

## MIRA INFORM REPORT

Report No. :	543658
Report Date :	05.12.2018

### IDENTIFICATION DETAILS

Name :	KANEMATSU CORPORATION
Registered Office :	1-2-1 Shibaura Minatoku Tokyo 105-0023
Country :	Japan
Financials (as on) :	31.03.2017
Date of Incorporation :	March 1918
Com. Reg. No.:	1400-01-005647 (Tokyo-Minatoku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Import, Export, Wholesale of IT-Related Equipment, Foods, Machinery, Energy
No. of Employees :	711

### RATING & COMMENTS

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

<b>MIRA's Rating :</b>	<b>A+</b>
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
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 (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 & ADDRESS**

### **KANEMATSU CORPORATION**

**REGD NAME:** Kanematsu KK  
**MAIN OFFICE:** 1-2-1 Shibaura Minatoku Tokyo 105-0023 JAPAN  
Tel: 03-5440-8111 Fax: 03-5440-6500

**URL:** <http://www.kanematsu.co.jp/>  
**E-Mail address:** pr@kanematsu.co.jp

**ACTIVITIES:** Import, export, wholesale of IT-related equipment, foods, machinery, energy  
**BRANCHES:** Osaka, Nagoya, Sapporo, Sendai, Yokohama, Kobe, Fukuoka (Tot 7)  
**OVERSEAS:** USA, Europe, Australia Mid East/Africa, China, Taiwan, Vietnam, Korea, Singapore, Indonesia, Philippines, other (Tot 36 subsidiaries)

**CHIEF EXEC:** KAORU TANIGAWA, PRES

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

## **SUMMARY**

FINANCES	FAIR	A/SALES	Yen 675,579 M
PAYMENTS	REGULAR	CAPITAL	Yen 27,781 M
TREND	STEADY	WORTH	Yen 100,357 M
STARTED	1918	EMPLOYEES	711

**COMMENT:** GENERAL TRADING HOUSE.  
FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

## **HIGHLIGHTS**

The subject company was established originally as a textile specialized trader and later has grown into one of the leading general trading houses of Japan. Traditionally strong in textiles, but financial structure deteriorated, resulting in trimming down of operations. Following debt forgiveness by the main bank, the firm made a new start, focusing operations on 4 key sectors including food and IT-related areas under supervision of Bank of Tokyo-Mitsubishi UFJ (MUFG). Sold majority of less-profitable textile subsidiaries' shares. IT-related continuing growth led by solutions, including mobile communications equipment. Foods and steel products plant expanding. Cultivation of non-gene modified soybeans with Canadian farmers expanding; studying cultivation in other countries. Plant division is striving to win new orders for geothermal power generation in Asia. Now concentrates on areas such as electronics, IT, foods, steel, environmental, and materials. Business results are showing a steady improvement on a result of the restructuring.

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## **FINANCIAL INFORMATION**

The sales volume for Mar/2017 fiscal term amounted to Yen 675,579 million, a 1.08% up from Yen 668,375 million in the previous term. The recurring profit was posted at Yen 17,875 million and the net profit at Yen 8,049 million, respectively, compared with Yen 18,122 million recurring profit and Yen 8,959 million net profit, respectively, a year ago.

For the current term ending Mar 2018 the recurring profit is projected at Yen 25,500 million and the net profit at Yen 12,500 million, respectively, on a 3.61% rise in turnover, to Yen 700,000 million.

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

## **REGISTRATION**

**Date Registered:** Mar 1918  
**Regd No.:** 1400-01-005647 (Tokyo-Minatoku)  
**Legal Status:** Limited Company (Kabushiki Kaisha)  
**Authorized:** 1,016,653,604 shares  
**Issued:** 422,501,010 shares  
**Sum:** Yen 27,781 million

**Major shareholders (%):** Japan Trustee Services T (8.7), Master Trust Bank of Japan T (5.1), Mitsui Sumitomo Ins (2.7), Tokio Marine & Nichido Fire Ins (2.7), Tokio Marine & Nichido Fire Ins (2.7), Government of Norway (2.4), MUFG (2.4), Norin Chukin Bank (2.2), Japan Trustee Services T5 (1.8), Japan Trustee Services T1 (1.3), Japan Trustee Services T2 (1.3); foreign owners (30.8)

**No. of shareholders:** 15,222

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

**Managements:** Masayuki Shimojima, pres; Kaoru Tanigawa, pres; Satoo Hasegawa, v pres; Takashi Gunji, s/mgn dir; Tsutomu Yajima, advisor; Tetsuro Tobino, dir; Yutaka Hirai, dir; Seiichi Katayama, dir

**Related companies:** Kanematsu KGK, Kanematsu Communications, Kanematsu Electronics, other

## **OPERATION**

**Activities:** Trading house for import, export and wholesale of: electronics & devices (38%), foods (34%), steel, material and plants (19%), motor vehicle & aerospace (7%), others (2%)

**Overseas Sales Ratio (15%)**

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**Clients:** [Mfrs, wholesalers] JX Nippon Oil & Energy Corp, Kanematsu USA, Kanematsu Trading, Idemitsu Kosan KK, Showa Shell Oil, CGC Japan, Marudai Food Co, Zen-Noh Group, other.

No. of accounts: 1,000

Domestic areas of activities: Nationwide

**Suppliers:** [Mfrs, wholesalers] Taiyo Oil, Yamaha Motor, Kignus Sekiyu, Idemitsu Kosan KK, EMG Marketing, Soltec Japan, Seiko Epson, Yamahisa Corp, Easter Corp, Kamigumi Corp, other.

**Payment record:** Regular

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

**Bank References:**

MUFG (H/O)

Mizuho Bank (H/O)

Relations: Satisfactory

## **FINANCES**

(In Million Yen)

<b>Terms Ending:</b>	<b>31/03/2018</b>	<b>31/03/2017</b>	<b>31/03/2016</b>	<b>31/03/2015</b>
Annual Sales	700,000	675,579	668,374	1,117,096
Recur. Profit	25,500	17,875	18,122	22,895
Net Profit	13,500	8,049	8,959	11,470
Total Assets		479,717	443,592	462,368
Current Assets		371,329	346,574	366,811
Current Liabs		265,455	233,034	252,347
Net Worth		100,357	91,599	90,101
Capital, Paid-Up		27,781	27,781	27,781
Div.Ttl in Million (¥)		2,317	1,658	1,658
<b>&lt;Analytical Data&gt;</b>	(%)	(%)	(%)	(%)
S.Growth Rate	3.61	1.08	-40.17	0.23
Current Ratio	..	139.88	148.72	145.36
N.Worth Ratio	..	20.92	20.65	19.49
R.Profit/Sales	3.64	2.65	2.71	2.05
N.Profit/Sales	1.93	1.19	1.34	1.03
Return On Equity	..	8.02	9.78	12.73

**Notes:** Forecast (or estimated) figures for the 31/03/2018 fiscal term.

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**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.35
UK Pound	1	INR 89.65
Euro	1	INR 80.07
YEN	1	INR 0.62

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	DIV
<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)