

MIRA INFORM REPORT

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|---------------|------------|
| Report No. : | 523820 |
| Report Date : | 06.08.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|--|
| Name : | KYOKUYO CO LTD |
| Registered Office : | Kokusai Sanno Bldg, 3-3-5 Akasaka Minatoku Tokyo 107-0052 |
| Country : | Japan |
| Financials (as on) : | 31.03.2018 |
| Date of Incorporation : | Sept., 1937 |
| Com. Reg. No.: | 0104-01-033225 (Tokyo-Minatoku) |
| Legal Form : | Limited Company (Kabushiki Kaisha) |
| Line of Business : | Manufacturer processing of marine products, processed foods. |
| No. of Employees : | 639 |

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

| | |
|-----------------|----|
| MIRA's Rating : | A+ |
|-----------------|----|

| Credit Rating | Explanation | Rating Comments |
|---------------|-------------|--|
| A+ | Low Risk | Business dealings permissible with low risk of default |

| | |
|---------------------|---------|
| Status : | Good |
| 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

COMPANY NAME AND ADDRESS

KYOKUYO CO LTD

REGD NAME: KK Kyokuyo

MAIN OFFICE: Kokusai Sanno Bldg, 3-3-5 Akasaka Minatoku Tokyo 107-0052 JAPAN
Tel: 03-5545-0701 Fax: 03-5545-0751

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

ACTIVITIES

Mfg, processing of marine products, processed foods

BRANCHES

Osaka, Nagoya, Sendai, Yokohama, Niigata, Hiroshima, Fukuoka, other (Tot 21)

OVERSEAS

Seattle, Qingdao, Bangkok, Ho Chi Minh, Surabaya, Amsterdam, other (subsidiaries)

FACTORIES

(Subsidiaries & affiliates)

OFFICERS

| | |
|----------------------------|--------------------------|
| MAKOTO INOUE, PRSES | Kenji Imai, ch |
| Ken Sakai, s/mgn dir | Jun Akitagawa, s/mgn dir |
| Ken'ichi Matsuyuki mgn dir | Tatsuji Matsui, dir |

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

| | | | |
|----------|---------|-----------|---------------|
| FINANCES | FAIR | A/SALES | Yen 254,783 M |
| PAYMENTS | REGULAR | CAPITAL | Yen 5,664 M |
| TREND | STEADY | WORTH | Yen 28,890 M |
| STARTED | 1937 | EMPLOYEES | 639 |

COMMENT

MFR SPECIALIZING IN SEA FOODS.

FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

A major player in the seafood industry, with import/export, processing and purchase of maritime products as its core business. Most of the processes foods are for business use and the overseas processing ratio is high. From its Sushi production factory in Thailand, it supplies Sushi-use products to Japan and exports frozen Sushi to the US & Europe. The company is also engaged in the tuna farming business. Started the shipment of fully aqua-cultured Bluefin tuna Launched "Sea Marche", a new home-consumption processed food brand, in 2013, and made a full-scale entry into the commercial frozen food business in 20134..Aiming to expand the food business leveraging a new plant in Shiogama City, Miyagi=Pref

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 254,783 million, a 7.7% up from Yen 236,561 million in the previous term. The recurring profit was posted at Yen 4,437 million and the net profit at Yen 3,211 million, respectively, compared with Yen 3,709 million recurring profit and Yen 2,422 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 4,600 million and the net profit at Yen 3,200 million, respectively, on a 4.8% rise in turnover, to Yen 267,000 million.

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

REGISTRATION

Date Registered: Sept 1937
Regd No.: 0104-01-033225 (Tokyo-Minatoku)

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Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 13,700,000 shares
Issued: 10,928,283 shares
Sum: Yen 5,664 million

Major shareholders (%): Japan Trustee Services T (15.2), Resona Bank (4.7), Norinchukin Bank (4.7), Tokyo Seika Holdings (2.8) Mitsui Sumitomo Ins (2.2, Company's Treasury Stock (1.5), Tokio Marine & Nichido Fire Ins (2.0), Kappa. Create (1.9), Company's Akitsukai (1.4), Master Trust Bank of Japan T (1.3); foreign owners (9.6)

No. of shareholders: 25,956

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

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

Related companies: Kyokuyo Suisan, Kyokuyo Shoji, Kyokuyo Shipping, Kyokuyo Foods, other

OPERATION

Activities: Imports, exports, processes and wholesales sea foods, preserved & convenience foods:

(Sales breakdown by divisions):

Marine Products Purchasing Div (52%): trading division for import, export and wholesale of fishes, shrimps, crabs, shellfishes, processed seafoods, other;

Processed Foods Div (29%): fish & cuttlefish slices or materials for sushi topping, cooked frozen sea foods including frozen fish fries, canned sea foods such as salmon, mackerel, etc; seafoods are processed at subsidiaries and affiliated factories of about 220 domestic & abroad,

Logistics Div (7%): operates cold storage warehouses in Tokyo, Osaka and Fukuoka, also a cold storage ship in the sea of the world carrying marine products, fruits, vegetables and livestock meats;

Fishery Div (11%): operates 4 tuna purse seiners for fishing oceanic bonitos & tunas in the Pacific Ocean.

Clients: [Fishery dealers, wholesalers, food processors] Chuo Gyorui, Kyokuyo Shoji, Daisui, Mitsubishi Corp, Mitsui & Co, Ito-Yokado, Daiei Taigen Co, RY Food Service, Exports to Europe, USA, China, other S/E Asian countries.

No. of accounts: 1,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Chuo Gyorui, Kyokuyo Foods, Daisui, Kyokuyo Shoji, Kyokuyo Shokuhin, other. Imports from Kyokuyo America, Union Frozen Products, Sirena, other from USA, Thailand, China, etc.

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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Resona Bank (Tokyo)
Norin Chukin 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 | 267,000 | 254,783 | 236,561 | 226,626 |
| Recur. Profit | 4,600 | 4,437 | 3,709 | 2,814 |
| Net Profit | 3,200 | 3,211 | 2,422 | 1,799 |
| Total Assets | | 106,305 | 97,391 | 94,608 |
| Net Worth | | 28,890 | 24,976 | 22,578 |
| Capital, Paid-Up | | 5,664 | 5,664 | 5,664 |
| Div.P.Share(¥) | | 60.00 | 60.00 | 5.00 |
| <Analytical Data> | (%) | (%) | (%) | (%) |
| S.Growth Rate | 4.80 | 7.70 | 4.38 | 3.79 |
| Current Ratio | | .. | .. | .. |
| N.Worth Ratio | | 27.18 | 25.65 | 23.86 |
| N.Profit/Sales | 1.20 | 1.26 | 1.02 | 0.79 |

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

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 68.79 |
| UK Pound | 1 | INR 89.52 |
| Euro | 1 | INR 79.67 |
| Yen | 1 | INR 0.62 |

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

INFORMATION DETAILS

| | |
|-----------------------------|-----|
| Analysis Done by : | DIV |
| 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)