

MIRA INFORM REPORT

Report No. :	531738
Report Date :	01.10.2018

IDENTIFICATION DETAILS

Name :	SHIN-ETSU CHEMICAL CO LTD
Registered Office :	Asahi Tokai Bldg, 2-6-1 Ohtemachi Chiyodaku Tokyo 100-0004
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	September 1926
Com. Reg. No.:	0100-01-008680
Legal Form :	Limited Company
Line of Business :	Manufactures industrial chemicals
No. of Employees :	2,904

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 :

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 - 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

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COMPANY SUMMERY

SHIN-ETSU CHEMICAL CO LTD

REGD NAME: Shin Etsu Kagaku Kogyo KK
MAIN OFFICE: Asahi Tokai Bldg, 2-6-1 Ohtemachi Chiyodaku Tokyo 100-0004 JAPAN
Tel: 03-3246-5011 Fax: 03-3246-5358

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

ACTIVITIES: Mfg of PVC, semiconductor wafers, silicon
BRANCHES: Osaka, Nagoya, Fukuoka, Sapporo, Gunma, other (Tot 9)
FACTORIES: Naoetsu, Takefu, Gunma (Isobe, Matsuida), Kashima
OVERSEAS: USA, Mexico, Portugal, UK, Netherlands, Hungary, Germany, Malaysia, Korea, China, Taiwan, Singapore, Indonesia, Thailand, Philippines, Australia (--subsidiaries)

OFFICERS: YASUHIKO SAITO, PRES Chihiro Kanagawa, ch
Fumio Akitani, v ch Toshinobu Ishihara, s/mgn dir
Susumu Ueno, s/mgn dir Masahiko Todoroki, s/mg dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY:	FINANCES	FAIR	A/SALES	Yen 1,441.432 M
	PAYMENTS	REGULAR	CAPITAL	Yen 119,419 M
	TREND	UP	WORTH	Yen 2,351,243 M
	STARTED	1926	EMPLOYES	2,904

COMMENT

MFR SPECIALIZING IN PVC & ELECTRONIC MATERIALS.
FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

This is the world's largest mfr of PVC, and semiconductor wafers. Originally maker of chemical fertilizers including carbide and calcium cyanide. Major maker of silicone resins. Succeeded in shift of mainline, and expanded to electronic materials, including rare earths and synthetic quartz. The firm's earning power is overwhelming competitors, thanks to contribution of high-functional electronics materials & other products. As for semiconductor-related operations, in addition to silicon wafers, also serving as a leader in photoresists & mask blanks. Boasting high shares & competitiveness also in silicon resin and rare earth magnets, as well as high profitability which overwhelms other chemical makers in Japan.

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FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 1,441,432 million, a 16.49% up from Yen 1,237,405 million in the previous term. The recurring profit was posted at Yen 340,308 million and the net profit at Yen 266,235 million, respectively, compared with Yen 342,133 million recurring profit and Yen 175,912 million net profit, respectively, a year ago..

For the current term ending Mar 2019 the recurring profit is projected at Yen 353,500 million and the net profit at Yen 276,700 million, respectively, on a 4.06% rise in turnover, to Yen 1,500,000 million.

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

REGISTRATION

Date Registered: Sept 1926
Regd No.: 0100-01-008680 (Tokyo-Chiyodaku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 1,720 million shares
Issued: 432,106,693 shares
Sum: Yen 119,419 million

Major shareholders (%): Master Trust Bank of Japan, T (11.1), Japan Trustee Services Bank T (8.3), Nippon Life Ins (5.0), Hachijuni Bank (2.8), Japan Trustee Services T4 (2.6), Meiji Yasuda Life Ins (2.4), GIC Private Ltd (1.5), Bank of New York Mellon SANV 10 (1.4), State Street Bank West Treaty 505234 (1.4), Company's Treasury Stock (1.4); foreign owners (39.4)

No. of shareholders: 42,811

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

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

Related companies: Shintech Inc (USA), Shin-Etsu Polymer, Shin-Etsu Handotai, other

OPERATION

Activities: Manufactures industrial chemicals:

(Sales Breakdown by Divisions):

Vinyl Chloride & Chemicals Div (35%): PVC, silicones, methanol, chloromethane, cellulose derivatives, caustic soda, silicon metal;

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Silicones Div (14%): semiconductor silicone, organic materials for electronics industry, rare earth magnets for electronics industry, photo-resists;
Functional Materials Div (8%): synthetic quartz products, oxide single crystals, rare earths, rare earth magnets, construction of plants engineering, information processing, export of technology & plants, import of goods, others.
Semiconductor Silicones Div (22%);
Others (21%);
Overseas sales ratios (74%)

Clients: [Mfrs, wholesalers] Shin-Etsu Handotai (meaning semiconductor), Mitsubishi Corp, Shin-Etsu Electronics Materials Singapore, Mitsui & Co, Shin-Etsu Astech, Toshiba Corp, Mitsubishi Shoji Chemical, Aichi Elec Co, Sanken Electric, Nissli Co, Toppan Printing, other.
No. of accounts: 2,000
Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Shin-Etsu Handotai, Naoetsu Electronics, Mitsui & Co, Kashima PVC Monomer, Mitsubishi Chemical, Shintech Inc, Shin-Etsu Malaysia, Shin-Etsu Astech, other.

Payment record: Regular

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

Bank References:

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

FINANCES

(In Million Yen)	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	1,500,000	1,441,432	1,237,405	1,279,807
Recur. Profit	353,500	340,308	342,133	220,005
Net Profit	276,700	266,235	175,912	148,840
Total Assets		2,908,328	2,655,636	2,510,085
Net Worth		2,351,243	2,132,834	2,028,292
Capital, Paid-Up		119,419	119,419	119,419
Div.P.Share(¥)		75.00	65.00	60.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	4.06	16.49	-3.31	1.93
Current Ratio	
N.Worth Ratio		80.85	80.31	80.81

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N.Profit/Sales	18.45	18.47	14.22	11.63
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Note: Forecast for the 31/03/2019 fiscal term

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.55
UK Pound	1	INR 94.91
Euro	1	INR 84.44
YEN	1	INR 0.64

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

INFORMATION DETAILS

Analysis Done by :	PRI
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)