

MIRA INFORM REPORT

Report No. :	484319
Report Date :	03.01.2018

IDENTIFICATION DETAILS

Name :	HITACHI METALS LTD
Registered Office :	Shinagawa Season Terrace, 1-2-70 Konan Minatoku Tokyo 108-0075
Country :	Japan
Financials (as on) :	31.03.2017
Date of Incorporation :	April, 1956
Com. Reg. No.:	0104-01-038783 (Tokyo-Minatoku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufacturer of High-Quality Special Steel, Electronics & It Device.
No. of Employees :	5.075

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+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
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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

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

HITACHI METALS LTD

REGD NAME: Hitachi Kinzoku KK

MAIN OFFICE: Shinagawa Season Terrace, 1-2-70 Konan Minatoku Tokyo 108-0075 JAPAN
Tel: 03-6774-3001 Fax: 03-6774-4326 -

URL: <http://www.hitachi-metals.co.jp>
E-Mail address: (thru the URL)

ACTIVITIES

Mfg of high-quality special steel, electronics & IT device

BRANCHES

Osaka, Nagoya, Fukuoka, Kumagaya, other (Tot 15)

OVERSEAS

USA, Germany, Italy, UK, France, Canada, Thailand, China, Taiwan, Korea, Singapore, other (--Subsidiaries)

FACTORIES

Fukuoka, Shimane, Osaka, Tottori, Saitama, other (Tot 10 works & 6 R&D bases)

CHIEF EXEC

AKITOSHI HIRAKI, PRES

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

FINANCES	FAIR	A/SALES	Yen 910,486 M
PAYMENTS	REGULAR	CAPITAL	Yen 26,284 M
TREND	SLOW	WORTH	Yen 536,563 M
STARTED	1956	EMPLOYES	5.075

COMMENT

MFR OF HIGH-QUALITY SPECIAL STEEL, ELECTRONICS & IT DEVICE.

FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

The subject company was established on the basis of an iron & steel division separated from Hitachi Ltd. This is a major mfr of high-quality special steel. Now this is the leading strategic company of Hitachi group. Expanded into diverse electronic materials and new materials. World's top maker of magnetic materials. Also engaged in overseas production. The parent firm, Hitachi Ltd, controls 50%-plus of voting right, but the firm rather enjoys independent corporate management from the parent. It merged with Hitachi Cable, a Hitachi Group firm, in July 2013. It is accelerating set-up of overseas bases on automobile products, which account for more than 40% of all sales. A merger with Hitachi Metals MMC Superalloy Ltd is scheduled in April 2018.

FINANCIAL INFORMATION

The sales volume for Mar/2017 fiscal term amounted to Yen 910,486 million, a 10.52% fall from Yen 1,017,584 million in the previous term. The recurring profit was posted at Yen 66.010 million and the net profit at Yen 50,593 million, respectively, compared with Yen 96,223 million recurring profit and Yen 69,056 million net profit, respectively, a year ago.

For the current term ending Mar 2018 the recurring profit is projected at 63,000 million and the net profit at Yen 45,000 million, respectively, on a 4.34% rise in turnover, to Yen 950,000 million.

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

REGISTRATION

Date Registered: Apr 1956
Regd No.: 0104-01-038783 (Tokyo-Minatoku)

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Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 500 million shares
Issued: 428,904,352 shares
Sum: Yen 26,284 million

Major shareholders (%): Hitachi Ltd (52.7), Japan Trustee Services Bank (3.1), JP Morgan Chase Bank (2.5), Master Trust Bank of Japan (2.1), State Street Bank & Trust (0.8), Northern Trust (AVFC) UCTTS Non L15 (0.8), JP Morgan Chase Bank 385632 (0.8), MSCO Customer Securities (0.6), Japan Trustee Services T7 (0.6), Nippon life Ins (0.6); foreign owners (23.6)

No. of shareholders: 23,141

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

Managements: Hideaki Takahashi, ch; Akitoshi Hiraki, pres; Masaru Igarashi, dir; Toshiko Oka, dir; Takashi Shimada, dir; Jun'ichi Kamata, dir; Toshitake Hasunuma, dir

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

Related companies: Hitachi Metals Techno Ltd, Hitachi Tool, Hitachi Metals Admet Ltd, other.

OPERATION

Activities: Manufactures:

High-Grade Metal Products & Materials (26%): molds & tool sheets, alloys for electronic products (display-related, semiconductor & other packages), industrial equipment & energy-related materials, rolls for steel, nonferrous & non-metal applications, injection molding machine parts, structural ceramic products, steel-flame joints for construction, cutting tools;

Electronics & IT Devices (11%): magnets (rare-earth magnets, ferrite magnetic materials, and applied products), components for information & telecommunications equipment (multilayered devices, isolators), IT components & materials, soft magnetic materials (soft ferrite cores & applied products, monocrystalline magnetic materials, and applied devices, amorphous metals, and applied products);

High-Grade Functional Components & Equipment (37%): high-grade casting components for automobiles (high-grade ductile iron products, heat-resistant exhaust casting components, aluminum wheels, other aluminum components), piping & infrastructure components (pipe fittings, stainless steel & plastic piping components, water cooling equipment, precision mass flow control devices), construction components (access floor systems, structural systems, material handling systems).

Cable Materials (26%)

Overseas Sales Ratio (56%)

Clients: [Mfrs, wholesalers] Hitachi Metals Trading Co, Nissan Motors, Toyota Motors, Honda Motors, Samsung Electronics Co, Tokyo Gas, Hitachi Admet, Hitachi Metals Europe, other

No. of accounts: 800

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Sumitomo Metal Mining, Hitachi Ltd, Advanced Materials Japan, Hitachi Hi-Tech Materials, other

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Payment record: Regular

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

Bank References:

MUFG (Tokyo)
Mizuho Bank (H/O)
Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2018	31/03/2017	31/03/2016	31/03/2015
Annual Sales	950,000	910,486	1,017,584	1,004,373
Recur. Profit	63,000	66,010	96,223	86,591
Net Profit	45,000	50,593	69,056	70,569
Total Assets		1,040,390	1,033,311	1,083,450
Current Assets		491,895	483,855	544,620
Current Liabs		283,585	276,714	330,378
Net Worth		536,563	495,865	466,359
Capital, Paid-Up		26,284	26,284	26,284
Div.Ttl in Million (¥)		11.118	11,118	8,534
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	4.34	-10.52	1.32	24.31
Current Ratio	..	173.46	174.86	164.85
N.Worth Ratio	..	51.57	47.99	43.04
R.Profit/Sales	6.63	7.25	9.46	8.62
N.Profit/Sales	4.74	5.56	6.79	7.03
Return On Equity	..	9.43	13.93	15.13

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 86.11
Euro	1	INR 76.59
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 :	NIT

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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