

## MIRA INFORM REPORT

|                      |            |
|----------------------|------------|
| <b>Report No. :</b>  | 484084     |
| <b>Report Date :</b> | 05.01.2018 |

### IDENTIFICATION DETAILS

|                                |   |
|--------------------------------|---|
| <b>Name :</b>                  | MURATA MACHINERY LTD  |
| <b>Registered Office :</b>     | 136 Takeda-Mukaishirocho Fushimiku Kyoto 612-8686                                 |
| <b>Country :</b>               | Japan   |
| <b>Financials (as on) :</b>    | 31.03.2017  |
| <b>Date of Incorporation :</b> | December 1938   |
| <b>Com. Reg. No.:</b>          | 1300-01-000054  |
| <b>Legal Form :</b>            | Limited Company   |
| <b>Line of Business :</b>      | Manufacturing of textile machinery, communication equipment, machine tools, other |
| <b>No. of Employees :</b>      | 3,160   |

### RATING & COMMENTS

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

|                        |    |
|------------------------|----|
| <b>MIRA's Rating :</b> | A+ |
|------------------------|----|

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

|                 |      |
|-----------------|------|
| <b>Status :</b> | Good |
|-----------------|------|

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|                            |         |
|----------------------------|---------|
| <b>Payment Behaviour :</b> | Regular |
| <b>Litigation :</b>        | Clear   |

**NOTES :**

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

**ECGC Country Risk Classification List**

| <b>Country Name</b> | <b>Previous Rating<br/>(30.06.2017)</b> | <b>Current Rating<br/>(30.09.2017)</b> |
|---------------------|---|--|
| Japan               | A1                                      | A1                                     |

| <b>Risk Category</b> | <b>ECGC Classification</b> |
|----------------------|----------------------------|
| Insignificant        | A1                         |
| Low Risk             | A2                         |
| Moderately Low Risk  | B1                         |
| Moderate Risk        | B2                         |
| Moderately High Risk | C1                         |
| High Risk            | C2                         |
| Very High Risk       | D                          |

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**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 2016 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 second country to ratify the TPP in December 2016; the United States signaled its withdrawal from the TPP on January 23, 2017, and as of April 2017 the agreement has not gone into effect.

Source : CIA

## **COMPANY SUMMERY**

### **MURATA MACHINERY LTD**

**REGD NAME:** Murata Kikai KK

**MAIN OFFICE:** 136 Takeda-Mukaishirocho Fushimiku Kyoto 612-8686 JAPAN

Tel: 075-672-8130 Fax: 075-672-8691

\*.. The given address is its Osaka Branch Office (textile machinery division)

**URL:** <http://www.muratec.net.jp/>

E-Mail address: (thru the URL)

**ACTIVITIES:** Mfg of textile machinery, communication equipment, machine tools, other

**BRANCHES:** Tokyo, Osaka, Nagoya, Yokohama, Fukuoka, other (Tot 19)

**FACTORIES:** Inuyama, Kaga, Ryuoh, Oita, Ise, Gifu (Tot 6)

**OVERSEAS:** China, Hong Kong, Taiwan, Korea, Thailand, Vietnam, Indonesia, India,  
Bangladesh, Pakistan, USA, Mexico, Brazil (--subsidiaries)

**OFFICERS:**

|                             |                         |
|-----------------------------|-------------------------|
| DAISUKE MURATA, PRES        | Jun'ichi Murata, ch     |
| Yosuke Murata, v pres       | Yasuo Uozumi, s/mgn dir |
| Toshihiko Ishiyama, mgn dir | Masahiko Omachi, dir    |

Yen Amount: In million Yen, unless otherwise stated

|                 |          |         |          |               |
|-----------------|----------|---------|----------|---------------|
| <b>SUMMARY:</b> | FINANCES | FAIR    | A/SALES  | Yen 198.436 M |
|                 | PAYMENTS | REGULAR | CAPITAL  | Yen 900 M     |
|                 | TREND    | STEADY  | WORTH    | Yen 168,453 M |
|                 | STARTED  | 1938    | EMPLOYES | 3,160         |

## **COMMENT**

MFR SPECIALIZING IN TEXTILE MACHINERY AND OTHER INDUSTRIAL MACHINERY.  
FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS

## **HIGHLIGHTS**

The subject company was established by a certain Murata for mfg textile machinery and has been succeeded by his descendants. The firm has since diversified operations into communications equipment, logistics & automated systems, machine tools, etc, in addition to textile machinery, which still remains as the main pillar. Focusing on FA/OA equipment & systems, and communications/networking equipment. In 2009, acquired Assist Technologies Japan, mfr of automated semiconductor making machinery. Aggressively advancing into overseas

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markets such as China, India, other, with exports accounting for more than 70% of total sales. Clients include machinery mfrs, wholesalers, other.

## **FINANCIAL INFORMATION**

The sales volume for Mar/2017 fiscal term amounted to Yen 198,436 million, a 7% up from Yen 185,501 million in the previous term. Exports were active and increased. The recurring profit was posted at Yen 26,641 million and the net profit at Yen 17,630 million, respectively, compared with Yen 15,338 million recurring profit and Yen 9,836 million net profit, respectively, a year ago.

For the current term ending Mar 2018 the recurring profit is projected at Yen 27,000 million and the net profit at Yen 18,500 million, respectively, on a 5% rise in turnover, to Yen 208,400 million.

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

## **REGISTRATION**

**Date Registered:** Dec 1938

**Regd No.:** 1300-01-000054 (Kyoto-Minamiku)

**Legal Status:** Limited Company (Kabushiki Kaisha)

**Authorized:** 18 million shares

**Issued:** 13,820,000 shares

**Sum:** Yen 900 million

**Major shareholders (%):** Murata KK\*(39.3), Murata Kosan KK\*(15.2), Jun'ichi Murata (13.9), Daisuke Murata (4.9), Yosuke Murata (4.0)

\* Group subsidiaries

**No. of shareholders:** 20

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

## **OPERATION**

**Activities:** Manufactures:

**Textile Machinery (25%):** spinning frames, auto winders, electric dobblins;

**Communication Equipment (5%):** digital multifunctional products, laser & thermal Fax machines;

**Logistics & Automation Equipment Systems (29%):** systems for medical supplies, apparel, beverages, foodstuffs, sporting, data management, others;

**Machine Tools (21%):** tuning machines, sheet metal fabricating machines, lathes;

**Others (20%)**

**Export (80%).**

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**Clients:** [Mfrs, wholesalers] Toshiba Corp, Toyota Tsusho Corp, Yamazen Corp, Butai Agri-Innovation, Marubeni Techmatecs, Toyo Corp, Oki Electric Ind, Yamato Transport Co, Hitachi Zosen Corp, Micron Memory Japan, Alfresa Corp, Mediceo Corp, Micron Semiconductor Asia Pte Ltd, other.

No. of accounts: 1,000

Domestic areas of activities: Nationwide

**Suppliers:** [Mfrs, wholesalers] Fanuc Ltd, Konica Minolta Japan, Fuji Xerox, Tokai EC, SMC, Uster Technologies, Takebishi Corp, NEC Fielding, Okura Yusoki Co, Nihon Package Inc, other.

**Payment record:** Regular

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

**Bank References:**

Mizuho Bank (Kyoto-Chuo)  
SMBC (Kyoto)  
Relations: Satisfactory

## **FINANCES**

(In Million Yen)

| Terms Ending:                  | 31/03/2018 | 31/03/2017 | 31/03/2016 | 31/03/2015 |
|--------------------------------|------------|------------|------------|------------|
| Annual Sales                   | 208,400    | 198,436    | 185,501    | 164,239    |
| Recur. Profit                  | 27,000     | 26,641     | 15,338     | 14,227     |
| Net Profit                     | 18,500     | 17,630     | 9,836      | 8,762      |
| Total Assets                   |            | 285,833    | 269,413    | 269,466    |
| Net Worth                      |            | 168,453    | 148,031    | 143,313    |
| Capital, Paid-Up               |            | 900        | 900        | 900        |
| Div.Ttl in Million (¥)         |            | 346        | 201        | 0.00       |
| <b>&lt;Analytical Data&gt;</b> | (%)        | (%)        | (%)        | (%)        |
| S.Growth Rate                  | 5.02       | 6.97       | 12.95      | -7.70      |
| Current Ratio                  |            | ..         | ..         | ..         |
| N.Worth Ratio                  |            | 58.93      | 54.95      | 53.18      |
| N.Profit/Sales                 | 8.88       | 8.88       | 5.30       | 5.33       |

Notes: Forecast figures for the 31/03/2018 fiscal term.

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Website : <http://www.mirainform.com>

<http://www.miraglobalcheck.com>

<http://www.miraglobalcollections.com>

**FOREIGN EXCHANGE RATES**

| Currency  | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1    | INR 63.39     |
| UK Pound  | 1    | INR 85.74     |
| Euro      | 1    | INR 76.25     |
| YEN       | 1    | INR 0.56      |

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

**INFORMATION DETAILS**

|                      |     |
|----------------------|-----|
| Analysis Done by :   | PRA |
| Report Prepared by : | 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)

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