

MIRA INFORM REPORT

Report No. :	538966
Report Date :	12.11.2018

IDENTIFICATION DETAILS

Name :	MARUBENI-ITOCHU STEEL INC
Registered Office :	Nihombashi 1-Chome Bldg, 1-4-1 Nihombashi Chuoku Tokyo 103-8247
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	October 2001
Com. Reg. No.:	0100-01-075892 (Tokyo-Chuoku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Import, Export, Wholesale of Iron & Steel Materials & Products
No. of Employees :	923

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 (30.06.2018)	Current Rating (30.09.2018)
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

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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

MARUBENI-ITochu STEEL INC

REGD NAME: Itochu Marubeni Tekko KK
MAIN OFFICE: Nihombashi 1-Chome Bldg, 1-4-1 Nihombashi Chuoku Tokyo 103-8247 Japan
Tel: 03-5204-3300 Fax: 03-5204-3810

URL: <http://www.benichu.com/>
E-mail address: (thru the URL to each Division)

ACTIVITIES: Import, export, wholesale of iron & steel materials & products
BRANCHES: Osaka, Nagoya, Sapporo, Hiroshima, Fukuoka, other (Total 59)
OVERSEAS: China (5), India (3), Australia, USA (8), Canada (2), Europe/CIS, other (25)
SUBSIDIARIES: (Domestic) 35; (Overseas) 85 (Tot 120) (--including affiliates)

OFFICER(S): TOMOHITO KANEDA, PRES Tatsuhiko Toshita, v pres
Haruhiko Ida, mgn dir Masakazu Tanimoto, mgn dir
Toshinori Suwa, mgn dir Kazunori Maruyama, dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY:	FINANCES	FAIR	A/SALES	Yen 1,002,007 M
	PAYMENTS	REGULAR	CAPITAL	Yen 30,000 M
	TREND	STEADY	WORTH	Yen 129,196 M
	STARTED	2001	EMPLOYES	923

COMMENT: TRADING HOUSE SPECIALIZING IN STEEL & IRON PRODUCTS, JOINTLY OWNED BY MARUBENI CORP & ITOCHU CORP. FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

The subject company was created on the basis of spin-offs and integration of two steel products divisions at Marubeni Corp and Itochu Corp to form a separate entity. This is a trading house inheriting successful & traditional business rights of each firm in the line of steel & iron raw materials & products markets. The firm has four core divisions: Iron & Steel Div (1), Iron & Steel Div (2), Iron & Steel Div (3), and Tubular Products Div (for handling items see OPERATION). Osaka branch office handles these products in lump sum. Top-ranked in the specific business items. Clients include major car makers, heavy machinery mfrs, and electric appliances mfrs, nationwide.

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 1,002,007 million, a 16% up from Yen 860,510 million in the previous term. The recurring profit was posted at Yen 14,959 million and the net profit at Yen 12,430 million, respectively, compared with Yen 13,776 million recurring profit and Yen 11,870 million net profit, respectively a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 15,500 million and the net profit at 13,000 million, on a 5% rise in turnover, to Yen 1,052,200 million.

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

REGISTRATION

Date Registered:	Oct 2001
Regd No.:	0100-01-075892 (Tokyo-Chuoku)
Legal Status:	Limited Company (Kabushiki Kaisha)
Authorized:	2,400 shares
Issued:	600 shares
Sum:	Yen 30,000 million
Major shareholders (%):	Marubeni Corp (50), Itochu Corp (50)
No. of shareholders:	2

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

OPERATION

Activities: A trading firm jointly owned by Marubeni Corp & Itochu Corp, specializing in iron & steel products & related, IT-related business, including development of supply chain management (SCM) system of steel products, having the following 4 core divisions (--100%):

Iron & Steel Div (1): handles a full range of steel products for automakers and auto parts makers, including carbon steel, specialty steel, stainless steel, electrical steel sheets, magnequench powder, etc;

Iron & Steel Div (2): handles steel sheet products for domestic users in the appliance, furniture, container and office automation equipment, etc, including foreign business of slabs, billets, blooms & other semi-finished products, bars, shapes, plates, hot rolled and cold rolled steel, coated steel sheets, tin mill products, clad steel plates, copper alloy tubes;

Iron & Steel Div (3): handles plates & shapes, specialty steel, wire products & stainless steel. The division newly started Noble Metals Dept to handle noble items, such as Titanium, Cupro-Nickel tubes,, offering package of noble metals required for construction of Desalination Plants;

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Tubular Products Div: handles various types of tubular products and equipment & materials for plant projects. Also exports pipes for oil fields and major pipeline projects overseas. (Detailed breakdown of each Division is not available.)

Exports (60%).

Clients: [Automakers, steel mfrs, wholesalers] Mazda Motor Corp, Subaru Motor, Fuji Heavy Ind, Nissan Motors, Isuzu Motor, NTN, Matsushita Electric Ind, Kawasaki Heavy Ind, Hitachi Ltd, Exxon Mobil, IHI Marine United, other

Exports to Hyundai (Korea), Thai Controlled Steel Sheet, BNG Steel, other.

No. of accounts: 1,000

Domestic areas of activities: Nationwide

Suppliers: [Steel mfrs, wholesalers] Nippon Steel & Sumitomo Metal Ind, JFE Steel, Nisshin Steel, Kobe Steel, Sanyo Special Steel, Sumitomo Metal Ind, Nippon Steel & Sumikin Stainless Steel Corp, other.

Payment record: Regular

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

Bank References:

Mizuho Bank (H/O)

MUFG (H/O)

Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	1,052,200	1,002,007	860,510	952,834
Recur. Profit	15,500	14,959	13,776	23,855
Net Profit	13,000	12,430	11,870	17,196
Total Assets		483,050	473,215	445,136
Current Assets		304,699	296,478	280,749
Current Liabs		212,918	190,179	184,282
Net Worth		129,196	123,629	114,785
Capital, Paid-Up		30,000	30,000	30,000
Div.P.Share(¥)		0.00	0.00	0.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	5.01	16.44	-9.69	-14.26

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Current Ratio	..	143.11	155.89	152.35
N.Worth Ratio	..	26.75	26.13	25.79
R.Profit/Sales	1.47	1.49	1.60	2.50
N.Profit/Sales	1.24	1.24	1.38	1.80
Return On Equity	..	9.62	9.60	14.98

Notes: Forecast (or estimated) figures for the 31/03/2019 fiscal term.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.73
UK Pound	1	INR 94.87
Euro	1	INR 82.52
YEN	1	INR 0.64

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)