

MIRA INFORM REPORT

Report No. :	541763
Report Date :	24.11.2018

IDENTIFICATION DETAILS

Name :	THE JAPAN STEEL WORKS LTD
Registered Office :	Gate City Osaki-West Tower 23F, 1-11-1 Osaki Shinagawaku Tokyo 141-0032
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	Dec., 1950
Com. Reg. No.:	0107-01-019531 (Tokyo-Shinagawaku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufacturer of Plastics Machines, Steel Castings & Forgings.
No. of Employees :	2,248

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+	Low Risk	Business dealings permissible with low 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

THE JAPAN STEEL WORKS LTD

REGD NAME: Nihon Seikosho KK
MAIN OFFICE: Gate City Osaki-West Tower 23F, 1-11-1 Osaki Shinagawaku Tokyo 141-0032
JAPAN
Tel: 03-5745-2001 Fax: 03-5745-2025
URL: <http://www.jsw.co.jp/>
E-Mail address: info_steel_forging@jsw.co.jp

ACTIVITIES

Mfg of plastics machines, steel castings & forgings

BRANCHES

Osaka, Nagoya, Shizuoka, Fukuoka, Sapporo, other (Tot 15)

OVERSEAS

USA, India, China, Singapore, Indonesia, Philippines, Thailand, Malaysia, Hong Kong, Taiwan (21 locations)
Overseas affiliates: China, Singapore, Malaysia, Thailand, Hong Kong, Germany, Korea

FACTORIES

Muroran, Hiroshima, Yokohama (Tot 3)

OFFICERS

NAOTAKA MIYAUCHI, PRES Yutaka Higashiizumi, v pres
Takashi Shibata, mgn dir Masao Ohshita, mgn dir
Toshio Matsuo, mgn dir Jun'ichiro Deguchi, dir

Yen Amount: In million Yen, unless otherwise stated

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SUMMARY

FINANCES	FAIR	A/SALES	Yen 212,957 M
PAYMENTS	REGULAR	CAPITAL	Yen 19,694 M
TREND	STEADY	WORTH	Yen 117,031 M
STARTED	1950	EMPLOYES	2,248

COMMENT

MFR OF PLASTIC MACHINES, LARGE STEEL CASTINGS & FORGING.

FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

The subject company is well-known for large-size casting/forging technologies, a member firm of Mitsui Group. It produces artilleries for Self Defense Forces. Core business consisted of large cast/forged products, such as nuclear reactor pressure vessel-related items & oil refinery-use reactors, which enjoy a high sales share in the world market. Today's profit-earner is Industrial machinery, plastic molding machines & magnesium alloy injection machines, with strong technological capabilities.

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 212,957 million, a 0.23% up from Yen 212,469 million in the previous term. The recurring profit was posted at Yen 22,117 million and the net profit at Yen 10,712 million, respectively, compared with Yen 12,111 million recurring profit and Yen 4,968 million net losses, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 24,000 million and the net profit at Yen 18,500 million, on an 8% rise in turnover, to Yen 230,000 million.

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

REGISTRATION

Date Registered: Dec 1950
Regd No.: 0107-01-019531 (Tokyo-Shinagawaku)

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THE JAPAN STEEL WORKS LTD - 541763

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Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 1,000 million shares
Issued: 371,463,036 shares
Sum: Yen 19,694 million

Major shareholders (%): Master Trust Bank of Japan T (9.8), Japan Trustee Services T (9.4), Mitsui Life Ins (3.8), SMBC (2.9), Mitsui Sumitomo Ins (2.1), Mitsui Sumitomo Insurance (2.1), Nippon Steel & Sumitomo Metal (1.7), Japan Trustee Service T5 (1.6), others; foreign owners (26.5)

No. of shareholders: 17,964

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

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

Related companies: Nikko Trading, Nikko Tokki, Nikko Techno, other

OPERATION

Activities: Manufactures plastic machines and large casting & forgings bound for electric power and general plants:

(Sales breakdown by Divisions):

Steel Product-related (19%): steel forgings & castings, clad steel products, pressure vessel;

Machinery-related (80%): magnesium process equipment & products, injection molding machine, polyolefin extruders, auto screen changer, compounding extruders, microcellular foam processing technology, reciprocating compressors labyrinth piston type, film & sheet production systems;

Regional Development-related (1%): wind turbine system, commercial building development, Fuchu intelligent park, shopping center, other;

Overseas sales ratio (51%)

Clients: [Mfrs, wholesalers] Nikko YPK Trading, Japan Display, Toray Inc, IHI Corp, Japan Wind Development, Defense Ministry, Japan Coast Guard, Sumitomo Heavy Ind, Sharp Corp, other

No. of accounts: 1,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Mitsui & Co Steel Ltd, Allegheny Technologies Japan, Coherent Japan Inc, Shibaura Iron Works, Tanaka Electric Ind, Tetsugen Corp, Just Inc, other.

Payment record: Regular

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

Bank References:

SMBC (H/O)

Sumitomo Mitsui Trust Bank (Nihombashi)

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Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	230,000	212,957	212,469	223,301
Recur. Profit	24,000	22,117	12,111	14,125
Net Profit	18,500	10,712	-4,968	-16,600
Total Assets		297,625	275,402	293,213
Current Assets		208,679	186,565	195,574
Current Liabs		115,418	108,390	118,475
Net Worth		117,031	106,300	110,022
Capital, Paid-Up		19,694	19,694	19,694
Div.P.Share(¥)		20.00	17.50	12.50
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	8.00	0.23	-4.85	14.71
Current Ratio	..	180.80	172.12	165.08
N.Worth Ratio	..	39.32	38.60	37.52
R.Profit/Sales	10.43	10.39	5.70	6.33
N.Profit/Sales	8.04	5.03	-2.34	-7.43
Return On Equity	..	9.15	-4.67	-15.09

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.18
UK Pound	1	INR 91.04
Euro	1	INR 81.19
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 :	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)