

MIRA INFORM REPORT

Report No. :	518565
Report Date :	05.07.2018

IDENTIFICATION DETAILS

Name :	MITSUBISHI ELECTRIC CORPORATION
Registered Office :	Tokyo Bldg 4F, 2-7-3 Marunouchi Chiyodaku Tokyo 100-8310
Country :	Japan
Financials (as on) :	31.03.2017
Date of Incorporation :	Jan 1921
Com. Reg. No.:	0100-01-008772 (Tokyo-Chiyodaku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufacturing of Heavy Electrics, Mechatronics, Telephone Systems, Electronic Devices
No. of Employees :	33,977

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
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.

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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 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 - 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 first country to ratify the TPP in December 2016; the United States signaled its withdrawal from the TPP in January 2017, and 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).

Source : CIA

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COMPANY NAME & ADDRESS

MITSUBISHI ELECTRIC CORPORATION

REGD NAME: Mitsubishi Denki KK
MAIN OFFICE: Tokyo Bldg 4F, 2-7-3 Marunouchi Chiyodaku Tokyo 100-8310 JAPAN
Tel: 03-3218-2111 Fax: 03-3218-2431

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

ACTIVITIES: Mfg of heavy electrics, mechatronics, telephone systems, electronic devices
BRANCHES: Osaka, Nagoya, Fukuoka, Hiroshima, other (Tot 51)
FACTORIES: Kobe, Amagasaki, Marugame, Inazawa, other (Tot 29, including subsidiaries)
OVERSEAS: USA, Mid/South America, Canada, Europe, Near/Mid East, China, Korea, Taiwan, other Asia, Australia, including JV's and subsidiaries

CHIEF EXEC: MASAKI SAKUYAMA, PRES & CEO

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

FINANCES	FAIR	A/SALES	Yen 4,238,666 M
PAYMENTS	REGULAR	CAPITAL	Yen 175,820 M
TREND	SLOW	WORTH	Yen 2,039,627 M
STARTED	1921	EMPLOYES	33,977

COMMENT: COMPREHENSIVE ELECTRICAL MACHINERY PRODUCER. FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

This is the third ranked comprehensive electric machinery mfr, with FA products as earnings source. Strong in defense electronics and aerospace areas. Japan's top-class maker of power semiconductors for home appliances such as refrigerators. In consumer electronics strong in air conditioners. The company started up a demonstration facility for the smart grids constructed at a cost of Yen seven billion, in a bid to speed up development and to attain related sales at Yen1.3 trillion for the March 2016 term, up 60% from the March 2012 term. The firm is eager to buy agents for FA systems in overseas to cultivate new customers thru direct sales. With a strength & large global market share in air-conditioners, the company is also the global leader in large capacity power semiconductor. It is also engaged in satellite business. We also add that with no ductwork, the firm's electric cooling & heating system (HVAC), provides comfort through energy-efficient air-conditioning & heat at the touch of a button providing individual room comfort. It is also engaged in the satellite business.

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FINANCIAL INFORMATION

The sales volume for Mar/2017 fiscal term amounted to Yen 4,238,666 million, a 3.54% fall from Yen 4,394,353 million in the previous term. The recurring profit was posted at Yen 276,249 million and the net profit at Yen 210,493 million, respectively, compared with Yen 318,476 million recurring profit and Yen 228,494 million net profit, respectively, a year ago.

For the current term ending Mar 2018 the recurring profit is projected at Yen 360,000 million and the net profit at Yen 256,000 million, respectively, on a 3.81% rise in turnover, at Yen 4,400,000 million.

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

REGISTRATION

Date Registered: Jan 1921
Regd No.: 0100-01-008772 (Tokyo-Chiyodaku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 8,000 million shares
Issued: 2,147,201,551 shares
Sum: Yen 175,820 million

Major shareholders (%): Master Trust Bank of Japan, T (7.2), Japan Trustee Services T (5.7), Meiji Yasuda Life Ins (3.8), Nippon Life Ins (2.8), Group Employees' S/Holding Assn (2.0), JP Morgan Chase Bank 385632 (1.7), MUFG (1.4), Bank of New York Mellon SANV 10 (1.3); foreign owners (36.7)

No. of shareholders: 92,308

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

Managements: Kenichiro Yamanishi, ch; Masaki Sakuyama, pres; Yutaka Ohashi, v pres; Nobuyuki Ohashi, s/mgn dir; Akihiro Matsuyama, s/mgn dir; Hironori Yoshimatsu, dir; Masayuki Ichige, dir; Sanjuni Yabunaka, dir; Hiroshi Obayashi, dir; Kazunori Watanabe, dir; Katsunori Nagai, dir; Hiroko Koide, dir

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

Related companies: Kodensha, other

OPERATION

Activities: Manufactures heavy electric machinery (25%), industrial Mechatronics (27%), telecom systems (9%), electronic devices (4%), consumer electronics (21%), others (15%)

Overseas Trading Ratio (43%)

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(Mfg items): air conditioning systems automotive equipment, building systems, energy systems, home products, information & communication system, public systems, semiconductors & devices, space systems, transportation systems, visual information systems, other.

Clients: [Mfrs, wholesalers] Defense Ministry, Mitsubishi Electric Credit Corp, Mitsubishi Electric Europe, Mitsubishi Heavy Ind, Mitsubishi Electric Living Environment Systems Corp, Mitsubishi Corp, Mitsubishi Electric Automotive America, Shiden Engineering, other

No. of accounts: 2,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Mitsubishi Electric Credit Corp, Mitsubishi Electric Trading Corp, Mitsubishi Electric Engineering Co, Toshiba Corp, other

Payment record: Regular

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

Bank References:

MUFG (H/O)

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	4,400,000	4,238,666	4,394,353	4,323,041
Recur. Profit	360,000	296,249	318,476	322,968
Net Profit	256,000	210,493	228,494	234,694
Total Assets		4,180,509	4,060,316	4,059,865
Current Assets		2,623,596	2,551,863	2,633,465
Current Liabs		1,525,761	1,507,953	1,612,582
Net Worth		2,039,627	1,838,773	1,842,203
Capital, Paid-Up		175,820	175,820	175,820
Div.P.Share(¥)		27.00	27.00	27.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	3.81	-3.54	1.65	6.63
Current Ratio	..	171.95	169.23	163.31
N.Worth Ratio	..	48.79	45.29	45.38

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R.Profit/Sales	8.18	6.99	7.25	7.47
N.Profit/Sales	5.82	4.97	5.20	5.43
Return On Equity	..	10.32	12.43	12.74

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 :	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)