

MIRA INFORM REPORT

Report No. :	483316
Report Date :	01.01.2018

IDENTIFICATION DETAILS

Name :	JAPAN STEEL WORKS LTD
Registered Office :	Gate City Osaki-West Tower, 1-11-1 Osaki Shinagawaku Tokyo 141-0032
Country :	Japan
Financials (as on) :	31.03.2017
Date of Incorporation :	Dec., 1950
Com. Reg. No.:	0107-01-019531 (Tokyo-Shinagawaku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufacturer of Plastics Machines, Steel Castings & Forgings.
No. of Employees :	2,266

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd 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
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Payment Behaviour :	Slow but Correct
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.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2017)	Current Rating (30.09.2017)
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 2016 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 - a 10% average 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 entailed considerable time for firms 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 in 2013 on the basis of 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 necessity of addressing 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 another recession, so Prime Minister ABE has twice postponed the next increase, 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.

In October 2015, Japan and 11 trading partners reached agreement on the Trans-Pacific Partnership (TPP), a pact that had promised to open Japan's economy to increased foreign competition and create new export opportunities for Japanese businesses. Japan was the second country to ratify the TPP in December 2016; the United States signaled its withdrawal from the TPP on January 23, 2017, and as of April 2017 the agreement has not gone into effect.

Source : CIA

COMPANY NAME AND ADDRESS

JAPAN STEEL WORKS LTD

REGD NAME: Nihon Seikosho KK
MAIN OFFICE: Gate City Osaki-West Tower, 1-11-1 Osaki Shinagawaku Tokyo 141-0032 JAPAN
Tel: 03-5745-2001 Fax: 03-5745-2025

URL: <http://www.jsw.co.jp/>
E-Mail address: info_steel_forging@jsw.co.jp

ACTIVITIES

Mfg of plastics machines, steel castings & forgings

BRANCHES

Osaka, Nagoya, Shizuoka, Fukuoka, Sapporo, other (Tot 15)

OVERSEAS

USA, India, China, Singapore, Indonesia, Philippines, Thailand, Malaysia, Hong Kong, Taiwan (21 locations)

FACTORIES

Muroran, Hiroshima, Yokohama (Tot 3)

OFFICERS

NAOTAKA MIYAUCHI, PRES Yutaka Higashiizumi v pres
Kenji Watanabe, s/mgn dir Hisashi Shibata, mgn dir
Masao Ooshita, mgn dir Toshio Matsuo, mgn dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

FINANCES	FAIR	A/SALES	Yen 166,722 M
PAYMENTS	SLOW BUT CORRECT	CAPITAL	Yen 19,694 M
TREND	SLOW	WORTH	Yen 88,837 M
STARTED	1950	EMPLOYES	2,266

COMMENT

MFR OF PLASTIC MACHINES, LARGE STEEL CASTINGS & FORGING. FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

The subject company is one of world's leading mfrs of plastic machines and large steel castings & forging bound for electric power & general plants. Renowned for resin machinery. Ranked in 2nd group in the field of injection machines in Japan. Also makes defense equipment including guns, tanks, missile launchers & anti-aircraft gun systems. French nuclear firm, Areva, acquired 1.3% stake in the subject firm and signed a long term purchase contract for large forged-steel parts for nuclear power plants, reported in Nov 2008. The long term contract likely covers the purchasing of forged-steel parts for 20 or more nuclear reactors between 2012 & 2016, as reported. Partially amending capacity investment plan for Muroran plant, with focus put on enhancing output of N-power materials to address abundant order backlog. The company intends to boost new demand for forges & foundries from other sectors than N-power plants and with the development of offshore wind power systems and large wind mills and tie-up with overseas. It also aims to boost sales of excimer laser annealing equipment for high resolution LCDs and organic ELs. It has strong technological capabilities in plastic injection molding machines & magnesium alloy injection machines.

FINANCIAL INFORMATION

The sales volume for Mar/2017 fiscal term amounted to Yen 166,722 million, a 5% fall from Yen 176,116 million in the previous term. The recurring profit was posted at Yen 6,734 million and the net losses at Yen 8,250 million, respectively, compared with Yen 9,545 million recurring profit and Yen 18,719 million net losses, respectively, a year ago.

For the current term ending Mar 2018 the recurring profit is projected at Yen 8,500 million and the net profit at Yen 7,500 million, on a 3% rise in turnover, to Yen 171,730 million. .

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

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REGISTRATION

Date Registered: Dec 1950
Regd No.: 0107-01-019531 (Tokyo-Shinagawaku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 1,000 million shares
Issued: 371,463,036 shares
Sum: Yen 19,694 million
Major shareholders (%): Master Trust Bank of Japan T (7.5), Japan Trustee Services Bank (6.1), Mitsui Life Ins (3.8), other; foreign owners (25.8)
No. of shareholders: 21,950

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

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

Related companies: Nikko Trading, Nikko Tokki, Nikko Techno, other

OPERATION

Activities: Manufactures plastic machines and large casting & forgings bound for electric power and general plants:

(Sales breakdown by Divisions):

Steel Product-related (24%): steel forgings & castings, clad steel products, pressure vessel;

Machinery-related (75%): magnesium process equipment & products, injection molding machine, polyolefin extruders, auto screen changer, compounding extruders, microcellular foam processing technology, reciprocating compressors labyrinth piston type, film & sheet production systems;

Regional Development-related (1%): wind turbine system, commercial building development, Fuchu intelligent park, shopping center, other;

Overseas sales ratio (48%)

Clients: [Mfrs, wholesalers] Marubeni-Itochu Steel Inc, Mitsui & Co, JSW Plastics, IHI Corp, Nikko YKK Trading, Nikko Techno, Yodogawa Steel Works, Ministry of Self Defense, Japan Coast Guard, Mitsubishi Heavy Ind, Toshiba Corp, Sumitomo Corp, Mitsui Bussan Plant Systems, Shibaura Holdings Inc, other

No. of accounts: 1,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Mitsui & Co Steel Ltd, Allegheny Technologies Japan, Coherent Japan Inc, Shibaura Iron Works, Tanaka Electric Ind, Tetsugen Corp, Nikko YKK Trading, other.

Payment record: Slow but correct

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

Bank References:

SMBC (H/O)
MUFG (H/O)
Relations: Satisfactory

FINANCES

(Non-Consolidated in Million Yen)

Terms Ending:	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Annual Sales	171,730	166,722	176,116	153,455
Recur. Profit	8,500	6,734	9,545	
Net Profit	7,500	-8,260	-18,719	-5,658
Total Assets		242,353	263,112	291,793
Current Assets		152,865	154,993	
Current Liabs		99,368	109,368	
Net Worth		88,837	97,107	124,381
Capital, Paid-Up		19,694	19,694	19,694
Div.Ttl in Million (¥)		1,837	1,653	1,666
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	3.00	-5.33	14.77	-1.13
Current Ratio	..	153.84	141.72	..
N.Worth Ratio	..	36.66	36.91	42.63
R.Profit/Sales	4.95	4.04	5.42	..
N.Profit/Sales	4.37	-4.95	-10.63	-3.69
Return On Equity	..	-9.30	-19.28	-4.55

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 63.93
UK Pound	1	INR 86.07
Euro	1	INR 76.39
Yen	1	INR 0.57

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

INFORMATION DETAILS

Analysis Done by :	PRA
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)

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