

MIRA INFORM REPORT

Report No. :	518648
Report Date :	05.07.2018

IDENTIFICATION DETAILS

Name :	HANWA CO LTD
Registered Office :	4-3-9 Fushimi-machi Chuoku Osaka
Country :	Japan
Financials (as on) :	31.03.2017
Date of Incorporation :	April 1947
Com. Reg. No.:	1200-01-077530
Legal Form :	Limited Company
Line of Business :	Import, export, wholesale of steel products, nonferrous metals, foods, chemicals, petroleum products, machinery, lumber, other.
No. of Employees :	1,337

RATING & COMMENTS

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

MIRA's Rating : A+

Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Excellent
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 (31.12.2017)	Current Rating (01.04.2018)
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

HANWA CO LTD

REGD NAME: Hanwa Kogyo KK
MAIN OFFICE: HK Yodoyabashi Garden Avenue, 4-3-9 Fushimimachi Chuoku Osaka 541-8585
Japan
Tel: 06-7525-5000 Fax: 06-7525-5365

*.. Registered at: 4-3-9 Fushimi-machi Chuoku Osaka
**.. The given address is its Tokyo Office

URL: <http://www.hanwa.co.jp/>
E-Mail address: info@hanwa.co.jp

ACTIVITIES: Import, export, wholesale of steel products, nonferrous metals, foods, chemicals, petroleum products, machinery, lumber, other.

BRANCHES: Tokyo, Nagoya, Sendai, Kitakyushu, Sapporo, Sendai, Fukuoka, other (Tot 22)
OVERSEAS: North & South Americas, Asia, China, Europe & Mid East (--subsidiaries)

CHIEF EXEC: HIRONARI FURUKAWA, PRES & CEO

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

FINANCES	FAIR	A/SALES	Yen 1,514,037 M
PAYMENTS	REGULAR	CAPITAL	Yen 45,651 M
TREND	STEADY	WORTH	Yen 64,205 M
STARTED	1947	EMPLOYES	1,337

COMMENT

TRADING HOUSE SPECIALIZING IN STEEL PRODUCTS. FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

This is a time-honored trading house originating in Osaka specializing in steel products as mainline. Aiming to become general trading firm by boosting seafood imports. Advanced into electronics field. OA equipment developed in-house is growing rapidly. Strong and active in China operations, having 9 offices in China.

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Expanding into general trading house operations from the original steel products business. Coil center in San Diego (US), acquired in Sept 2009, expanding sales of products for microwave ovens and flat-screen, TVs in Mexico, thanks to customs-free advantage. In China, developing new markets thru units in inland provinces, including Chorigging. In Apr 2008, established Hanwa India Private Ltd in Mumbai, with office in New Delhi to focus in automobiles, shipbuilding, gas & petroleum, energy markets in India. . The company formed a comprehensive tie-up with Bohai Iron and Steel Group, China's leading steelmaker, and aims to expand business in China and abroad, including in processed steel products and materials development. The company aims to strengthen sales-force with buyouts of regional processing businesses and the startup of a large-scale warehouse.

FINANCIAL INFORMATION

The sales volume for Mar/2017 fiscal term amounted to Yen 1,514,037 million, a 0.15% up from Yen 1,511,800 million in the previous term. The recurring profit was posted at Yen 22,907 million and the net profit at Yen 16,363 million, respectively, compared with Yen 15,424 million recurring profit and Yen 25,469 million net profit, respectively, a year ago.

For the current term ending Mar 2018 the recurring profit is projected at Yen 25,000 million and the net profit at Yen 16,500 million, respectively, on a 12.28% rise in turnover, to Yen 1,700,000 million.

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

REGISTRATION

Date Registered: Apr 1947
Regd No.: 1200-01-077530 (Osaka-Chuoku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 570 million shares
Issued: 211,863,200 shares
Sum: Yen 45,651 million

Major shareholders (%): Japan Trustee Services T 7.5), Master Trust Bank of Japan T (5.3), Company's Treasury Stock (4.6), Customers' S/Holding Assn (3.8), SMBC (3.6), CBNY Government of Norway (2.8), JP Morgan Chase Bank 385632 (2.2), Employees' S/Holding Assn (2.0), Japan Trustee Services T (1.6); foreign owners (25.7)

No. of shareholders: 7,213

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

Managements: Shuji Kita, ch; Hironari Furukawa, pres; Hideo Kawanishi, v pres; Hiroshi Serizawa, v pres; Akihiko Ogasawara, s/mgn dir; Naoyuki Togawa, s/mgn dir; Yasumichi Kato, s/mgn dir; Hirotaka Yamamoto, mgn dir; Koji Hatanaka, mgn dir; Hidemi Nagashima, mgn dir; Yoichi Nakagawa, mgn dir; Yasuharu Kurata, mgn dir; Osamu Seki, dir; Tatsuji Hori, dir

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

Related companies: Hanwa Logistics, Hanwa (Hong Kong) Ltd, Halows Co, other

OPERATION

Activities: A trading house for import, export and wholesale of:

(Sales Breakdown by Divisions)

Steel Div (51%): steel bars, shapes, construction materials, wire rods, steel sheets, other;

Steel Materials Div (9%): forged iron, cast iron, special steel wires, screws;

Non-Ferrous Metal Div (5%): aluminum, copper, nickel, chromium, zinc (recycling);

Foods Div (6%): prawns, crab, other seafoods;

Petroleum & Chemicals Div (17%): fuels, petrochemicals, other;

Overseas subsidiaries Div (7%):

Other Div (5%): lumber, plywood, logs, building materials, other.

Overseas sales ratio (25%)

Clients: [Mfrs, wholesalers, general contractors] JX Nippon Oil & Energy Corp, Mitsui-OSK Lines, K Lines, NYK Lines, Idemitsu Kosan, Obayashi Corp, Takenaka Corp, Shimizu Corp, Sumitomo Metal Ind, Oji Paper Mills, Osaka Uoichiba, NYK Lines, K Lines, Multi Trade Enterprises, China Ordins Group Co, Daewoo Shipbuilding & Marine Engineering, Sejoo Global Corporation, Nippon Metal Ind, Ministry of Defense, other.

No. of accounts: 1,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Nippon Steel & Sumitomo Metal Corp, Nisshin Steel, JFE Steel, JXX Nippon Oil & Energy Corp, Tonen General Sekiyu, Kobe Steel, Double Rich Ltd, Aegean Marine Petroleum, other.

Imports from; USA, Canada, Chile, Finland, Sweden, Norway, Russia, China, Indonesia, other

Payment record: Regular

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

Bank References:

SMBC (Bingomachi)

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	1,700,000	1,514,037	1,511,800	1,737,397
Recur. Profit	25,000	22,907	15,424	14,264
Net Profit	16,500	16,363	25,469	9,086
Total Assets		175,457	177,646	181,187
Current Assets		101,015	103,191	101,799
Current Liabs		51,886	52,971	51,233
Net Worth		64,205	69,759	72,904
Capital, Paid-Up		45,651	45,651	45,651
Div Ttl in Million (¥)		4,291	3,532	3,077
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	12.28	0.15	-12.98	3.26
Current Ratio	..	194.69	194.81	198.70
N.Worth Ratio	..	36.59	39.27	40.24
R.Profit/Sales	1.47	1.51	1.02	0.82
N.Profit/Sales	0.97	1.08	1.68	0.52
Return On Equity	..	25.49	36.51	12.46

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.53
UK Pound	1	INR 90.52
Euro	1	INR 80.02
Yen	1	INR 0.62

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

INFORMATION DETAILS

Analysis Done by :	NIS
Report Prepared by :	SYL

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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)