

## MIRA INFORM REPORT

Report No. :	542979
Report Date :	01.12.2018

### IDENTIFICATION DETAILS

Name :	TETSUSHO KAYABA CORPORATION
Registered Office :	7-24-17 Matsue Edogawaku Tokyo
Country :	Japan
Financials (as on) :	31.01.2018
Date of Incorporation :	Feb., 1957
Com. Reg. No.:	0117-01-005260 (Tokyo-Edogawaku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufacturer, processing, import and export of steel products
No. of Employees :	38

### 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	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	Clear

### NOTES:

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
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

## **COMPANY NAME AND ADDRESS**

**TETSUSHO KAYABA CORPORATION**

**REGD NAME:** Tetsusho KK

**MAIN OFFICE:** Kanayama Bldg 7F, 1-2-12 Shinkawa Chuoku Tokyo 104-0033JAPAN  
Tel: 03-3206-3221 Fax: 03-3206-3633

\*.. Registered at: 7-24-17 Matsue Edogawaku Tokyo

**URL:** <http://www.tetsusho.co.jp>  
**E-Mail address:** [tetsusho@tetsusho.co.jp](mailto:tetsusho@tetsusho.co.jp)

## **ACTIVITIES**

Mfg, processing, import, export of steel products

## **BRANCHES**

Kimitsu

## **FACTORIES**

Tokyo (at the registered address)

## **OVERSEAS**

Korea, China, Singapore, Sri Lanka, Indonesia, Vietnam, India (--subsidiaries)

## **OFFICERS**

TSUNEO FUKUDA, PRES	Keita Fukuda, re dir
Kazuyuki Matsumoto, s/mgn dir	Ken'ichi Arai, dir
Hideo Mori, dir	Kazuyuki Hattori, dir

Yen Amount: In million Yen, unless otherwise stated

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## **SUMMARY**

FINANCES	FAIR	A/SALES	Yen 16,185 M
PAYMENTS	NO COMPLAINTS	CAPITAL	Yen 61 M
TREND	STEADY	WORTH	Yen 2,415 M
STARTED	1957	EMPLOYEES	38

## **COMMENT**

MFR, IMPORTER AND EXPORTER OF STEEL PRODUCTS.

FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

## **HIGHLIGHTS**

The subject company was established by Keisuke Furuya, as Tetsusho KK, at the registered address (now Tokyo Factory), for wholesaling steel products. This is a trading firm, with mfg division, specializing in steel products, such as steel plates, steel sheets, stainless steel plates, etc. In 1958, founded Kayaba Trading KK to engage in overseas trading, which the firm absorbed in 1994. Tsuneo Fukuda took the pres office in Nov 1995. Has processing yards in China, Sri Lanka and Indonesia. Active in overseas expansion. Clients include Nippon Steel group & affiliated firms, including major general trading houses. .

## **FINANCIAL INFORMATION**

The sales volume for Jan/2018 fiscal term amounted to Yen 16,185 million, a 27% up from Yen 12,716 million in the previous term. The recurring profit was posted at Yen 377 million and the net profit at Yen 207 million, respectively, compared with Yen 373 million recurring profit and Yen 124 million net profit, respectively, a year ago

For the current term ending Jan 2019 the recurring profit is projected at Yen 400 million and the net profit at Yen 220 million, respectively, on a 5% rise in turnover, to Yen 17,000 million.

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

## **REGISTRATION**

**Date Registered:** Feb 1957  
**Regd No.:** 0117-01-005260 (Tokyo-Edogawaku)  
**Legal Status:** Limited Company (Kabushiki Kaisha)  
**Authorized:** 490,000 shares  
**Issued:** 122,500 shares  
**Sum:** Yen 61.25 million  
**Major shareholders (%):** Tsuneo Fukuda (43.7), Nippon Steel Trading Co Ltd (30.6), Keita Fukuda (4.1), other  
**No. of shareholders:** 16

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

## **OPERATION**

**Activities:** Manufactures & processes steel products (--100%):

**(Sales breakdown by divisions):**

**Domestic Sales Div:** hot rolled steel sheets (60%), acid pickling steel sheets (27%), cold rolled steel sheets (4%), surface-treated steel sheets (6%), others (3%);

**Overseas Sales Div:** hot rolled steel sheets (20%), cold rolled steel sheets (15%), surface-treated steel sheets (45%), electromagnetic steel sheets (5%), colored steel sheets (2%), stainless steel sheets (5%), others (8%).

**Exports (60%)**

Products are manufactured and processed at overseas subsidiary factories and its affiliates in China, Sri Lanka, Indonesia, Korea, etc.

**Clients:** [Mfrs, wholesalers] Nippon Steel & Sumikin Bussan Corp, Shinsei Sangyo, Metal One Corp, , Hanwa Corp, Onoken Co, Mitsui & Co, Summit Steel, Fuji Koeki Ltd, Matex Co, NSM Coil Center, Murayama Metal Ind, Kita-Kanto Steel Ind, other.

Exports to China, Sri Lanka, Indonesia, Singapore and other S/E Asian countries (--60%).

No. of accounts: 350

Domestic areas of activities: Nationwide

**Suppliers:** [Steel mills, mfrs, wholesalers] Nippon Steel & Sumikin Bussan Corp (70%), Mitsui & Co, Nittetsu Shoji Coil Center, Nippon Stainless Shoji, Siam United Steel, Metal One Corp, Hanwa Corp, NSM Coil Center, NS Steel Corp, Summit Steel, Sumitomo Corp, Hanwa, other.

Imports from China, Sri Lanka, Indonesia, other.

**Payment record:** No Complaints

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

**Bank References:**

SMBC (Nihombashi-Higashi)  
Mizuho Bank (Shinkawa)  
Relations: Satisfactory

**FINANCES**

In Million Yen)

Terms Ending:	31/01/2019	31/01/2018	31/01/2017	31/01/2016
Annual Sales	17,000	16,185	12,716	16,032
Recur. Profit	400	377	373	174
Net Profit	220	207	124	53
Total Assets		5,855	4,874	4,713
Current Assets		4,158	3,213	2,953
Current Liabs		2,767	1,935	1,419
Net Worth		2,415	2,250	2,147
Capital, Paid-Up		61	61	61
Div.Ttl in Million (¥)		42.50	21.25	21.25
<b>&lt;Analytical Data&gt;</b>	(%)	(%)	(%)	(%)
S.Growth Rate	5.04	27.28	-20.68	-27.48
Current Ratio	..	150.27	166.05	208.10
N.Worth Ratio	..	41.25	46.16	45.55
R.Profit/Sales	2.35	2.33	2.93	1.09
N.Profit/Sales	1.29	1.28	0.98	0.33
Return On Equity	..	8.57	5.51	2.47

**Note:** Forecast (or estimated) for the 31/01/2019 fiscal term.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.66
UK Pound	1	INR 89.08
Euro	1	INR 79.36
Yen	1	INR 0.62

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

**INFORMATION DETAILS**

Analysis Done by :	DIV
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)