

MIRA INFORM REPORT

Report No. :	526753
Report Date :	24.08.2018

IDENTIFICATION DETAILS

Name :	TOYO ENGINEERING CORPORATION
Registered Office :	2-8-1 Akanehama Narashino City Chiba-Pref 275-0024
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	May 1961
Com. Reg. No.:	0100-01-024113
Legal Form :	Limited Company
Line of Business :	Plant engineering works: petrochemicals, oil & gas, power generation & transportation, chemicals & fertilizer, others
No. of Employees :	1,030

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	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No Complaints
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.

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 SUMMARY

TOYO ENGINEERING CORPORATION

REGD NAME: Toyo Engineering KK

MAIN OFFICE: 2-8-1 Akanehama Narashino City Chiba-Pref 275-0024 JAPAN

Tel: 047-451-1111 Fax: 047-454-1800-

URL: <http://www.toyo-eng.co.jp>

E-Mail address: (thru the URL)

ACTIVITIES: Plant engineering works

BRANCHES: Tokyo, other (Tot 6)

OVERSEAS: China, Indonesia, Dubai, Teheran, Russia, Thailand, Iran, Saudi Arabia,
Europe, India, Canada, USA, Mexico, Venezuela (--subsidiaries/agents)

FACTORIES: At the caption address (Engineering Center)

OFFICERS: HARUO NAGAMATSU, PRES Masaaki Yamaguchi, ch

Masayuki Yoshizawa, rep dir Tomohisa Abe, mgn dir

Kensuke Waki, mgn dir Hidekazu Hayashi, dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY:	FINANCES	FAIR	A/SALES	Yen 335,697 M
	PAYMENTS	NO COMPLAINTS	CAPITAL	Yen 18,198 M
	TREND	SLOW	WORTH	Yen 25,105 M
	STARTED	1961	EMPLOYES	1,030

COMMENT

PLANT ENGINEERING WORKS

FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

The subject company was established originally as JV formed by Toyo Konetsu (today Mitsui Chemicals), Mitsui & Co and Taisei Corp. This is a plant engineering company servicing for industries: oil/gas, petrochemicals, transportation systems, pharmaceuticals, fine chemicals, power generation, biotechnology, environment, other. Has world level technology for urea and ammonia fertilizer plant engineering. Well-experienced in oil refining, petrochemical and N-Power plants. The company won new order for Thailand power plant project in non-petroleum and non-petrochemical sector in tie-up with Mitsui & Co. The company will send several management staff to its overseas subsidiary having deficient-ridden projects for stricter profit management. In 2012, the company acquired IKPT (Inti Karya Persada Tehnik), which is a fast-growing engineering company in Indonesia,

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in order to strengthen its competitiveness in the South East Asian markets where economy is expected to continue growing. Posted a huge deficit in its ethylene plant in the US and currently the restructuring is under way.

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 335,697 million, a 22.28% fall from Yen 431,917 million. Profits plunged into the deficit to post Yen 27,871 million recurring loss and Yen 16,846 million net losses, respectively, compared with Yen 1,603 million recurring profit and Yen 1,472 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 2,500 million and the net profit at Yen 1,000 million, respectively, on a 10.63% fall in turnover, to Yen 300,000 million.

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

REGISTRATION

Date Registered: May 1961
Regd No.: 0100-01-024113 (Chiba-Narashino)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 500 million shares
Issued: 192,792,539 shares
Sum: Yen 18,198 million

Major shareholders (%): Mitsui & Co (22.7), JTSB (Mitsui Chemicals) (13.3), Bank of New York (4.3), Taisei Corp (2.5), State Street Bank & Trust (2.3), Japan Trustee Services T9 (1.5), Master Trust Bank of Japan T (1.3), Japan Trustee Services T5 (1.3), SMBC (1.2), Japan Trustee Services T (1.0); foreign owners (12.4)

No. of shareholders: 15,842

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

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

Related companies: Toyo Business Engineering, other.

OPERATION

Activities: Plant engineering works: petrochemicals (42%), oil & gas (3%), power generation & transportation (35%), chemicals & fertilizer (15%), others (5%)

Overseas Sales Ratio (89%)

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Clients: [Oil refiners, mfrs, wholesalers] Indian Oil Corporation, Maruzen Petroleum Chemicals, PT Pupuk Kalimantan Timur, other, other

No. of accounts: 1,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Mitsubishi Heavy Ind, Toyo Engineering India, Sankyu Inc, Toyo Engineering Korea, other, other

Payment record: No complaints

Location: Business area in Narashino City, Chiba-Pref. Office premises at the caption address are owned and maintained satisfactorily.

Bank References:

SMBC (H/O)

MUFG (H/O)

Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	300,000	335,697	431,917	299,813
Recur. Profit	2,500	-27,871	1,603	3,873
Net Profit	1,000	-26,846	1,472	3,038
Total Assets		252,982	317,089	321,836
Net Worth		25,105	51,273	50,978
Capital, Paid-Up		18,198	18,198	18,198
Div.P.Share(¥)		0.00	0.00	0.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	-10.63	-22.28	44.06	-3.74
Current Ratio	
N.Worth Ratio		9.92	16.17	15.84
N.Profit/Sales	0.33	-8.00	0.34	1.01

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.07
UK Pound	1	INR 90.26
Euro	1	INR 81.05
Yen	1	INR 0.63

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

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	SYL

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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)