

## MIRA INFORM REPORT

Report No. :	540843
Report Date :	20.11.2018

### IDENTIFICATION DETAILS

Name :	SOJITZ CORPORATION
Registered Office :	2-1-1 Uchisaiwaicho Chiyodaku Tokyo 100-8691
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	April, 2003
Com. Reg. No.:	0104-01-049977 (Tokyo-Minatoku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Import, export and wholesale of machinery, energy & metals, chemicals, other
No. of Employees :	2,343

### 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++	Minimum Risk	Business dealings permissible with minimum risk of default

Status :	Excellent
Payment Behaviour :	Regular
Litigation :	Clear

### NOTES:

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Any query related to this report can be made on e-mail: 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 NAME AND ADDRESS**

### **SOJITZ CORPORATION**

**REGD NAME:** Sojitz KK  
**MAIN OFFICE:** 2-1-1 Uchisaiwaicho Chiyodaku Tokyo 100-8691 JAPAN  
Tel: 03-6871-5000 Fax: 03-6871-2430  
**URL:** <http://www.sojitz.com>  
**E-Mail address:** [info@sojitz.com](mailto:info@sojitz.com)

## **ACTIVITIES**

Import, export, wholesale of machinery, energy & metals, chemicals, other

## **BRANCHES**

4 Domestic, 84 Overseas  
(Subsidiaries/affiliates): 117 domestic, 320 overseas

## **OFFICERS**

MASAYOSHI FUJIMOTO, PRES      Yoji Sato, ch  
Futoshi Hara, v pres      Seiichi Tanaka, s/mgn dir  
Shigeru Nishihara, s/mgn dir      Kayoko Naito, dir

Yen Amount: In million Yen, unless otherwise stated

## **SUMMARY**

FINANCES	FAIR	A/SALES	Yen 1,816,459 M
PAYMENTS	REGULAR	CAPITAL	Yen 160,339 M
TREND	STEADY	WORTH	Yen 586,465 M
STARTED	2003	EMPLOYES	2,343

## **COMMENT**

GENERAL TRADING HOUSE.

FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

## **HIGHLIGHTS**

The subject company was established in Apr 2003 by forming a joint holding company, named Nissho Iwai-Nichimen Holdings Company, by the then Nissho Iwai Co and Nichimen Co, and subsequently in Apr 2004 the two merged into Sojitz Corp as captioned. The holding company, at the same time, renamed Sojitz Holdings Corporation. The merger was formed in order to restructure the two firms through supports from financial institutions including the then UFJ Bank (now MUFG), the main bank for the two firms. On 01/Oct/2005, in order to further streamline the Group's management framework, Sojitz Holdings merged with its principal operating arm and wholly owned subsidiary, Sojitz Corporation. The company's name was then changed to Sojitz Corporation. This is a general trading house succeeding the business rights & operations of the said two firms, excluding liquidation or separation of unprofitable divisions & operations. This is the sixth-ranked general trading house. Major handling items are machinery, energy & resources, which former Nissho Iwai Corp was the stronger, and textiles, etc, which the former Nichimen Corp was stronger. Highly competitive in fields of aircraft, lumber and urban development. The company is the Japanese agent for aircraft of Boeing of the US and also has strengths in lumber, feeds and the automobile sales business overseas. The company is intensifying Brazil's cereal crop cargo pickup/export business for Asia. It is investing Yen 16 billion in local major firm to expand commercial distribution channels.

## **FINANCIAL INFORMATION**

The operating revenue for Mar/2018 fiscal term amounted to Yen 1,816,459 million, a 16.79% up from Yen 1,555,349 million in the previous term. The recurring profit was posted at Yen 80,343 million and the net profit at Yen 56,842 million respectively, compared with Yen 57,955 million recurring profit and Yen 40,760 million net profit, respectively, a year ago

For the current term ending Mar 2019 the recurring profit is projected at Yen 96,000 million and the net profit at Yen 70,000 million, respectively, on a 5.7% rise in revenue turnover, to Yen 1,920,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 34,816.1 million, on 30 days normal terms.

## **REGISTRATION**

**Date Registered:** Apr 2003

**Regd No.:** 0104-01-049977 (Tokyo-Minatoku)

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**Legal Status:** Limited Company (Kabushiki Kaisha)  
**Authorized:** 2,500 million shares  
**Issued:** 1,251,499,501 shares  
**Sum:** Yen 160,339 million

**Major shareholders (%)**: Japan Trustee Services T (12.8), Ichigo Trust PTE (9.8), Master Trust Bank of Japan T (4.7), Chase Manhattan GTS Escrow (3.5), Trust & Custody Trust Bank (3.3), Morgan Stanley (2.5), other; foreign owners (39.9)

**No. of shareholders:** 149,915

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

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

**Related companies:** Sojitz Marine & Engineering, Sojitz Building Materials Corp, other

## **OPERATION**

**Activities:** A general trading house:

**(Sales breakdown by Divisions):**

**Machinery Division (28%):** Automotive Unit, Environment & Infrastructure Unit, IT Business Unit, Marine & Aerospace Unit;

**Energy & Metals Division (18%):** Energy & Nuclear Unit, Coal & Non-ferrous Metals Unit, Ferrous Metals & Steel Products Unit;

**Chemicals & Functional Materials Division (16%):** Chemicals Unit, Functional Materials Unit;

**Automotive (10%);**

**Lifestyle Business Division (8%):** Foods Resources Unit, General Commodities & Textile Unit, Forest Products & Real Estate Development Unit;

**Others (19%)**

**Overseas Sales Ratio (53%)**

**Clients:** [Mfrs, wholesalers] Kobe Steel, NM Life, First Retailing, Uto Kosan, Zao Severstal, Varig S.A., Auto-Isuzu PT Indofood Sukses Makmur TBK, MMC Automotriz SA, Tata Steel, other

No. of accounts: 1,000

Domestic areas of activities: Nationwide

**Suppliers:** [Mfrs, wholesalers] Hitachi Zosen, Hitachi Ltd, Toyo Rubber, Yamazaki Nabisco, Sun Building Materials Corp, Sumitomo Metal Mining, Fuji Electric Systems, Sojitz Asia, Philip Morris Japan, Sojitz USA, other.

**Payment record:** Regular

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

**Bank References:**

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MUFG (H/O)  
Mizuho Bank (H/O)  
Relations: Satisfactory

## **FINANCIALS**

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	1,920,000	1,816,459	1,555,349	1,658,072
Recur. Profit	96,000	80,343	57,955	44,269
Net Profit	70,000	56,842	40,760	36,526
Total Assets		2,350,351	2,138,466	2,056,670
Current Assets		1,376,297	1,229,747	1,146,344
Current Liabs		845,918	717,748	673,776
Net Worth		586,465	550,513	520,353
Capital, Paid-Up		160,339	160,339	160,339
Div.P.Share(¥)		6.00	5.00	4.00
<b>&lt;Analytical Data&gt;</b>	(%)	(%)	(%)	(%)
S.Growth Rate	5.70	16.79	-6.20	-8.38
Current Ratio	..	162.70	171.33	170.14
N.Worth Ratio	..	24.95	25.74	25.30
R.Profit/Sales	5.00	4.42	3.73	2.67
N.Profit/Sales	3.65	3.13	2.62	2.20
Return On Equity	..	9.69	7.40	7.02

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

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.90
UK Pound	1	INR 92.20
Euro	1	INR 81.94
Yen	1	INR 0.63

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	PRI
<b>Report Prepared by :</b>	NIT

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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)