

MIRA INFORM REPORT

Report No. :	483754
Report Date :	02.01.2018

IDENTIFICATION DETAILS

Name :	ITOCHU CORPORATION
Registered Office :	3-1-3 Umeda Kitaku Osaka
Country :	Japan
Financials (as on) :	31.03.2017
Date of Incorporation :	December 1949
Com. Reg. No.:	1200-01-077358 (Osaka-Chuoku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	A General Trading House
No. of Employees :	4,285

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++	Minimum Risk	Business dealings permissible with minimum risk of default

Status :	Excellent
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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.

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 & ADDRESS

ITOCHU CORPORATION

REGD NAME: Itochu Shoji KK
MAIN OFFICE: 2-5-1 Kitaaooyama Minatoku Tokyo 107-8807 JAPAN
Tel: 03-3497-2121 Fax: 03-3497-4141

*.. Registered at: 3-1-3 Umeda Kitaku Osaka, as given

URL: <http://www.itochu.co.jp/>
E-Mail address: webmaster@itochu.co.jp

ACTIVITIES: General trading house
BRANCHES: Osaka, Nagoya, Fukuoka, Hiroshima, Sapporo, other (Tot 9)
OVERSEAS: North/South America, Europe, China, S/E Asia, & other (Tot 103 over 80 overseas countries)

CHIEF EXEC: MASAHIRO OKAFUJI, PRES & CEO

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

FINANCES	FAIR	A/SALES	Yen 4,838,464 M
PAYMENTS	REGULAR	CAPITAL	Yen 253,448 M
TREND	SLOW	WORTH	Yen 2,401,893 M
STARTED	1949	EMPLOYES	4,285

COMMENT: NATION'S LEADING GENERAL TRADING HOUSE. FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

This is major general trading house, currently top textile trader among domestic trading companies, with comprehensive strength in all areas of the textile industry from upstream to down-stream operations, while actively trying to expand into textile retailing. Also strong in food industry, machinery plants, chemicals, energy and condominiums. Further aggressive in satellite communications to lead other trading houses in telecom & China businesses. Has stake in Perfect TV satellite broadcaster. Acquired 3% stake in UNY, general supermarket operator based in Tokai area for collaboration in merchandise development and operation in China. Constructing export terminals on West Coast jointly with major US grain firm as strategic base for export to China & other Asian countries. Capital spending is at Yen 350 billion-plus in the March 2012 and March 2013 terms for

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metals & energy resources. The company is eager to acquire additional new metals resources in light of opportunities presented by the deteriorating market, and will focus on iron ore and coal.

FINANCIAL INFORMATION

The revenues for Mar/2017 fiscal term amounted to Yen 4,838,464 million, a 5% down from Yen 5,083,536 million in the previous term. The recurring profit was posted at Yen 499,855 million and the net profit at Yen 240,376 million, respectively, compared with Yen 322,749 million recurring profit and Yen 240,376 million net profit, respectively, a year ago.

For the current term ending Mar 2018 the recurring profit is projected at Yen 550,000 million and the net profit at Yen 415,000 million, respectively, on a 20% rise in turnover, to Yen 5,800,000 million.

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

REGISTRATION

Date Registered: Dec 1949
Regd No.: 1200-01-077358 (Osaka-Chuoku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 3,000 million shares
Issued: 1,662,889,502 shares
Sum: Yen 253,448 million

Major shareholders (%): Company's T5reasury Stock (5.6), Japan Trustee Services Bank T (5.4), Master Trust Bank of Japan T (5.3), CP Worldwide Investment (3.8), Mizuho Bank (2.3), Mitsui Sumitomo Ins (1.8), Sampo Japan Nipponkoa Ins (1.5), Barclays Securities Japan (1.5); foreign owners (35.1)

No. of shareholders: 161,556
Listed on the S/Exchange (s) of: Tokyo

Managements: Masahiro Okafuji, pres; Hitoshi Okamoto, s/mgn dir; Yoshihisa Suzuki, s/mgn dir; Fumihiko Kobayashi, s/mgn dir; Takeshi Hachimura, mgn dir; Ichiro Fujisaki, dir; Tsutomu Kawakita, dir; Atsuko Muraki, dir; Harufumi Mochizuki, dir

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

Related companies: Itochu Techno Solutions, Itochu Shokuhin, Itochu Enex, other

OPERATION

Activities: A general trading house;

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Sales breakdown by divisions: Textiles (11%), machinery (7%), metals (4%), energy & chemicals (30%), foodstuffs (22%), ICT, general products & realty (25%)

Overseas trading ratio: (50%)

Clients: [Wholesalers, mfrs] Itochu Shokuhin, Nippon Access, Idemitsu Kosan Kaisha, Japan Gas Energy, JX Nippon Oil & Energy Corp, other.

No. of accounts: 3,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers, carmakers] Mazda Motor, Nippon Steel, Isuzu Motors, Nissin Food Products, JGC Corp, Dole, Nissin Foods, Dole Japan Inc, JX Nippon Oil & Energy Corp, Japan Petroleum Exploration Co, Sakhalin Oil & Gas, Qatar International Petroleum Marketing, other.

Payment record: Regular

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

Bank References:

Mizuho Bank (Uchisaiwaicho)

SMBC (Osaka H/O)

Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Annual Sales	5,800,000	4,838,464	5,083,536	5,591,435
Recur. Profit	550,000	499,855	322,749	418,515
Net Profit	415,000	352,221	240,376	300,569
Total Assets		8,122,032	8,036,395	8,560,701
Current Assets		3,700,815	3,667,502	4,137,952
Current Liabs		2,700,405	2,473,198	2,486,511
Net Worth		2,401,893	2,193,677	2,433,202
Capital, Paid-Up		253,448	253,448	253,448
Div.Ttl in Million (¥)		83,037	75,992	81,483
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	19.87	-4.82	-9.08	0.07
Current Ratio	..	137.05	148.29	166.42
N.Worth Ratio	..	29.57	27.30	28.42

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R.Profit/Sales	9.48	10.33	6.35	7.48
N.Profit/Sales	7.16	7.28	4.73	5.38
Return On Equity	..	14.66	10.96	12.35

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 63.67
UK Pound	1	INR 85.90
Euro	1	INR 76.41
YEN	1	INR 0.57

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

INFORMATION DETAILS

Analysis Done by :	VIV
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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