

MIRA INFORM REPORT

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| Report No. : | 527448 |
| Report Date : | 29.08.2018 |

IDENTIFICATION DETAILS

| | |
|--------------------------------|---|
| Name : | SHINSHO CORPORATION |
| Registered Office : | Yodoyabashi Square Bldg, 2-6-18 Kitahama Chuoku Osaka 541-8557 |
| Country : | Japan |
| Financials (as on) : | 31.03.2018 |
| Date of Incorporation : | November 1946 |
| Com. Reg. No.: | 1200-01-077442 |
| Legal Form : | Limited Company |
| Line of Business : | Imports, exports and wholesales steel, steel materials, nonferrous metals, machinery & information, welding materials |
| No. of Employees : | 469 |

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 : | Excellent |
| Payment Behaviour : | Regular |
| Litigation : | Clear |

NOTES :

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

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COMPANY SUMMERY

SHINSHO CORPORATION

REGD NAME: Shinko Shoji KK

MAIN OFFICE: Yodoyabashi Square Bldg, 2-6-18 Kitahama Chuoku Osaka 541-8557 JAPAN

Tel: 06-6206-7010 Fax: 06-6206-7018

*.. The given address is its Tokyo Headquarter Office -

URL: <http://www.shinsho.co.jp>

E-Mail address: (thru the URL)

ACTIVITIES: Steel trader

BRANCHES: Tokyo, Nagoya, Kobe, other (Tot 16)

OVERSEAS: USA, China, India, Vietnam, Thailand, other (Tot 38 branches & subsidiaries)

OFFICERS: TAKAFUMI MORICHI, PRES Takashi Goto, s/mgn dir
Hiroshi Kato, s/mgn dir Hiroshi Watanabe, s/mgn dir
Akio Sugita, s/mgn dir Kenji Onishi, mgn dir

Yen Amount: In million Yen, unless otherwise stated

| | | | | |
|-----------------|----------|---------|----------|---------------|
| SUMMARY: | FINANCES | FAIR | A/SALES | Yen 929,467 M |
| | PAYMENTS | REGULAR | CAPITAL | Yen 5,650 M |
| | TREND | STEADY | WORTH | Yen 50,839 M |
| | STARTED | 1946 | EMPLOYES | 469 |

COMMENT

STEEL TRADER AFFILIATED WITH KOBE STEEL

FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

This is a steel trader affiliated with Kobe Steel. Mainly dealing in iron ore and other products turned out by Kobe Steel and group firms. Fostering diversified product lines, including IC lead frames, aluminum magnetic disk inspection devices and powder metallurgy-mfg equipment. Active in overseas business operations, for example: involved in an HBI (hot-briquetted iron) project in Venezuela, and a coal mining project in Australia supplying high-quality iron resources to customers worldwide. Began iron & steel materials transactions for Kobe Steel in 2008. Operates a coil center for steel and nonferrous metals in China. Accelerating advances into Mexico and the Middle East, and reinforcing a global strategy, including participation in a ferroalloy project in Malaysia.

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FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 929,467 million, a 20.79% up from Yen 769,481 million in the previous term. The recurring profit was posted at Yen 8,624 million and the net profit at Yen 5,449 million, respectively, compared with Yen 5,248 million recurring profit and Yen 2,970 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 6,700 million and the net profit at Yen 4,400 million, respectively, on a 1.02% fall in turnover, to Yen 920,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements.

REGISTRATION

Date Registered: Nov 1946
Regd No.: 1200-01-077442 (Osaka-Chuoku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 270 million shares
Issued: 88,605,625 shares
Sum: Yen 5,650 million

Major shareholders (%): TCSB (Kobe Steel) (21.5), Kobe Steel (13.3), Customers' S/Holding Assn (8.1), Japan Trustee Services T (2.9), Employees' S/Holding Assn (1.8), Sinfonia Technology (1.6), Master Trust Bank of Japan T (1.6), MUFG (1.2), Morgan Stanley MUFG Securities (1.1), SMBC (1.1); foreign owners (14.2)

No. of shareholders: 3,171

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

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

Related companies: Shinsho Nonferrous, Asia Chemical Ind, Shinsho Steel Sales, etc.

OPERATION

Activities: Imports, exports and wholesales steel (34%), steel materials (31%), nonferrous metals (24%), machinery & information (7%), welding materials (4%)

Overseas Sales Ratio (23%)

(Handling Items)

Iron & Steel Products: wire rod, cold roll steel wire, steel wire, wire rope, twisted steel wire, bolts, nuts, washers, screws, other secondary and tertiary wire rods products, steel plate, steel sheet, zinc coated, electromagnetic, other steel sheets, bar steel, section steel, lightweight section steel, round reinforcing bar, cold finished steel bar,

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polished steel bar, steel tube & pipe, columns, special steels, stainless steel (wire, bar, sheet & plate, pipe), lithium & titanium alloys, gratings, tie rod, guard rails, guard cables, studs dowel, steel powders, pig iron for casting, forget products, steel ingot, billets, other

Raw Materials: coal, coke, limestone, iron scraps & ferroalloys in blast furnace, fuels for IPP (independent power producers) power stations,

Clients: [Mfrs, wholesalers] Kobe Steel, Shinsho Steel Sales, Mitsui Engineering & Shipbuilding, Yazaki Corp, O&K Inc, Osaka Seiko, other

No. of accounts: 1,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] All Star Funding, Kobe Steel, Kobelco Material Tubes, Osaka Titanium Technologies, other

Payment record: Regular

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

Bank References:

Mizuho Bank (Osaka)

MUFG (Osaka)

Relations: Satisfactory

FINANCES

(In Million Yen)

| Terms Ending: | 31/03/2019 | 31/03/2018 | 31/03/2017 | 31/03/2016 |
|--------------------------------|------------|------------|------------|------------|
| Annual Sales | 920,000 | 929,467 | 769,481 | 791,342 |
| Recur. Profit | 6,700 | 8,624 | 5,248 | 5,908 |
| Net Profit | 4,400 | 5,449 | 2,970 | 3,480 |
| Total Assets | | 285,331 | 258,210 | 245,842 |
| Current Assets | | 240,383 | 215,602 | 204,593 |
| Current Liabs | | 192,949 | 169,727 | 157,969 |
| Net Worth | | 50,839 | 45,265 | 42,092 |
| Capital, Paid-Up | | 5,650 | 5,650 | 5,650 |
| Div.P.Share(¥) | | 110.00 | 100.00 | 8.00 |
| <Analytical Data> | (%) | (%) | (%) | (%) |
| S.Growth Rate | -1.02 | 20.79 | -2.76 | -9.08 |
| Current Ratio | .. | 124.58 | 127.03 | 129.51 |
| N.Worth Ratio | .. | 17.82 | 17.53 | 17.12 |

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SHINSHO CORPORATION - 527448

PAGE NO. : 7

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|------------------|------|-------|------|------|
| R.Profit/Sales | 0.73 | 0.93 | 0.68 | 0.75 |
| N.Profit/Sales | 0.48 | 0.59 | 0.39 | 0.44 |
| Return On Equity | .. | 10.72 | 6.56 | 8.27 |

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

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 : | NIY |
| 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)