

MIRA INFORM REPORT

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|---------------|------------|
| Report No. : | 527637 |
| Report Date : | 30.08.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|--|
| Name : | HORIBA LTD |
| Registered Office : | 2 Miyanohigashi Kisshoin Minamiku Kyoto 601-8510 |
| Country : | Japan |
| Financials (as on) : | 31.12.2017 |
| Date of Incorporation : | Jan., 1953 |
| Com. Reg. No.: | 1300-01-011676 |
| Legal Form : | Limited Company |
| Line of Business : | Manufactures measuring instruments & analyzers |
| No. of Employees : | 1,574 |

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:

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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 - a 10% average 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 entailed considerable time for firms 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 in 2013 on the basis of 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 necessity of addressing 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 another recession, so Prime Minister ABE has twice postponed the next increase, 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.

In October 2015, Japan and 11 trading partners reached agreement on the Trans-Pacific Partnership (TPP), a pact that had promised to open Japan's economy to increased foreign competition and create new export opportunities for Japanese businesses. Japan was the first country to ratify the TPP in December 2016; the United States signaled its withdrawal from the TPP in January 2017, and 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).

Source : CIA

COMPANY NAME AND ADDRESS

HORIBA Ltd

REGD NAME: KK Horiba Seisakusho

MAIN OFFICE: 2 Miyanohigashi Kisshoin Minamiku Kyoto 601-8510 JAPAN

Tel: 075-313-8121 Fax: 075-321-8312-

URL: <http://www.horiba.com>

E-Mail address: (thru the URL)

ACTIVITIES

Mfg of measuring instruments, analyzers

BRANCHES

Tokyo, Sendai, Tsukuba, Yokohama, Nagoya, Osaka, other (Tot 15)

OVERSEAS

USA, UK (4), Italy (2), India, Austria, Netherlands, Canada, Korea (3), Singapore, Sweden, Spain, Thailand, China (3), Czech, Germany (3), Turkey, Brazil, France (3), Vietnam, Belgium (2), Poland, Portugal, Russia (-- subsidiaries)

FACTORIES

At the caption address, Ohtsu; France

CHIEF EXEC: MASAYUKI ADACHI, PRES

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

| | | | |
|----------|---------|----------|---------------|
| FINANCES | FAIR | A/SALES | Yen 195,899 M |
| PAYMENTS | REGULAR | CAPITAL | Yen 12,011 M |
| TREND | STEADY | WORTH | Yen 150,284 M |
| STARTED | 1953 | EMPLOYES | 1,574 |

COMMENT

MFR OF MEASURING INSTRUMENTS, ANALYZERS, OTHER

FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

This is a leading mfr of analytical & measuring instruments founded in 1945 by Masao Horiba, with the motto of "JOY and FUN". Eager for overseas M&A. Although the founding family retains a strong influence, Atsushi Horiba shifted to chairman and CEO after 26 years, and Masayuki Adachi assumed as president in January 2018. Has the overwhelming world market share in exhaust gas measuring equipment for automobile engines. Also dealing the sales of analytical instruments including X-ray analyzers, medical equipment including blood cell counters, as well as related reagents. As for products in medical use, expanding plants mfg reagents in & out of Japan, with a plant in France as the core. Among semiconductor equipment, boasts a high share in mass flow controllers.

FINANCIAL INFORMATION

The sales volume for Dec/2017 fiscal term amounted to Yen 195,899 million, a 14.88% up from Yen 170,093 million in the previous term. The recurring profit was posted at Yen 26,608 million and the net profit at Yen 16,281 million, respectively, compared with Yen 18,297 million recurring profit and Yen 12,962 million net profit, respectively, a year ago.

For the current term ending Dec 2018 the recurring profit is projected at Yen 28,400 million and the net profit at Yen 19,000 million, on a 7.47% rise in turnover, to Yen 210,000 million.

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

REGISTRATION

Date Registered: Jan 1953

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Regd No.: 1300-01-011676 (Kyoto-Minamiku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 100 million shares
Issued: 42,532,752 shares
Sum: Yen 12,011 million

Major shareholders (%): Japan Trustee Services T (6.3), Master Trust Bank of Japan T (5.3), 828035 Picatet Cie (Europe) Lux (3.8), Zenkyoren (3.0), Atsushi Horiba (2.0), , Kyoto Chuo Shinkin Bank (1.9), Bank of Kyoto (1.9), Japan Trustee Services T9 (1.9), Horiba Rakurakukai Invest (1.8), Japan Trustee Services T5 (1.7); foreign owners (35.9)

No. of shareholders: 6,477

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

Managements: Atsushi Horiba, ch; Masayuki Adachi, pres; Juichi Saito, v pres; Takafumi Nagano, dir; Masahiro Sugita, dir; Shigeaki Higashifushimi, dir; Sawako Takeuchi, dir

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

Related companies: Horiba Stec, Horiba ABX, Horiba Techno Services, other.

OPERATION

Activities: Manufactures measuring instruments & analyzers:

(Sales Breakdown by Divisions):

Automotive Test Systems (38%): analytical emissions systems, on-board emissions systems, portable emissions systems, dilution/sampling systems, engine test systems, driveline test systems, vehicle test systems, brake test systems, wind tunnel balances, automation systems;

Process & environmental Instruments Systems (9%): environmental radiation monitor, water quality measurement, water treatment & environment, gloss checker, thermometry, other;

Medical-Diagnostic Instruments Systems (13%): produces near 7,500 analyzers per year and over 8,000 tons of reagents;

Semiconductor Instruments Systems (27%): high performance mass flow controllers, reticule/mask particle detection systems, in-line chemical solution concentration monitors, direct injection vaporizers, automatic spectroscopic ellipsometers, other;

Scientific Instruments Systems (13%): scientific's fluorometer, other;

Overseas Sales Ratio (67%)

Clients: [Mfrs, wholesalers] Horiba Techno Services, Hitachi Hitec Solutions, Horiba Europe, Horiba Advances Techno, Horiba Instruments, Hitachi High Technologies, Yanmar Co, Fukuda Denshi, Honda Motor Co, Denso Corp, Suzuki Motor, other

No. of accounts: 1,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Horiba Techno Service, Horiba Advanced Techno, Horiba Korea, Hitachi Metals Admet Inc, Horiba Stec, Oxford Instruments, Mikasa Shoji co, other

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Payment record: Regular

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

Bank References:

MUFG (Kyoto)
Mizuho Bank (Kyoto)
Relations: Satisfactory

FINANCES

(In Million Yen)

| Terms Ending: | 31/12/2018 | 31/12/2017 | 31/12/2016 | 31/12/2015 |
|--------------------------------|------------|------------|------------|------------|
| Annual Sales | 210,000 | 195,399 | 170,093 | 170,898 |
| Recur. Profit | 28,400 | 26,608 | 18,279 | 18,848 |
| Net Profit | 19,000 | 16,281 | 12,962 | 12,882 |
| Total Assets | | 265,920 | 239,657 | 231,032 |
| Current Assets | | 177,487 | 156,812 | 151,051 |
| Current Liabs | | 74,378 | 66,076 | 62,429 |
| Net Worth | | 150,284 | 132,654 | 129,581 |
| Capital, Paid-Up | | 12,011 | 12,011 | 12,011 |
| Div.P.Share(¥) | | 116.00 | 85.00 | 70.00 |
| <Analytical Data> | (%) | (%) | (%) | (%) |
| S.Growth Rate | 7.47 | 14.88 | -0.47 | 11.65 |
| Current Ratio | .. | 238.63 | 237.32 | 241.96 |
| N.Worth Ratio | .. | 56.51 | 55.35 | 56.09 |
| R.Profit/Sales | 13.52 | 13.62 | 10.75 | 11.03 |
| N.Profit/Sales | 9.05 | 8.33 | 7.62 | 7.54 |
| Return On Equity | .. | 10.83 | 9.77 | 9.94 |

Notes: Forecast (or estimated) figures for the 31/12/2018 fiscal term.

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 70.50 |
| UK Pound | 1 | INR 90.63 |
| Euro | 1 | INR 82.34 |
| YEN | 1 | INR 0.63 |

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)