

## MIRA INFORM REPORT

|               |            |
|---------------|------------|
| Report No. :  | 541463     |
| Report Date : | 22.11.2018 |

### IDENTIFICATION DETAILS

|                         |  |
|-------------------------|--|
| Name :                  | DAIFUKU CO LTD                                 |
| Registered Office :     | 3-2-11 Mitejima Nishiyodogawaku Osaka 555-0012 |
| Country :               | Japan  |
| Financials (as on) :    | 31.03.2018                                     |
| Date of Incorporation : | May, 1937                                      |
| Com. Reg. No.:          | 1200-01-050011 (Osaka-Nishiyodogawaku)         |
| Legal Form :            | Limited Company (Kabushiki Kaisha)             |
| Line of Business :      | Manufacturer of Material Handling Equipment    |
| No. of Employees :      | 2,632  |

### 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 |

|                        |                      |
|------------------------|----------------------|
| Maximum Credit Limit : | Yen 15,650.1 Million |
| Status :               | Excellent            |
| Payment Behaviour :    | Regular              |
| Litigation :           | Clear                |

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**NOTES:**

Any query related to this report can be made on e-mail: while quoting report number, name and date.

**ECGC Country Risk Classification List**

| Country Name | Previous Rating<br>(30.06.2018) | Current Rating<br>(30.09.2018) |
|--------------|---------------------------------|--------------------------------|
| Japan        | A1                              | A1                             |

| Risk Category        | ECGC<br>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 ADDRESS**

DAIFUKU CO LTD

REGD NAME: KK Daifuku

MAIN OFFICE: 3-2-11 Mitejima Nishiyodogawaku Osaka 555-0012 JAPAN  
Tel: 06-6472-1261 Fax: 06-6476-2561 -

URL: <http://www.daifuku.co.jp>  
E-Mail address: (thru the URL)

## **ACTIVITIES**

Mfg of material handling equipment

## **BRANCHES**

Tokyo, Sapporo, Komaki, Hiroshima, Toyoda, other (Tot 82)

## **FACTORIES**

Shiga, Komaki; China, Taiwan, Korea, Thailand, USA, Canada, UK (--overseas factories)

## **OFFICERS**

HIROSHI GESHIRO, PRES Akio Tanaka, ch  
Mikio Inohara, v pres Shuichi Honda, s/mgn dir  
Hideki Iwamoto, mgn dir Yoko Nakajima, mgn dir

Yen Amount: In million Yen, unless otherwise stated

## **SUMMARY**

|          |         |         |               |
|----------|---------|---------|---------------|
| FINANCES | FAIR    | A/SALES | Yen 404.925 M |
| PAYMENTS | REGULAR | CAPITAL | Yen 31,865 M  |
| TREND    | STEADY  | WORTH   | Yen 187,879 M |

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STARTED 1937 EMPLOYES 2,632

## **COMMENT**

MFR OF MATERIAL HANDLING EQUIPMENT

FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: YEN 15,650.1 MILLION, 30 DAYS NORMAL TERMS

## **HIGHLIGHTS**

This is the world's top-class mfr of material handling equipment. Leads other makers in automated rack-type warehouses in Japan. Aggressively taking on overseas operations. Also engaged in production of LCD and semiconductor handling equipment, and offers PCs for FA, electronics & car wash machines. Acquired a car wash business from Yasui in 2011, and merged with airport baggage conveyor mfr Logan Teleflex (UK, France, US) and consolidated US competitor Winlight.

## **FINANCIAL INFORMATION**

The sales volume for Mar/2018 fiscal term amounted to Yen 404.925 million, a 26.21% up from Yen 320,825 million in the previous term. The recurring profit was posted at Yen 41.105 million and the net profit at Yen 29,008 million, respectively, compared with Yen 23,760 million recurring profit and Yen 16,746 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 48,700 million and the net profit at Yen 32,500 million, respectively, on a 16.07% rise in turnover, to Yen 470,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 15,650.1 million, on 30 days normal terms.

## **REGISTRATION**

|                         |  |
|-------------------------|--|
| <b>Date Registered:</b> | May 1937                               |
| <b>Regd No.:</b>        | 1200-01-050011 (Osaka-Nishiyodogawaku) |
| <b>Legal Status:</b>    | Limited Company (Kabushiki Kaisha)     |
| <b>Authorized:</b>      | 250 million shares                     |
| <b>Issued:</b>          | 126,610,077 shares                     |
| <b>Sum:</b>             | Yen 31,865 million                     |

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**Major shareholders (%)**: Japan Trustee Services T(8.7), Master Trust Bank of Japan T (5.5), Mizuho Bank (4.1), SMBC (3.2), MUFG (3.0), Customers' S/Holding Assn (2.8), Nippon Tochi-Tatemono (2.5), Nippon Life Ins (2.1), Bank of NY Non Treaty Jasdec (1.8); foreign owners (34.9)

**No. of shareholders**: 25,384

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

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

**Related companies**: Contec Co, Daifuku Plusmore Co, other.

## **OPERATION**

**Activities**: Manufactures materials handling equipment: distribution equipment (92%), electronic equipment (4%), others (4%)

**Overseas Sales Ratio (67%)**

**Clients**: [Mfrs, wholesalers] Daifuku America, Daifuku Plusmore Co, CEC Panda LCD, Honda Motor Co, Hokusei Sangyo, other

No. of accounts: 1,000

Domestic areas of activities: Nationwide

**Suppliers**: [Mfrs, wholesalers] Sumitomo Densetsu Co, EMS, Tachibana Eletech, NEC, Hanwa Trading Corp, Meiji Electric Ind, Sanyo Kiko Shoji, Fuji Giken Kogyo, Sansei Electric Ind, other

**Payment record**: Regular

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

### **Bank References:**

MUFG (Umeda)

Mizuho Bank (Osaka)

Relations: Satisfactory

## **FINANCES**

(In Million Yen)

| <b>Terms Ending:</b> | <b>31/03/2019</b> | <b>31/03/2018</b> | <b>31/03/2017</b> | <b>31/03/2016</b> |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| Annual Sales         | 470,000           | 404,925           | 320,825           | 336,184           |
| Recur. Profit        | 48,700            | 41,105            | 23,760            | 21,995            |
| Net Profit           | 32,500            | 29,008            | 16,746            | 13,652            |
| Total Assets         |                   | 373,712           | 303,540           | 296,055           |

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|                                |       |         |         |         |
|--------------------------------|-------|---------|---------|---------|
| Current Assets                 |       | 291,076 | 222,468 | 214,324 |
| Current Liabs                  |       | 148,809 | 126,067 | 115,031 |
| Net Worth                      |       | 187,879 | 139,093 | 127,053 |
| Capital, Paid-Up               |       | 31,865  | 31,865  | 31,865  |
| Div.P.Share(₹)                 |       | 45.00   | 25.00   | 30.00   |
| <b>&lt;Analytical Data&gt;</b> | (%)   | (%)     | (%)     | (%)     |
| S.Growth Rate                  | 16.07 | 26.21   | -4.57   | 25.78   |
| Current Ratio                  | ..    | 195.60  | 176.47  | 186.32  |
| N.Worth Ratio                  | ..    | 50.27   | 45.82   | 42.92   |
| R.Profit/Sales                 | 10.36 | 10.15   | 7.41    | 6.54    |
| N.Profit/Sales                 | 6.91  | 7.16    | 5.22    | 4.06    |
| Return On Equity               | ..    | 15.44   | 12.04   | 10.75   |

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

**FOREIGN EXCHANGE RATES**

| Currency  | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1    | INR 71.33     |
| UK Pound  | 1    | INR 91.72     |
| Euro      | 1    | INR 81.69     |
| Yen       | 1    | INR 0.63      |

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

**INFORMATION DETAILS**

|                      |     |
|----------------------|-----|
| Analysis Done by :   | VIV |
| Report Prepared by : | NIT |

**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)