

## MIRA INFORM REPORT

Report No. :	523360
Report Date :	03.08.2018

### IDENTIFICATION DETAILS

Name :	KANTO CHEMICAL INDUSTRY CO LTD
Registered Office :	Shin-Nisseki Bldg 9F, 3-4-2 Marunouchi Chiyodaku Tokyo 100-0005 JAPAN
Country :	Japan
Financials (as on) :	31.08.2017
Date of Incorporation :	Nov 1957
Com. Reg. No.:	0100-01-013741
Legal Form :	Limited Company
Line of Business :	Manufacture detergents, seal peel, snow removal agents, combustion improvers, anti-/de-icing fluid for aircrafts, other
No. of Employees :	37

### 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	Acceptable Risk	Business dealings permissible with moderate risk of default

Maximum Credit Limit :	Yen 91.9 Million
Status :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	Clear

### NOTES :

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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

## **COMPANY NAME AND ADDRESS**

**KANTO CHEMICAL INDUSTRY CO LTD**

**REGD NAME:** Kanto Kagaku Kogyo KK

**MAIN OFFICE:** Shin-Nisseki Bldg 9F, 3-4-2 Marunouchi Chiyodaku Tokyo 100-0005 JAPAN

Tel: 03-3211-1861 Fax: 03-3211-1865

**URL:** <http://www.kei.net.co.jp>

E-Mail address: (Thru the URL)

**ACTIVITIES:** Mfg of detergent, seal peel, snow removal agents, other

**BRANCHES:** Nil

**OVERSEAS:** UK, China (--business partners)

**FACTORIES:** Chiba, Hokkaido (Tomakomai)

**OFFICERS:** KAZUYUKI UCHIYAMA, PRES

Yen Amount: In million Yen, unless otherwise stated

## **SUMMARY**

FINANCES	FAIR	A/SALES	Yen 2,755 M
PAYMENTS	NO COMPLAINTS	CAPITAL	Yen 20 M
TREND	SLOW	WORTH	Yen 1,490 M
STARTED	1957	EMPLOYEES	37

## **COMMENT**

MFR OF DETERGENT, SEAL PEEL, OTHER.

FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR

ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: ESTIMATED AT YEN 91.9 MILLION, ON 30 DAYS NORMAL TERMS.

## **HIGHLIGHTS**

The subject company is a specialized mfr of detergent, seal peel, snow removal agents, combustion improvers, other. Tied with Kill Frost (UK) for mfg. Exports the products to China, other. Clients include airline operators, others.

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## **FINANCIAL INFORMATION**

The sales volume for Aug/2017 fiscal term amounted to Yen 2,755 million, a 6% fall from Yen 2,938 million in the previous term. The recurring profit was posted at Yen 11 million and the net profit at Yen 16 million, respectively, compared with Yen 3 million recurring profit and Yen 1 million net losses, respectively, a year ago.

For the current term ending Aug 2018 the recurring profit is projected at Yen 15 million and net profit at Yen 17 million, respectively, on a 3% rise in turnover, to Yen 2,840 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 91.9 million, on 30 days normal terms.

## **REGISTRATION**

**Date Registered:** Nov 1957  
**Regd No.:** 0100-01-013741 (Tokyo-Chiyodaku)  
**Legal Status:** Limited Company (Kabushiki Kaisha)  
**Authorized:** 160,000 shares  
**Issued:** 40,000 shares  
**Sum:** Yen 20 million  
**Major shareholders (%):** Company's Treasury Stock (77.8), Employees' S/Holding Assn (12.7), other  
**No. of shareholders:** 7

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

## **OPERATION**

**Activities:** Manufacture detergents, seal peel, snow removal agents, combustion improvers, anti-/de-icing fluid for aircrafts, other (--100%)

**Clients:** [Mfrs, wholesalers] Proctor & Gamble Japan (35%), CBS Inc (35%), JAL (10%), other  
**No. of accounts:** 350  
**Domestic areas of activities:** Nationwide

**Suppliers:** [Mfrs, wholesalers] Itochu Chemical Frontier, Adeka Chemical Supply, Nagase, Proctor & Gamble Japan, other

**Payment record:** No Complaints

**Location:**

Business area in Tokyo. Office premises at the caption address are leased and maintained satisfactory.

**Bank References:**

MUFG (Hibiya)  
SMBC (Marunouchi)  
Relations: Satisfactory

**FINANCES**

**(In Million Yen)**

Terms Ending:	31/08/2018	31/08/2017	31/08/2016	31/08/2015
Annual Sales	2,840	2,755	2,938	2,846
Recur. Profit	15	11	3	..
Net Profit	17	16	-1	147
Total Assets		2,685	3,123	3,308
Net Worth		1,490	1,634	1,727
Capital, Paid-Up		20	20	20
Div.Ttl in Million (¥)		143,621	0.00	0.00
<b>&lt;Analytical Data&gt;</b>	(%)	(%)	(%)	(%)
S.Growth Rate	3.09	-6.23	3.23	-14.61
Current Ratio		..	..	..
N.Worth Ratio		55.49	52.32	52.21
N.Profit/Sales	0.60	0.58	-0.03	5.17

Notes: Forecast (or estimated) figures for the 31/08/2018 fiscal term.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 38.36
UK Pound	1	INR 89.52
Euro	1	INR 79.57
YEN	1	INR 0.62

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	PRA
<b>Report Prepared by :</b>	KET

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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)