

MIRA INFORM REPORT

Report No. :	527417
Report Date :	29.08.2018

IDENTIFICATION DETAILS

Name :	FURUKAWA AUTOMOTIVE SYSTEMS INC
Registered Office :	1000 Amago Kouracho Inukamigun Shiga-Pref 522-0242
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	November 1950
Com. Reg. No.:	1600-01-008106 (Shiga-Inukaigun)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufactures wire harnesses (cable assembly for automobiles), electronic products and other in-car functional products (--100%)
No. of Employees :	1,476

RATING & COMMENTS

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

MIRA's Rating :	C
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Credit Rating	Explanation	Rating Comments
C	Medium High Risk	Business dealings permissible preferably on secured basis

Status :	Moderate
Payment Behaviour :	Slow
Litigation :	Clear

NOTES :

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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)
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

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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 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

NOTE

Due to negative network, we do not recommend any credit limit to the company.

COMPANY NAME & ADDRESS

FURUKAWA AUTOMOTIVE SYSTEMS INC

REGD NAME: Furukawa AS KK
MAIN OFFICE: 1000 Amago Kouracho Inukamigun Shiga-Pref 522-0242 Japan
Tel: 0749-38-4150 Fax: 0749-38-4160

URL: <http://www.furukawaas.co.jp>
E-Mail address: (thru the URL)

ACTIVITIES: Mfg of wire harnesses for automobile, and related products
BRANCHES: Tokyo, Osaka, Hiratsuka, Hamamatsu, Toyota, Hiroshima, other (Tot 23)
OVERSEAS: UK, Czech, France, USA, Mexico, Korea, Philippines, Malaysia, Indonesia, Vietnam,
Thailand, India, China (--subsidiaries)
FACTORIES: Mie, Shiga (3), Yamaguchi;
China (4), Mexico, Taiwan, Philippines, India

OFFICERS: KATSUMI SHIBATA, PRES Shigenobu Abe, ch
Megumi Hino, mgn dir Tomokazu Takagi, dir
Masayuki Yamai, mgn dir Ken'ichi Okamura, dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

FINANCES	FAIR	A/SALES	Yen 137,001 M
PAYMENTS	SLOW	CAPITAL	Yen 100 M
TREND	UP	WORTH	Yen (-) 462 M
STARTED	1950	EMPLOYES	1,476

COMMENT: MFR OF AUTOMOTIVE HARNESSSES. FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: YEN (-) 48.7 MILLION, 30 DAYS NORMAL TERMS. NO NEW CREDITS ARE APPROVED WITHOUT STRICT GUARANTEES. NEGATIVE NETWORK.

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HIGHLIGHTS

The subject company was established by Furukawa Electric Co Ltd as its associated plant in Shiga-Pref. This is a specialized mfr of wire harnesses (cable assembly for automobiles) and related electronic products, others (See **OPERATION**). Products are manufactured at its domestic plants as well as overseas plants. Products are supplied to the parent and its group firms for delivery to car makers

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 137,001 million, a 12% up from Yen 122,787 million in the previous term. The recurring profit was posted at Yen 5,373 million while the net losses at Yen 225 million, respectively, compared with Yen 2,532 million recurring profit and Yen 9,084 million net losses, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 5,400 million and the net profit at Yen 0 million, respectively, on a 3% rise in turnover, to Yen 141,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen (-) 48.7 million, on 30 days normal terms. No new credits unless strict guarantees. Negative networth.

REGISTRATION

Date Registered: Nov 1950
Regd No.: 1600-01-008106 (Shiga-Inukaigun)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 36.42 million shares
Issued: 11,107,200 shares
Sum: Yen 100 million
Major shareholders (%): Furukawa Electric Co Ltd (100)

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

OPERATION

Activities: Manufactures wire harnesses (cable assembly for automobiles), electronic products and other in-car functional products (--100%)

(Mfg products):

(Harnesses): wire harnesses for EV/HEV, automotive aluminum wire harnesses, sliding door harnesses;

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(Connectors): optical MOST connectors, smart connectors, steering roll connectors;
(Functional Components for Automobiles): junction boxes/relay boxes, metal core PCB, electronic control units (ECU), products utilizing flat cables, other

Clients: [Mfrs, wholesalers] Furukawa Electric Co (95%), Yazaki Trading, Sumitomo Electric Systems, Federal Mogul Japan, other
No. of accounts: 350
Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Furukawa Electric Co (40%), Furukawa Trading, Denca Corp, Yazaki Trading, Sumitomo Electric Wiring Systems, other

Payment record: Slow

Location: Business area in Shiga-Pref. Office premises at the caption address are owned and maintained satisfactorily.

Bank References:
Mizuho Bank (Otsu)
MUFG (Kyoto-Chuo)
Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	141,200	137,001	122,787	120,433
Recur. Profit	5,400	5,373	2,532	-933
Net Profit	0	-225	-9,084	-3,564
Total Assets		78,091	68,844	63,464
Net Worth		-462	-4,439	3,470
Capital, Paid-Up		100	100	100
Div.P.Share(¥)		0.00	0.00	0.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	3.06	11.58	1.95	-2.50
Current Ratio	
N.Worth Ratio		-0.59	-6.45	5.47
N.Profit/Sales	0.00	-0.16	-7.40	-2.96

Notes: Forecast (or estimated) figures for the 31/03/2019 fiscal term.

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.17
UK Pound	1	INR 90.33
Euro	1	INR 81.93
YEN	1	INR 0.63

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

INFORMATION DETAILS

Analysis Done by :	VIVR
Report Prepared by :	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)