

## MIRA INFORM REPORT

Report No. :	523077
Report Date :	01.08.2018

### IDENTIFICATION DETAILS

Name :	SUMITOMO RUBBER INDUSTRIES LTD
Registered Office :	3-6-9 Wakino Hamacho Chuoku Kobe 651-0072
Country :	Japan
Financials (as on) :	31.12.2017
Date of Incorporation :	March 1917
Com. Reg. No.:	1400-01-008691 (Kobe-Chuoku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufacturing of Automobile Tires, Golf Balls
No. of Employees :	6,666

### RATING & COMMENTS

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

MIRA's Rating :	A++
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Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default

Maximum Credit Limit :	Yen 1,336,548.6 Million
Status :	Excellent
Payment Behaviour :	Regular
Litigation :	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.

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Japan	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

**JAPAN - ECONOMIC OVERVIEW**

Over the past 70 years, government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation (slightly less than 1% of GDP) have helped Japan develop an advanced economy. Two notable characteristics of the post-World War II economy were the close interlocking structures of manufacturers, suppliers, and distributors, known as keiretsu, and the guarantee of lifetime employment for a substantial portion of the urban labor force. Both features have significantly eroded under the dual pressures of global competition and domestic demographic change.

Measured on a purchasing power parity basis that adjusts for price differences, Japan in 2017 stood as the fourth-largest economy in the world after first-place China, which surpassed Japan in 2001, and third-place India, which edged out Japan in 2012. For three postwar decades, overall real economic growth was impressive - averaging 10% in the 1960s, 5% in the 1970s, and 4% in the 1980s. Growth slowed markedly in the 1990s, averaging just 1.7%, largely because of the aftereffects of inefficient investment and the collapse of an asset price bubble in the late 1980s, which resulted in several years of economic stagnation as firms sought to reduce excess debt, capital, and labor. Modest economic growth continued after 2000, but the economy has fallen into recession four times since 2008.

Japan enjoyed an uptick in growth since 2013, supported by Prime Minister Shinzo ABE's "Three Arrows" economic revitalization agenda - dubbed "Abenomics" - of monetary easing, "flexible" fiscal policy, and structural reform. Led by the Bank of Japan's aggressive monetary easing, Japan is making modest progress in ending deflation, but demographic decline - a low birthrate and an aging, shrinking population - poses a major long-term challenge for the economy. The government currently faces the quandary of balancing its efforts to stimulate growth and institute economic reforms with the need to address its sizable public debt, which stands at 235% of GDP. To help raise government revenue, Japan adopted legislation in 2012 to gradually raise the consumption tax rate. However, the first such increase, in April 2014, led to a sharp contraction, so Prime Minister ABE has

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twice postponed the next increase, which is now scheduled for October 2019. Structural reforms to unlock productivity are seen as central to strengthening the economy in the long-run.

Scarce in critical natural resources, Japan has long been dependent on imported energy and raw materials. After the complete shutdown of Japan's nuclear reactors following the earthquake and tsunami disaster in 2011, Japan's industrial sector has become even more dependent than before on imported fossil fuels. However, ABE's government is seeking to restart nuclear power plants that meet strict new safety standards and is emphasizing nuclear energy's importance as a base-load electricity source. In August 2015, Japan successfully restarted one nuclear reactor at the Sendai Nuclear Power Plant in Kagoshima prefecture, and several other reactors around the country have since resumed operations; however, opposition from local governments has delayed several more restarts that remain pending. Reforms of the electricity and gas sectors, including full liberalization of Japan's energy market in April 2016 and gas market in April 2017, constitute an important part of Prime Minister Abe's economic program.

Under the Abe Administration, Japan's government sought to open the country's economy to greater foreign competition and create new export opportunities for Japanese businesses, including by joining 11 trading partners in the Trans-Pacific Partnership (TPP). Japan became the first country to ratify the TPP in December 2016, but the United States signaled its withdrawal from the agreement in January 2017. In November 2017 the remaining 11 countries agreed on the core elements of a modified agreement, which they renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Japan also reached agreement with the European Union on an Economic Partnership Agreement in July 2017, and is likely seek to ratify both agreements in the Diet this year.

Source : CIA

## **COMPANY NAME & ADDRESS**

### **SUMITOMO RUBBER INDUSTRIES LTD**

**REGD NAME:** Sumitomo Gomu Kogyo KK  
**MAIN OFFICE:** 3-6-9 Wakino Hamacho Chuoku Kobe 651-0072 JAPAN  
Tel: 078-265-3000 Fax: 078-265-3113

**URL:** <http://www.srigroup.co.jp/>  
**E-Mail address:** Not specified (thru the URL)

**ACTIVITIES:** Mfg of automobile tires, golf balls  
**BRANCHES:** Tokyo, Sapporo, Nagoya, Toyoda, Hiroshima, Fukuoka, other (Tot 9)  
**OVERSEAS:** USA (3), Canada, Belgium, Germany, Australia, UAE, Saudi Arabia, Singapore, China (2), other (--subsidiaries)  
**FACTORIES:** Toyoda, Shirakawa, Izumi-Ohtsu, Kakogawa, other (Tot 6)  
**OVERSEAS:** China (3), Indonesia, Malaysia, Vietnam, Thailand, Brazil, South Africa, China, Turkey, Philippines, Malaysia, Philippines, Switzerland (--factories)

**OFFICERS:** IKUJI IKEDA, PRES Minoru Nishi, v pres  
Kazuo Kinami, v pres Yasutaka li, s/mgn dir  
Hiroki Ishida, mgn dir Yutaka Kuroda, mgn dir

**Yen Amount:** In million Yen, unless otherwise stated

## **SUMMARY**

FINANCES	FAIR	A/SALES	Yen 877,866 M
PAYMENTS	REGULAR	CAPITAL	Yen 42,658 M
TREND	STEADY	WORTH	Yen 459,907 M
STARTED	1917	EMPLOYES	6,666

**COMMENT:** MFR OF TIRES AND SPORTING GOODS. FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: YEN 1,336,548.6 MILLION, 30 DAYS NORMAL TERMS.

## **HIGHLIGHTS**

The subject company was established originally in 1913 as a maker of tires & tubes for bicycles licensed from Dunlop, UK (the first maker in Japan). Incorporated in 1917 and started producing golf balls and tennis balls. This is the second largest automobile tire maker in Japan, after Bridgestone Corp. Highly competitive in sporting goods, particularly gold balls and tennis balls. In 1960 joined Sumitomo group and renamed as captioned in

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1963. In mid-1980', placed Dunlop in UK, Germany, France and US under aegis. In 1999 signed global alliance with Goodyear, USA. In 2002 founded tire factory in China. In 2003 absorbed Ohtsu Tire & Rubber Co and Dunlop Japan Ltd. In 2004 increased capital to Yen 42,658 million. Dissolved the alliance with Goodyear (for making "Dunlop" tires) in 2015. Clients are tire dealers mainly.

## **FINANCIAL INFORMATION**

The sales volume for Dec/2017 fiscal term amounted to Yen 877,866 million, a 16.01% up from Yen 656,696 million in the previous term. The recurring profit was posted at Yen 65,733 million and the net profit at Yen 46,979 million, respectively, compared with Yen 70,093 million recurring profit and Yen 41,364 million net profit, respectively, a year ago.

For the current term ending Dec 2018 the recurring profit is projected at Yen 71,000 million and the net profit at Yen 48,000 million, respectively, on a 3.66% rise in turnover, to Yen 910,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 1,336,548.6 million, on 30 days normal terms.

## **REGISTRATION**

**Date Registered:** Mar 1917  
**Regd No.:** 1400-01-008691 (Kobe-Chuoku)  
**Legal Status:** Limited Company (Kabushiki Kaisha)  
**Authorized:** 800 million shares  
**Issued:** 363,043,057 shares  
**Sum:** Yen 42,658 million

**Major shareholders (%):** Sumitomo Electric Ind (28.6), JP Morgan Chase Bank (5.6), Master Trust Bank of Japan T (4.2), Company's Treasury Stock (3.4), Master Trust Bank of Japan T (2.9), Japan Trustee Services T (2.9), Sumitomo Corp (3.6), Japan Trustee Services T (3.1), SMBC (1.9), Sumitomo Corp (1.8), Zenkyoren (1.8), Ueda Yagi Tanshi (1.4), Japan Trustee Services T5 (1.4); foreign owners (29.9).

**No. of shareholders:** 17,421

**Listed on the S/Exchange (s) of:** Tokyo

Nothing detrimental is known as to the commercial morality of executives.

**Related companies:** SRI Sports, SRI Hybrid, Dunlop Tires, Falken Tires, Goodyear Japan, PT Sumi Rubber Indonesia, other

## **OPERATION**

**Activities:** Manufactures tires (86%): golf balls & goods under Dunlop brand in Japan, Taiwan & Korea, additionally golf goods under SRIXON brand (managed by group firm, SRI Sports Ltd); industrial products: marine fenders, blankets for offset printing presses, artificial turf & LCD backlights, natural rubber gloves (Malaysia), OA equipment (China), bed-related products (France & Germany) (--9%), others (--5%).

**Overseas trading ratio** (63%)

**(Sports Goods):** Golf goods (clubs, balls, bags, gloves, shoes, other; Tennis goods (balls, rackets, bags, shoes, others;

**Industrial & other products:** artificial turf, offset printing blanket, precision rubber parts for IT equipment, dock fenders, high damping rubber, flooring materials, flexible rubber joints, marine-pollution screens, rubber hoses, rubber gloves and medical rubber stoppers, other

**Clients:** [Tire dealers, sporting goods dealers] Sumitomo Rubber North America, Dunlop Tire Tohoku, Dunlop Tire Chuo, Dunlop Tire Kanto, Meitetsu Traffic Trading., other.

No. of accounts: 2,000

Domestic areas of activities: Nationwide

**Suppliers:** [Mfrs, wholesalers] Sumitomo Rubber Thai, Sumi Rubber Indonesia, Sumitomo Electric Ind, Nakatani Sangyo, Japan Zeon, Onward Trading, other.

**Payment record:** Regular

**Location:** Business area in Kobe. Office premises at the caption address are owned and maintained satisfactorily.

### **Bank References:**

SMBC (Kobe)

Sumitomo Trust Bank (Kobe)

Relations: Satisfactory

## **FINANCES**

**(In Million Yen)**

<b>Terms Ending:</b>	<b>31/12/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
Annual Sales	910,000	877,866	756,696	798,483
Recur. Profit	71,000	65,733	70,093	88,951
Net Profit	48,000	46,979	41,364	71,976
Total Assets		18,266	897,634	937,190
Net Worth		459,907	429,316	423,857

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Capital, Paid-Up		42,658	42,658	42,658
Div.P.Share(₹)		55.00	55.00	55.00
<b>&lt;Analytical Data&gt;</b>	(%)	(%)	(%)	(%)
S.Growth Rate	3.66	16.01	-5.23	-4.68
Current Ratio		..	..	..
N.Worth Ratio		2,517.83	47.83	45.23
N.Profit/Sales	5.27	5.35	5.47	9.01

**Notes:** Forecast (or estimated) figures for the 31/12/2018 fiscal term.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.61
UK Pound	1	INR 90.07
Euro	1	INR 80.37
YEN	1	INR 0.61

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	NIS
<b>Report Prepared by :</b>	TPT

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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)