

MIRA INFORM REPORT

Report No. :	521005
Report Date :	19.07.2018

IDENTIFICATION DETAILS

Name :	NICHIAS CORPORATION
Registered Office :	PMO Yaesudori Bldg, 1-6-1 Hatchobori Chuoku Tokyo 104-0032
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	April 1896
Com. Reg. No.:	0104-01-021486
Legal Form :	Limited Company
Line of Business :	Manufactures heat-insulating, non-flammable materials, sealants, building materials, other: works & sales for plants, industrial products, high-performance products, automobile parts, construction materials
No. of Employees :	1,639

RATING & COMMENTS

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

MIRA's Rating :	A+
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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 - 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 SUMMARY

NICHIAS CORPORATION

REGD NAME: Nichias KK

MAIN OFFICE: PMO Yaesudori Bldg, 1-6-1 Hatchobori Chuoku Tokyo 104-0032 JAPAN
Tel: 03-4413-1111

URL: <http://www.nichias.co.jp/>

E-Mail address: info@nichias.co.jp

ACTIVITIES: Mfg of heat-insulating ceramic materials, sealants, associated works
BRANCHES: Tokyo, Osaka, Nagoya, Fukuoka, Yokohama, Hamamatsu, other (Tot 39)
FACTORY: Tsurumi, Oji, Hashima, Fukuroi, Yuki, other (Tot 6)
OVERSEAS: Beijing, Guangzhou, Shanghai (--China), Taipei (Taiwan);
(Subsidiaries): Indonesia, Singapore, Malaysia, Thailand, Shanghai
LABORATORY: Hamamatsu, Tsurumi (R&D Labs)

OFFICERS: TOSHIYUKI TAKEI, PRES Masayuki Tomita, s/mgn dir
Ryo Koide, s/mgn dir Hoichi Yonezawa, mgn dir
Kimitoshi Nakada, mgn dir Jun'ichi Nakasone, dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY:	FINANCES	FAIR	A/SALES	Yen 197,495 M
	PAYMENTS	REGULAR	CAPITAL	Yen 12,128 M
	TREND	STEADY	WORTH	Yen 109,195 M
	STARTED	1896	EMPLOYES	1,639

COMMENT

MFR SPECIALIZING IN HEAT-INSULATION MATERIALS, SEALANTS, INCLUDING ASSOCIATED WORKS.
FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

The subject company is one of the major mfrs of ceramic construction materials & sealants. Pioneer in thermal insulating materials. Manufactures heat-insulating, non-flammable materials & seal materials for energy, petroleum & petrochemical plants, automobiles, electronics & environmental protection. Offers fire resistant/thermal insulation/sound-proofing works, construction & building works, too. Has strength in multi-variety, small-lot production. Branching out into fluoroplastics, represented by "rock wool" heat insulating materials. Products include heat-resistant tiles for space rockets, honeycomb structures for fine ceramics, heat-

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insulating materials for very high temperatures & fluorine resin products. A consolidation of shares on a 2-for-1 basis is scheduled in Oct/2018. Clients include automakers, electric power firms, oil refineries, petrochemical mfrs, housing & construction industries, etc, nationwide.

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 197,495 million, a 9.5% up from Yen 180,363 million in the previous term. The recurring profit was posted at Yen 21.804 million and the net profit at Yen 14.956 million, respectively, compared with Yen 19,756 million recurring profit and Yen 13.409 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 22,000 million and the net profit at Yen 15,000 million, respectively, on a 3.8% rise in turnover, to Yen 205,000 million.

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

REGISTRATION

Date Registered: Apr 1896
Regd No.: 0104-01-021486 (Tokyo-Chuoku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 240 million shares
Issued: 135,623,834 shares
Sum: Yen 12,128 million

Major shareholders (%): Customers' S/Holding Assn (7.6), Japan Trustee Services T (6.0), Master Trust Bank of Japan T (5.7), Government of Norway (4.3), SMBC (3.7), TCSB (Mizuho Bank) (3.6), Sumitomo Trust Bank (2.7), Sumitomo Life Ins (1.8), Toyota Motor (1.8); foreign owners (28.5)

No. of shareholders: 4,717

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

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

Related companies: Nichias Ceratech Corp, Metacote Ind, Nichias FGS, other

OPERATION

Activities: Manufactures heat-insulating, non-flammable materials, sealants, building materials, other: works & sales for plants (29%), industrial products (22%), high-performance products (12%), automobile parts (22%), construction materials (15%),

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Overseas Sales Ratio (17%)

Clients: [Mfrs, electric powers, carmakers, wholesalers] Tokyo Electron, Toyota Motor, Daiwa House Ind, Chubu Electric Power, Tohoku Electric Power Engineering & Construction, other

No. of accounts: 3,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] DuPont-Mitsui Polychemicals, Daikin Ind, Asahi Glass, NNI Chemicals, Ibsiden, Nitto Boseki, Nippon Microtherm, Nisshin Steel, other.

Payment record: Regular

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

Bank References:

SMBC (Shimbashi)
Mizuho Bank (Gina-Dori)
Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	205,000	197,495	180,363	170,430
Recur. Profit	22,000	21,804	19,756	15,480
Net Profit	15,000	14,956	13,409	6,669
Total Assets		197,839	175,999	154,922
Net Worth		109,195	97,367	84,879
Capital, Paid-Up		12,128	12,128	12,128
Div.P.Share(¥)		30.00	26.00	21.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	3.80	9.50	5.83	7.23
Current Ratio	
N.Worth Ratio		55.19	55.32	54.79
N.Profit/Sales	7.32	7.57	7.43	3.91

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

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.57
UK Pound	1	INR 89.73
Euro	1	INR 79.74
Yen	1	INR 0.61

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

INFORMATION DETAILS

Analysis Done by :	DIV
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)