

Sojitz Cororation

## **Sojitz to Establish Indian Enterprise**

**Aiming at aggressive business development in India, which receives a great amount of global attention as a member of BRICs**

(Japan, March 29, 2005)--As of April 1st, 2005, Sojitz Corporation will establish Sojitz India Private Ltd., with a 100 percent stake being held by Sojitz Asia Pte Ltd. The aim of the new company is to expand business in India, which comprises one component of the BRICs nations and where continuing rapid growth is expected.

Through the establishment of the local enterprise, Sojitz will expand the scope of its activities in the Indian market, and aims to achieve a transformation to a solid form of business, which enables the company to keep pace with change. The company will expand profits through direct market entry and the development of locally based business.

Sojitz India, to be established with the purpose of expanding business opportunities and securing profits in line with advances in the Indian economy, intends to reassemble segments with relatively small transaction volumes, such as synthetic resin, general commodities and foodstuff, and will construct a system to prepare for an overall raising of the total economic volume. Further, through the incorporation of the local enterprise, Sojitz plans to grasp business opportunities in segments such as logistics and local processing, with which segments it has not previously dealt, and to expand profitability through expansion of trade with countries mainly with Asian countries, in addition to the trade with Japan.

In regard to the respective areas of machinery, chemicals and steel materials, which are existing core businesses of Sojitz, the company plans to achieve further expansion through more concentration of resources. In the machinery segment, the company will focus its efforts on electronic communications, automobiles and motorcycles, in the chemicals segment, on exports from India, and in the steel materials segment, on entering into export markets other than Japan.

For a long time, India, with the world's second largest population of approximately 1 billion and its vast expanse of national land, followed a closed economic policy with many restrictions, from the standpoint of protecting domestic industries, and was way behind in receiving foreign investment. Although the country's nominal GDP is US\$550 billion, which is less than that of China where economic growth is sustained, liberalization and revitalization of the economy has been advancing in India since the introduction of the new economic policy in 1991, against the backdrop of India's joining the WTO in 1995 and the recent enhancement of FTA negotiations that have become lively in the East Asia region. In addition, with the IT revolution as typified by the Internet, rapid expansion of the software industry, which has been brought about by the country's high level of education producing massive numbers of engineers majoring in math and science, is expanding business process outsourcing (BPO) to India at high speed. Such rapid expansion has begun to contribute to the revitalization of the Indian economy.

All of operations that have been conventionally carried out by liaison offices in India will be placed under the control of Sojitz India Private Ltd., and the company will aim to achieve sales of 50 billion yen in three years time. Sojitz India Private Ltd. will commence its operations with an initial staff of 46, broken down into 5 representatives and 41 locally-hired employees. It is planned that the number of employees will increase as is thought fit, along with expansion of trade rights and increases in revenue.

**[Outline of Sojitz India Private Ltd.]**

- Representative: Akira Murakami
- Establishment: April 1, 2005
- Capital: 80 million Indian rupees (equivalent to US\$1.85 million)
- Head office: New Delhi
- Branch office: Mumbai

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