

## MIRA INFORM REPORT

<b>Report No. :</b>	484362
<b>Report Date :</b>	06.01.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	TSUDAKOMA CORPORATION
<b>Registered Office :</b>	5-18-18 Nomachi Kanazawa Ishikawa-Pref 921-8650
<b>Country :</b>	Japan
<b>Financials (as on) :</b>	30.11.2016 (Consolidated)
<b>Date of Incorporation :</b>	December 1939
<b>Com. Reg. No.:</b>	2200-01-004330 (Ishikawa-Kanazawa)
<b>Legal Form :</b>	Limited Company (Kabushiki Kaisha)
<b>Line of Business :</b>	Manufactures textile machinery : air jet looms, water jet looms, conversion kits, rapier looms, doffing systems, filament sizing machines, preparatory machinery, part stock information, product data download, others; machine tools & attachments
<b>No. of Employees :</b>	1,329

### RATING & COMMENTS

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

**MIRA's Rating :** A+

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

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<b>Status :</b>	Good
<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**

Country Name	Previous Rating (30.06.2017)	Current Rating (30.09.2017)
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

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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 NAME AND ADDRESS***

### **TSUDAKOMA CORPORATION**

**REGD NAME:** Tsudakoma Kogyo KK

**MAIN OFFICE:** 5-18-18 Nomachi Kanazawa Ishikawa-Pref 921-8650 JAPAN  
Tel: 076-242-1111 Fax: 076-242-4172

**URL:** <http://www.tsudakoma.co.jp>  
**E-Mail address:** [info1@tsudakoma.co.jp](mailto:info1@tsudakoma.co.jp)

## ***ACTIVITIES***

Mfg of textile machinery, machine tools

## ***BRANCHES***

Hamamatsu, Fukuoka

## ***OVERSEAS***

USA, France, Germany, Italy, Spain, Sweden, Indonesia, Thailand, Pakistan, India, Brazil, China & Kore(--agent dealers)

## ***FACTORIES***

At the caption address (3)

## ***OFFICERS***

NOBUHIRO TAKANO, PRES    Shoji Hishinuma, ch  
Mitsuru Suwa, dir            Hiroyuki Matsuhito, dir  
Shigeo Yamada, dir           Koji Kitano, dir

Yen Amount:                    In million Yen, unless otherwise stated

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## SUMMARY

FINANCES FAIR A/SALES Yen 38,870 M  
PAYMENTS REGULAR CAPITAL Yen 12,316 M  
TREND UP WORTH Yen 13,307 M  
STARTED 1939 EMPLOYES 1,329

## COMMENT

MFR SPECIALIZING IN TEXTILE MACHINERY.

FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

Business	Terms Ending	Annual Sales*	R.Profit*	N.Profit*	S.Growth	Net Worth*
Results:	30/11/2013	41,177	-606	-698	(%)	16,006
(Consolidated)	30/11/2014	34,735	-1,161	-1,263	-15.64	14,687
	30/11/2015	36,916	-381	-443	6.28	13,985
	30/11/2016	38,870	584	437	5.29	13,307
	30/11/2017	40,500	700	550	4.19	..

Unit: In Million Yen

Forecast (or estimated) figures for the 30/11/2017 fiscal term.

## HIGHLIGHTS

The subject company was established originally in 1909 by Komajiro Tsuda for mfg silk & artificial silk loom, on his account. Incorporated in 1939 as Tsudakoma Ind Co and the firm has been succeeded by his descendants. Renamed as captioned in 1982. Nobuhiro Takano took the pres office in Feb 2015. This is the largest comprehensive mfr of textile machines. Now world's largest maker of water/air jet looms. Branching out into machine tools including rotary tables for MC's. Highly reliant on exports including those to China. Fostering laminating machines for carbon fiber composite materials. Its main competitor is Toyota Industries Corp, (with which the company has a JV for preparatory machinery.)

## FINANCIAL INFORMATION

The sales volume for Nov/2016 fiscal term amounted to Yen 38,870 million, a 5.3% up from Yen 36,916 million in the previous term. The recurring profit was posted at Yen 584 million and the net profit at Yen 437 million, respectively, compared with Yen 381 million recurring loss and Yen 443 million net losses, respectively, a year ago

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For the current term ending Nov 2017 the recurring profit is projected at Yen 700 million and the net profit at Yen 550 million, respectively, on a 4.2% rise in turnover, to Yen 40,500 million.

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

## ***REGISTRATION***

<b>Date Registered:</b>	Dec 1939
<b>Regd No.:</b>	2200-01-004330 (Ishikawa-Kanazawa)
<b>Legal Status:</b>	Limited Company (Kabushiki Kaisha)
<b>Authorized:</b>	199,003,000 shares
<b>Issued:</b>	68,075,552 shares
<b>Sum:</b>	Yen 12,316 million

**Major shareholders (%):** Customers' S/Holding Assn (14.3), Company's Treasury Stock (6.1), Meiji Yasuda Life Ins (5.1), Hokuriku Bank (3.7), Hokkoku Bank (3.4), Employees' S/Holding Assn (2.6), Mitsui Sumitomo Ins (2.6), Tokio Marine & Nichido Fire Ins (2.6), Master Trust Bank of Japan T (2.4), Japan Trustee Services T (2.2); foreign owners (5.09)

**No. of shareholders:** 4,912

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

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

**Related companies:** Kyowa Electronics & Machinery Ind, Tsudakoma Transportation, Tsudakoma General Service, Tsudakoma (Shanghai) Co, other

## ***OPERATION***

**Activities:** Manufactures textile machinery (80%): air jet looms, water jet looms, conversion kits, rapier looms, doffing systems, filament sizing machines, preparatory machinery, part stock information, product data download, others; machine tools & attachments (20%):

**Overseas sales ratio (77%)**

**Clients:** [Mfrs, wholesalers] Marubeni Techmatex, T-Techno Japan, Osaka Nissshin YK, Tsudakoma Machinery Mfg Ind, Itochu Systech Corp, Kitamura Machinery, other.

Exports to: China, India, Pakistan, Thailand, Indonesia, Korea, Brazil, France, Germany, Italy, Spain, Sweden, USA, other. Exports into Europe through Tekmatex Europe SA, and into USA through Tekmatex Inc.

No. of accounts: 1,000

Domestic areas of activities: Nationwide

**Suppliers:** [Mfrs, wholesalers] Kyowa Electronics & Machinery Ind, Kanazawa Kiko, Hokuryo Denko, Hikida Sangyo, Higashiyama Ind, Staubli, Fanuc Corp, other.

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**Payment record:** Regular

**Location:** Light industrial area in Kanazawa City. Office premises at the caption address are owned and maintained satisfactorily.

**Bank References:**

Hokuriku Bank (Kanazawa)  
Hokkoku Bank (H/O)  
Relations: Satisfactory

***FINANCES***

**FINANCES:** (Consolidated in million yen)

Terms Ending: 30/11/2016 30/11/2015

**INCOME STATEMENT**

Annual Sales	38,870	36,916
Cost of Sales	32,973	32,162
GROSS PROFIT	5,896	4,754
Selling & Adm Costs	5,167	5,029
OPERATING PROFIT	728	-274
Non-Operating P/L	-144	-107
RECURRING PROFIT	584	-381
NET PROFIT	437	-443

**BALANCE SHEET**

Cash	6,924	9,021
Receivables	10,291	9,486
Inventory	5,370	5,487
Securities, Marketable		
Other Current Assets	1,206	958
TOTAL CURRENT ASSETS	23,791	24,952
Property & Equipment	9,396	9,474
Intangibles	80	55
Investments, Other Fixed Assets	2,912	3,329
TOTAL ASSETS	36,179	37,810
Payables	3,464	3,573
Short-Term Bank Loans	6,539	7,680

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Other Current Liabs	6,885	6,497
TOTAL CURRENT LIABS	16,888	17,750
Debentures		
Long-Term Bank Loans	267	864
Reserve for Retirement Allw	5,579	4,985
Other Debts	138	225
TOTAL LIABILITIES	22,872	23,824
MINORITY INTERESTS		
Common stock	12,316	12,316
Additional paid-in capital	3,880	3,880
Retained earnings	(2,370)	(2,808)
Evaluation p/l on investments/securities	278	414
Others	441	1,421
Treasury stock, at cost	(1,238)	(1,238)
TOTAL S/HOLDERS` EQUITY	13,307	13,985
TOTAL EQUITIES	36,179	37,810

**CONSOLIDATED CASH FLOWS**

	Terms ending:	
	30/11/2016	30/11/2015
Cash Flows from Operating Activities	288	818
Cash Flows from Investment Activities	-668	-670
Cash Flows from Financing Activities	-1,648	841
Cash, Bank Deposits at the Term End	6,794	8,891

<b>ANALYTICAL RATIOS</b>	Terms ending:	
	30/11/2016	30/11/2015
Net Worth (S/Holders' Equity)	13,307	13,985
Current Ratio (%)	140.88	140.57
Net Worth Ratio (%)	36.78	36.99
Recurring Profit Ratio (%)	1.50	-1.03
Net Profit Ratio (%)	1.12	-1.20
Return On Equity (%)	3.28	-3.17

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**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 63.38
UK Pound	1	INR 86.02
Euro	1	INR 76.50
YEN	1	INR 0.56

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

**INFORMATION DETAILS**

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

**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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