financing	11,176,875,005	555,710,185	-17,922,147,050
-Cash Inflows from Financing	70,085,257,633	46,011,063,338	44,281,518,072
-Cash Outflows from Financing	-58,908,382,628	-45,455,353,153	-62,203,665,122
Increase/Decrease in Cash	5,660,414,012	-8,469,341,592	-1,372,691,170
Cash at the Beginning of Year	10,143,172,793	18,612,514,385	19,985,205,555
Cash at the End of Year	15,803,586,805	10,143,172,793	18,612,514,385

**PRODUCTS, TECHNOLOGIES, SERVICES  
DESCRIPTION**

Main Products & Services      Newsprint, Printing Paper, Writing Paper, Copying Paper  
Detailed Products Spec.  
Technologies Acquired

**TRADE PARTNERS & COMPETITORS**

Suppliers  
Customers  
Competitors

MOORIM PAPER CO., LTD.(191111-0000782)  
281-1, SANGPYEONG-DONG, JINJU-SI, GYEONGSANGNAM-DO,  
KOREA  
TEL:+82-55-751-1234 FAX:+82-55-751-1235

KYESUNG PAPER CO., LTD.(134811-0000654)  
637, OSAN-DONG, OSAN-SI, GYEONGGI-DO, KOREA  
TEL:+82-31-379-5500 FAX:+82-31-379-5691

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HONG WON PAPER MFG CO., LTD.(110111-0239221)  
14TH FL., IMGWANG BLDG, 267, MIGEUN-DONG, SEODAEMUN-GU,  
SEOUL, KOREA  
TEL:+82-2-360-6300 FAX:+82-2-360-6405

## **RELATED PARTIES (SUBSIDIARIES, JOINT-VENTURE & AFFILIATES)**

### Affiliates

Overseas Office  
Liaison Office  
Overseas Branch  
Joint Venture  
Subsidiary

HEUNGWHA CO., LTD.(110111-0053407)  
(51.50% held by the subject company)

Corporate Ownership  
Major Shareholders  
Cooperative Enterprise

-Insured Company  
DONGBU INSURANCE CO., LTD.(110111-0095285)

## **SALES BY REGION (ACTIVITY & MARKETS)**

Sales/ Unit :Mil KRW	2017	2016	2015
Export			
Domestic			
Total			
Not Available.			

## **COURT ACTION**

Case No.	Court	Plaintiff(s)/ Creditor(s)/ Applicant(s)	Defendant(s)/ Debtor(s)/ Respondent(s)	Cause	Amount (KRW)	Status
	Jeonju District Court	The Subject Company	GEOMCHAN G METAL CO., LTD.(210114- 0090569) & Others(11)	Land Transferrin g	142,507,000	1st round is proceeding

### News Clipping

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**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.54
UK Pound	1	INR 94.90
Euro	1	INR 84.44
KRW	1	INR 0.065

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

**INFORMATION DETAILS**

Analysis Done by :	NIS
Report Prepared by :	POJ

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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)