

## MIRA INFORM REPORT

Report No. :	518792
Report Date :	05.07.2018

### IDENTIFICATION DETAILS

Name :	JFE SHOJI TRADE CORPORTION
Registered Office :	1-6-20 Dojima Kitaku Osaka
Country :	Japan
Financials (as on) :	31.03.2017
Date of Incorporation :	August 2004
Com. Reg. No.:	1200-01-062403 (Osaka-Kitaku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Import, Export, Wholesale of Steel, Iron Ore, Chemicals, Machinery, Other
No. of Employees :	961

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> 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
Payment Behaviour :	Regular
Litigation :	Clear

#### NOTES :

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.

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**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 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

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## **COMPANY NAME & ADDRESS**

### **JFE SHOJI TRADE CORPORTION**

**REGD NAME:** JFE Shoji KK  
**MAIN OFFICE:** Ohtemachi Financial City North Tower 26F, 1-9-5 Ohtemachi Chiyodaku Tokyo  
100-8070 JAPAN  
Tel: 03-5203-5055 Fax: 03-5203-5290

**\*.. Registered At: 1-6-20 Dojima Kitaku Osaka**

**URL:** <http://www.jfe-shoji.co.jp/>  
**E-Mail address:** (through the URL)

**ACTIVITIES:** Import, export, wholesale of steel, iron ore, chemicals, machinery, other  
**BRANCHES:** (Domestic) 21 locations  
**OVERSEAS:** Korea, China, Taiwan, Vietnam, India, Australia, USA, India, other.  
(Total 35 locations in 18 countries)

**OFFICERS:** OOSUKE ODA, PRES Hidehiko Ogawa, v pres  
Toshihiro Kabasawa, v pres Keiichi Nishino, dir  
Masahiko Kakizaki, dir Masashi Terahata, dir

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

## **SUMMARY**

FINANCES	FAIR	A/SALES	Yen 1,129,658 M
PAYMENTS	REGULAR	CAPITAL	Yen 14,539 M
TREND	SLOW	WORTH	Yen 113,395 M
STARTED	1948	EMPLOYES	961

**COMMENT:** TRADING HOUSE, OWNED BY JFE SHOJI HOLDINGS INC. FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

## **HIGHLIGHTS**

This is a trading company belonging to JFE Shoji Holdings Inc, which was created on 01/Aug/2004 by Kawasho Corp, Kawasaki Steel group trading house. On 01/Oct/2004, Kawasho Corp and NKK Trading Inc, NKK group trading house, merged when the two parents, Kawasaki Steel and NKK merged to become JFE Holdings Inc. At the same time, the group reorganized into four individual companies under the control of JFE Shoji Holdings Inc: JFE Shoji Trade Corporation (consolidated steel business), Kawasho Foods Corporation (foods business), Kawasho Semiconductor Corporation (semiconductor business) and Kawasho Real Estate Corporation (real

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estate business). 98% of sales are generated by the subject firm and this is the core of the group firms. In Oct 2010 acquired of all issued shares in Republic Coal Pty Ltd, Australia. In Jun 2010 established JV with Summit Corp Thailand, as Steel Alliance Service Center Co Ltd, a steel processing center mainly serving the automobile industry. The firm was listed on the Tokyo S/E Apr 2012. The firm became a wholly-owned subsidiary of JFE Holdings in Oct 2012 through a stock swap, and the company was delisted on September 26, 2012. Clients include Group firms, steel mfg, wholesalers, other, nationwide.

## **FINANCIAL INFORMATION**

Financials are consolidated by the parent, JFE Shoji Holdings Inc, and only non-consolidated financials are disclosed.

The sales volume for Mar/2017 fiscal term amounted to Yen 1,129,658 million, a 5% fall from Yen 1,188,233 million in the previous term. The recurring profit was posted at Yen 14,107 million and the net profit at Yen 9,351 million, respectively, compared with Yen 16,082 million recurring profit and Yen 8,317 million net profit, respectively, a year ago.

For the current term ending Mar 2018 the recurring profit is projected at Yen 14,300 million and the net profit at Yen 9,400 million, respectively, on a 3% rise in turnover, to Yen 1,163,600 million.

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

## **REGISTRATION**

**Date Registered:** Aug 2004  
**Regd No.:** 1200-01-062403 (Osaka-Kitaku)  
**Legal Status:** Limited Company (Kabushiki Kaisha)  
**Authorized:** 115 million shares  
**Issued:** 29 million shares  
**Sum:** Yen 14,539 million  
**Major shareholders:** JFE Holdings Inc\* (100)

\*.. Holding company formed thru business combination between Kawasaki Steel and NKK, Tokyo, founded 2002, listed Tokyo S/E, capital Yen 147,143 million, sales Yen 3,308,942 million, operating profit Yen 96,746 million, recurring profit Yen 84,735 million, net profit Yen 67,939 million, total assets Yen 4,343,233 million, net worth Yen 1,921,094 million, employees 61,687, pres Eiji Hayashida

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

## **OPERATION**

**Activities:** Imports, exports and wholesales steel, steel products (60%), materials, chemicals, oil & fuels (20%), machinery & equipment, others (10%)

### **Overseas Trading Ratio (45%)**

**Clients:** [Mfrs, wholesalers] JFE Steel (13.6%), KK Tohsen, Okakin Corp, Mizushima Kohan Kogyo (Steel maker), Hanwa Kozai Co, San-Ei Metal, Kowa Kinzoku Corp, Daiei Kogyo, other.

No. of accounts: 800

Domestic areas of activities: Nationwide

**Suppliers:** [Mfrs, wholesalers] JFE Steel (28.1%), JFE Chemical, JFE Steel Plate, Tokyo Steel, Mizushima Kohan Kogyo, Hitachi Ltd, Asahi Seiren Co, Toyo Dengyo Co, Toyo Kotetsu Co, other.

**Payment record:** Regular

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

### **Bank References:**

Mizuho Bank (Osaka)

MUFG (H/O)

Relations: Satisfactory

## **FINANCES**

(In Million Yen)

<b>Terms Ending:</b>	<b>31/03/2018</b>	<b>31/03/2017</b>	<b>31/03/2016</b>	<b>31/03/2015</b>
Annual Sales	1,163,600	1,129,658	1,188,233	1,362,894
Recur. Profit	14,300	14,107	16,082	17,176
Net Profit	9,400	9,351	8,317	4,271
Total Assets		403,582	374,111	420,725
Current Assets		260,708	231,687	264,705
Current Liabs		226,501	192,717	234,020
Net Worth		113,395	102,712	199,430
Capital, Paid-Up		14,539	14,539	14,539
Div.Ttl in Million (¥)		1,889	1,603	5,423
<b>&lt;Analytical Data&gt;</b>	(%)	(%)	(%)	(%)
S.Growth Rate	3.00	-4.93	-12.82	3.13
Current Ratio	..	115.10	120.22	113.11

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N.Worth Ratio	..	28.10	27.45	47.40
R.Profit/Sales	1.23	1.25	1.35	1.26
N.Profit/Sales	0.81	0.83	0.70	0.31
Return On Equity	..	8.25	8.10	2.14

**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**

<b>Analysis Done by :</b>	NIS
<b>Report Prepared by :</b>	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)