

MIRA INFORM REPORT

Report No. :	841775.2
Report Date :	26.11.2018

IDENTIFICATION DETAILS

Name :	QUALICAPS CO LTD
Registered Office :	321-5 Ikezawacho Yamatokoriyama Nara City 639-1032
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	April, 1965
Com. Reg. No.:	1500-01-005846 (Nara-Yamatokoriyama)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufacturer of Capsules, Capsule Filling & Sealing Equipment.
No. of Employees :	389

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	Acceptable Risk	Business dealings permissible with moderate risk of default

Maximum Credit Limit :	Yen 169.7 Million
Status :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

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 (30.06.2018)	Current Rating (30.09.2018)
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 NAME AND ADDRESS

QUALICAPS CO LTD

REGD NAME: Qualicaps KK

MAIN OFFICE: 321-5 Ikezawacho Yamatokoriyama Nara City 639-1032 JAPAN
Tel: 0473-56-0651 Fax: 0743-56-6666

URL: <http://www.qualicaps.co.jp>
E-Mail address: contact@qualicaps.co.jp

ACTIVITIES

Mfg of capsules, capsule filling & sealing equipment

BRANCHES

Nil

FACTORY

At the caption address

OVERSEAS

USA, Romania, Spain, Canada, Brazil (--subsidiaries)

OFFICERS

MASAHARU MORI, PRES Ichiro Nobuhara, v pres
Seiichi Kiso, dir Akihiro Watanabe, dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

FINANCES	FAIR	A/SALES	Yen 10,996 M
PAYMENTS	SLOW BUT CORRECT	CAPITAL	Yen 2,880 M
TREND	STEADY	WORTH	Yen 7,386 M
STARTED	1965	EMPLOYES	389

COMMENT

MFR OF GELATIN CAPSULES, CAPSULE FILLING MACHINED, OTHER.

FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: YEN 169.7 MILLION, 30 DAYS NORMAL TERMS. .

HIGHLIGHTS

The subject company was established originally as JV between Eli Lilly (USA) and Shionogi & Co Ltd, major antibiotics mfr, Osaka, for advancing into mfg gelatin capsules and capsule filling machines for the pharmaceutical & dietary supplement industries. In Dec 2005, Singe's stocks were bought by Carlyle Group's private equity firm, USA by MBO and its name was deleted from the corporate title and became independent as Qualicaps Co Ltd. It specializes in mfg hard gelatin capsules, HPMC capsules, capsule filling & sealing equipment. Two overseas subsidiaries in USA and Spain are also engaged in mfg of these capsules. They are imported, too. Masaharu Mori took the pres office in Nov/2017. Clients include pharmaceutical mfrs, wholesalers, other

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 10,996 million, a 7% fall from Yen 11,856 million in the previous term. The recurring profit was posted at 2,818 million while the net losses at Yen 357 million, respectively, compared with Yen 3,066 million recurring profit and Yen 2,204 million net profit, respectively, for 3 months a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 3,100 million and the net profit at Yen 2,100 million, respectively, on a 3% rise in turnover, to Yen 11,330 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 169.7 million, on 30 days normal terms.

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REGISTRATION

Date Registered: Apr 1965
Regd No.: 1500-01-005846 (Nara-Yamatokoriyama)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 2.4 million shares
Issued: 401,425 shares
Sum: Yen 2,880.87 million
Major shareholders (%): Life Science Institute Inc (87.5), Tanabe Mitsubishi Pharmaceuticals (12.5)
No. of shareholders: 2

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

OPERATION

Activities: Manufactures hard gelatin capsules, HPMC capsules, capsule filling & sealing equipment, and pharmaceutical-related equipment & supplies (--100%).

Clients: [Pharmaceutical mfrs, dietary supplement mfrs] Qualicaps Europe, Astra Zeneca, Eisai Co, Shionogi & Co, Tanabe Seiyaku, Takeda Pharmaceutical, Dainippon Sumitomo Pharma, Chugai Pharmaceutical, Ono Pharmaceutical, Astellas Pharma, Sato Yakuhin Kogyo, FNCL, DHC, JGC Corp, Sawai Pharmaceutical, other.
No. of accounts: 350
Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Nitta Gelatin, Shin-Etsu Chemical Ind, Rousselot Japan, Hilltop, Nippon Electro-Sensory Devices Co, other.

Payment record: Slow but correct

Location: Business area in Yamatokoriyama City, Nara-Pref. Office premises at the caption address are owned and maintained satisfactorily.

Bank References:

MUFG (Nara)
SMBC (Osaka)
Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	11,330	10,996	11,856	12,274

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Recur. Profit	3,100	2,818	3,066	3,850
Net Profit	2,100	-357	2,204	2,665
Total Assets		28,765	29,257	29,977
Current Assets		7,059	7,028	8,179
Current Liabs		13,415	12,950	13,664
Net Worth		7,386	9,914	10,401
Capital, Paid-Up		2,880	2,880	2,880
Div.Ttl in Million (₹)		2,205.0	2,665.0	3,252.0
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	3.04	-7.25	-3.41	8.86
Current Ratio	..	52.62	54.27	59.86
N.Worth Ratio	..	25.68	33.89	34.70
R.Profit/Sales	27.36	25.63	25.86	31.37
N.Profit/Sales	18.53	-3.25	18.59	21.71
Return On Equity	..	-4.83	22.23	25.62

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.18
UK Pound	1	INR 91.04
Euro	1	INR 81.19
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)