

MIRA INFORM REPORT

Report No. :	540087
Report Date :	16.11.2018

IDENTIFICATION DETAILS

Name :	MITSUBISHI GAS CHEMICAL CO INC
Registered Office :	Mitsubishi Bldg, 2-5-2 Marunouchi Chiyodaku Tokyo 100-8324
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	April 1951
Com. Reg. No.:	0100-01-008768
Legal Form :	Limited Company
Line of Business :	Manufacture of natural gas chemicals, xylene, methanol, other
No. of Employees :	2,290

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

Maximum Credit Limit :	Yen 23,807.0 million
Status :	Excellent
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

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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 (30.06.2018)	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 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 SUMMERY

MITSUBISHI GAS CHEMICAL CO INC

REGD NAME: Mitsubishi Gas Kagaku KK

MAIN OFFICE: Mitsubishi Bldg, 2-5-2 Marunouchi Chiyodaku Tokyo 100-8324 JAPAN

Tel: 03-3283-5000 Fax: 03-3287-0833

URL: <http://www.mgc.co.jp/>

E-Mail address: info@mgc.co.jp

ACTIVITIES: Mfg of natural gas chemicals, xylene, methanol, other

BRANCHES: Osaka, Nagoya, Niigata, Mie, Okayama, Kanagawa, Saga, other (Tot 9)

OVERSEAS: Shanghai, USA, Germany, Singapore, Thailand (--subsidiaries)

FACTORIES: Niigata, Yokkaichi, Kashima, Mizushima, Naniwa, Yamagata, Saga;

OVERSEAS: Saudi Arabia, Brunei, Venezuela, China (--mfg factories)

OFFICERS: TOSHIKIYO KURAI, PRES Kazuo Sakai, ch
Kenji Inamasa, s/mgn dir Yasuhiro Sato, s/mgn dir
Masahiro Jono, mgn dir Masashi Fujii, mgn dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY:	FINANCES	FAIR	A/SALES	Yen 635,909 M
	PAYMENTS	REGULAR	CAPITAL	Yen 41,970 M
	TREND	STEADY	WORTH	Yen 467,364 M
	STARTED	1951	EMPLOYES	2,290

COMMENT

MFR OF NATURAL GAS CHEMICALS, XYLENE, METHANOL, OTHER. FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS

MAX CREDIT LIMIT: YEN 23,807.0 MILLION, 30 DAYS NORMAL TERMS

HIGHLIGHTS

The subject firm started from the utilization natural gas produced in Niigata Prefecture & succeeded in Japan's first synthesis of methanol & ammonia. Made a new start in 1971 through the merger between Mitsubishi Edogawa Chemical & Japan Gas Chemical. Boasts several products of aromatic chemicals with high shares in niche markets. Also produces functional resins such as polycarbonate, & electronic materials for semiconductor-related products. Participates in overseas JVs for methanol production in resource countries such as Saudi Arabia & Venezuela, which contribute to earnings through equity profits. Staying away from the alliance of chemical-related firms in the Mitsubishi Chemical Group.

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FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 635,909 million, a 14.27% up from Yen 556,480 million in the previous term. The recurring profit was posted at Yen 80,711 million and Yen 60,531 million net profit, respectively, compared with Yen 62,378 million recurring profit and Yen 47,958 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 75,000 million and the net profit at Yen 61,000 million, respectively, on a 0.64% rise in turnover, to Yen 640,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 23,807.0 million, on 30 days normal terms.

REGISTRATION

Date Registered: Apr 1951
Regd No.: 0100-01-008768 (Tokyo-Chiyodaku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 984,856,000 shares
Issued: 483,478,398 shares
Sum: Yen 41,970 million

Major shareholders (%): Company's Treasury Stock (7.8), Japan Trustee Services T (4.3), Master Trust Bank of Japan T (3.9) Meiji Yasuda Life Ins (3.7), Nippon Life Ins (3.7), Norin Chukin Bank (2.1), AGC Inc (2.0), Chase Manhattan GTS Escrow (1.7), Government of Norway (1.6), Japan Trustee Services T9 (1.6); foreign owners (34.8)

No. of shareholders: 15,467

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

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

Related companies: MGC Filsheet Co, MGC Electro Techno Inc, AG Int'l Chemical, Eiwa Chemical Ind, other.

OPERATION

Activities: Manufactures xylene, methanol, & other industrial chemicals:

(Sales Breakdown by Divisions): Natural Gas Chemicals (26%); Aromatic Chemicals (33%); Functional Chemicals (32%); Specialty Chemicals (8%).

Overseas Sales Ratio 56%:

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(Mfg products): organic/inorganic chemicals, petroleum-derived chemicals, chemical fertilizers, agro chemicals, feeds, feed additives, synthetic resins, synthetic rubber & other high molecular polymers, dyes, pigments, paints & adhesives, pharmaceutical products, quasi-drugs, biochemical products, food & food additives, detergents, bleaches, gas absorbers, civil-engineering & construction materials, ceramic products, information device, components & apparatus, others

Clients: [Mfrs, wholesalers] Mitsubishi Corp, Itochu Chemical Frontier, Daicel Chemical Ind, Sojitz Corp, Mitsubishi Gas Chemical America, Mitsubishi Engineering Plastics, Tokyo Shokai Ltd, other
No. of accounts: 1,000
Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] JX Energy, Shell Chemicals Japan, Mitsubishi Chemical, Mitsubishi International Corp, Brunei Methanol Co, MGC Electro Techno, other

Payment record: Regular

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

Bank References:

MUFG (H/O)
Mitsubishi UFJ Trust Bank (H/O)
Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	640,000	635,909	556,480	593,502
Recur. Profit	75,000	80,711	62,378	45,432
Net Profit	61,000	60,531	47,958	34,134
Total Assets		792,489	741,639	739,582
Current Assets		391,009	326,674	341,237
Current Liabs		207,078	188,426	214,676
Net Worth		467,364	428,091	376,945
Capital, Paid-Up		41,970	41,970	41,970
Div.P.Share(¥)		45.00	9.00	9.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	0.64	14.27	-6.24	12.07
Current Ratio	..	188.82	173.37	158.95

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N.Worth Ratio	..	58.97	57.72	50.97
R.Profit/Sales	11.72	12.69	11.21	7.65
N.Profit/Sales	9.53	9.52	8.62	5.75
Return On Equity	..	12.95	11.20	9.06

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.16
UK Pound	1	INR 93.95
Euro	1	INR 81.83
YEN	1	INR 0.63

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	TRU

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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)

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