

## MIRA INFORM REPORT

Report No. :	546047
Report Date :	19.12.2018

### IDENTIFICATION DETAILS

Name :	IDEMITSU KOSAN CO LTD
Registered Office :	3-1-1 Marunouchi Chiyodaku Tokyo 100-8321
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	March 1940
Com. Reg. No.:	0100-01-011318
Legal Form :	Limited Company
Line of Business :	Oil & petrochemical refinery.
No. of Employees :	4,001

### RATING & COMMENTS

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

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

Maximum Credit Limit :	Yen 67,675.2 million
Status :	Excellent
Payment Behaviour :	Regular
Litigation :	Clear

### NOTES :

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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.

**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

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## 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 SUMMERY**

### **IDEMITSU KOSAN CO LTD**

**REGD NAME:** Idemitsu Kosan KK

**MAIN OFFICE:** 3-1-1 Marunouchi Chiyodaku Tokyo 100-8321 JAPAN

Tel: 03-3213-9307 Fax: 03-3213-9354

**URL:** <http://www.idemitsu.co.jp/>

**E-Mail address:** (thru the URL)

**ACTIVITIES:** Oil & petrochemical refinery

**BRANCHES:** Sapporo, Sendai, Chiba, Yokohama, Nagoya, Osaka, other (Tot 18)

**OVERSEAS:** USA , London, Singapore, China, Thailand, Malaysia, Germany,  
Norway, Russia, Cambodia, Qatar, Oman, UAE. Netherlands, Germany,  
Switzerland, Norway, other (--subsidiaries)

**REFINERIES:** Tomakomai (Hokkaido); Chiba; Chita (Aichi) Tokuyama

**OFFICERS:** SHUNICHI KITO, PRES

Takashi Matsushita, v pres

Kazuo Maruyama, dir

Takashi Tsukioka, ch

Hisashi Niotani, mgn dir

Toshiaki Washijima, dir

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

<b>SUMMARY:</b>	FINANCES	FAIR	A/SALES	Yen 3,730,690 M
	PAYMENTS	REGULAR	CAPITAL	Yen 168,351 M
	TREND	STEADY	WORTH	Yen 868,701 M
	STARTED	1940	EMPLOYES	4,001

## **COMMENT**

OIL & PETROCHEMICAL REFINERY. FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: YEN 67,675.2 MILLION, 30 DAYS NORMAL TERMS.

## **HIGHLIGHTS**

The subject company was established originally in 1911 by Sazo Idemitsu at Moji as Idemitsu Shokai, a sole proprietorship on his account, thence advanced into China & Manchuria. In 1940 incorporated as Idemitsu Kosan KK, absorbing the said Idemitsu Shokai, and in 1947, when Oil Distribution Assoc started, resumed oil business in Japan. This is leading oil refinery, independent of any of the Major Oil Companies, with petrochemical producing operations. In 1953, amid the international disputes over Iran, the firm ventured to send tankers to Iran and imported crude oils from there, which made the firm conspicuous in the oil industry. In Aug 2004, absorbed

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Idemitsu Petrochemical Co Ltd, wholly owned subsidiary founded 1964, by separating unprofitable operation units to Mitsui Chemical Corp. In Nov 2005, upgraded Beijing Office to a wholly owned subsidiary, Idemitsu Energy Consulting (Beijing) Co Ltd. The firm went public by listing on the Tokyo S/E on 24/10/2006. This is a major oil refiner and distributor. Has established reputation in petrochemicals and functional resins. Based on last-in first-out policy, generating no profit or loss on crude oil inventories. Also engaged in development of natural resources. Fostering organic EL materials. The company made a 33% investment in Petrogas Energy Corp, which is engaged in gas & crude oil storage and shipment in North America, in preparation for shale gas export. Profitability of coal development business is improving through underground mining, etc. A plan for business integration with Showa Shell Sekiyu has become difficult due to the strong opposition from the founding family.

## **FINANCIAL INFORMATION**

The sales volume for Mar/2018 fiscal term amounted to Yen 3,730,690 million, a 16.94% up from Yen 3,190,347 million in the previous term. The recurring profit was posted at Yen 226,316 million and the net profit at Yen 162,307 million, respectively, compared with Yen 139,968 million recurring profit and Yen 88,164 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 170,000 million and the net profit at Yen 103,000 million, respectively, on a 4.54% rise in turnover, to Yen 3,900,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 67,675.2 million, on 30 days normal terms.

## **REGISTRATION**

**Date Registered:** Mar 1940  
**Regd No.:** 0100-01-011318 (Tokyo-Chiyodaku)  
**Legal Status:** Limited Company (Kabushiki Kaisha)  
**Authorized:** 436 million shares  
**Issued:** 160,000,000 shares  
**Sum:** Yen 168,351 million

**Major shareholders (%):** Nissho Kosan Co (13.0), Idemitsu Culture & Welfare Fund (5.9), Idemitsu Museum of Arts (3.8), Japan Trustee Services T (3.4), Master Trust Bank of Japan T (2.8), MUFG (2.4), SMBC (2.4), Employees' S/Holding Assn (2.4), Chase Manhattan Bank (1.6); foreign owners (28.1)

**No. of shareholders:** 26,016

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

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

**Related companies:** Idemitsu Oil & Gas Exploration, Idemitsu tanker, Idemitsu Engineering, Idemitsu Gas & Life, Apollo Service, other

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## **OPERATION**

**Activities:** Oil & petrochemical refinery.

**(Sales breakdown by divisions):**

**Oil refining & products (76%):** gasoline, naphtha, kerosene, gas oil, heavy fuel oil, jet fuel, lube oil, LPG, marine supply bunker oils, others;

**Petrochemicals (14%):** ethylene, benzene, butadiene, their derivatives, others;

**Oil development, Resources (7%):** research, drilling, development of oil resources;

**Others (2%):** auto-related products, leasing, credit card business, construction & maintenance of refineries & other buildings.

**Overseas Sales Ratio (25%)**

**Clients:** [Mfrs, wholesalers] Zen-Noh, Mitsui & Co, Mitsubishi Corp, Tokuyama Corp, Tosoh Corp, ANA, Nippon Zeon, Sumitomo Chemical, Usami & Co, Prime Polymer, Futamura Chemical, other

No. of accounts: 1000

Domestic areas of activities: Nationwide

**Suppliers:** [Oil producers, wholesalers] Crude oils are supplied from Saudi Arabia, Kuwait, Qatar, Abu Dhabi, China, Iran, Indonesia, other.

**Domestically:** JX Nippon Oil & Energy Corp, Arabian Oil Co, INPEX 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)

SMBC (Tokyo)

Relations: Satisfactory

## **FINANCES**

**(In Million Yen)**

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	3,900,000	3,730,690	3,190,347	3,570,202
Recur. Profit	170,000	226,316	139,968	-21,903
Net Profit	103,000	162,307	88,164	-35,993
Total Assets		2,920,265	2,641,633	2,402,118

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***IDEMITSU KOSAN CO LTD - 546047***

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Net Worth		868,701	583,800	500,642
Capital, Paid-Up		169,351	168,351	168,351
Div.P.Share(₹)		50	50	50
<b>&lt;Analytical Data&gt;</b>	(%)	(%)	(%)	(%)
S.Growth Rate	4.54	16.94	-10.64	-22.89
Current Ratio		..	..	..
N.Worth Ratio		29.75	22.10	20.84
N.Profit/Sales	2.64	4.35	2.76	-1.01

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

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.19
UK Pound	1	INR 89.88
Euro	1	INR 80.76
YEN	1	INR 0.63

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

**INFORMATION DETAILS**

Analysis Done by :	VIV
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)