

## MIRA INFORM REPORT

Report No. :	532943
Report Date :	02.10.2018

### IDENTIFICATION DETAILS

Name :	DAIKI ALUMINIUM INDUSTRY CO LTD
Registered Office :	Nichiei Bldg 8F, 1-4-8 Tosabori Nishiku Osaka 550-0001
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	Oct., 1948
Com. Reg. No.:	1200-01-125102 (Osaka-Nishiku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufacture of Secondary Aluminum Alloy Ingots.
No. of Employees :	296

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> 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: 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 NAME AND ADDRESS**

**DAIKI ALUMINIUM INDUSTRY CO LTD**

**REGD NAME:** KK Daiki Aluminium Kogyosho  
**MAIN OFFICE:** Nichiei Bldg 8F, 1-4-8 Tosabori Nishiku Osaka 550-0001 JAPAN  
Tel: 06-6444-2751 Fax: 06-6444-2797 -  
**URL:** <http://www.dik-net.com>  
**E-Mail address :** (thru the URL)

## **ACTIVITIES**

Mfg of secondary aluminum alloy ingots

## **BRANCHES**

Tokyo,  
Nagoya, Fukuoka

## **OVERSEAS**

USA, Russia, China, Vietnam, Thailand, Malaysia, Indonesia, Philippines, other

## **FACTORIES**

Mie, Shiga, Aichi, Ibaragi, Fukushima, other (Tot 5)

## **OFFICERS**

TAKAAKI YAMAMOTO, PRES	Yoshimitsu Morikawa, v pres
Kazunori Goto, s/mgn dir	Taiji Ogawa, mgn dir
Higeori Hayashi, dir	Masao Yamanaka, dir

Yen Amount: In million Yen, unless otherwise stated

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## **SUMMARY**

FINANCES	FAIR	A/SALES	Yen 185,586 M
PAYMENTS	REGULAR	CAPITAL	Yen 6,346 M
TREND	UP	WORTH	Yen 31,160 M
STARTED	1948	EMPLOYES	296

## **COMMENT**

MFR SPECIALIZING IN SECONDARY ALUMINUM ALLOY INGOTS

FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

## **HIGHLIGHTS**

The subject company was established originally in 1922 by Shigekazu Yamamoto, on his account, and has been succeeded by his descendants. His is a top processor of secondary aluminum alloy ingots, utilizing recycled aluminum. Mainly produces ingots for die casts and casting products. Has pre-melting treatment facilities for aluminum scraps to reduce costs. Production in China and Asia is expanding. Plant in Indonesia, which started operation at the end of 2011, will expand production of cast materials, with curb on output of general-purpose products. Second pant for secondary aluminum alloy ingots is under construction in Thailand, slated to complete in summer 2014. The company takes an active stance on cultivating Asian market by setting up production/sales bases in Indonesia & Philippines. Sales volume of aluminum secondary alloy ingots stands high, supported by stronger demand thanks to accelerated reduction in vehicle weight by automakers.

## **FINANCIAL INFORMATION**

The sales volume for Mar/2018 fiscal term amounted to Yen 185,586 million, a 23.06% up from Yen 150,809 million in the previous term. The recurring profit was posted at Yen 6,598 million and the net profit at Yen 4,490 million, respectively, compared with Yen 4,684 million recurring profit and Yen 3,136 million net losses, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 6,700 million and the net profit at Yen 4,800 million, on a 14.93% rise in turnover, to Yen 213,300 million.

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

## **REGISTRATION**

**Date Registered:** Oct 1948  
**Regd No.:** 1200-01-125102 (Osaka-Nishiku)  
**Legal Status:** Limited Company (Kabushiki Kaisha)  
**Authorized:** 180 million shares  
**Issued:** 43,529,235 shares  
**Sum:** Yen 6,346 million  
**Major shareholders (%):** Yamamoto Estate (7.9), Japan Trustee Services T (5.6), Company's Treasury Stock (5.0), Resona Bank (4.3), MUFG (3.6), Takaaki Yamamoto (3.4), Customers' S/Holding Assn (2.8), Mizuho Bank (2.3), Mizuho Trust & Banking (2.2), SMBC (2.2); foreign owners (6.3)  
**No. of shareholders:** 4,591

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

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

**Related companies:** Yohki Co, Daiki Metal, Daiki Nikkei Thailand, other.

## **OPERATION**

**Activities:** Manufactures secondary aluminum alloy ingots, secondary aluminum ingots for roll products, aluminum mother alloy ingots, aluminum smelting furnaces, other industrial furnaces, materials, other (98%), others (2%)

**Overseas Sales Ratio (44%)**

**Clients:** [Mfrs, wholesalers] Nissan Motor, Ryobi, Toyota Tsusho Corp, Hitachi Automotive Systems, Honda Motor, Daihatsu Ind, Isuzu Motor, UACJ, Aichi Machinery Ind, UACJ Inc, other

No. of accounts: 1,000

Domestic areas of activities: Nationwide

**Suppliers:** [Mfrs, wholesalers] Marubeni Corp, Honda Trading, Panasonic Corp, Toyota Tsusho Corp, Marubeni Tetsugen Co, RASA Corp, ALCONIX Corp, other

**Payment record:** Regular

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

**Bank References:**

Resona Bank (Osaka)

SMBC (Osaka H/O)

Relations: Satisfactory

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## **FINANCES**

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	213,300	185,586	150,809	157,088
Recur. Profit	6,700	6,598	4,684	3,088
Net Profit	4,800	4,490	3,136	2,298
Total Assets		95,312	76,790	70,094
Net Worth		31,160	26,529	23,916
Capital, Paid-Up		6,346	6,346	6,346
Div.P.Share(¥)		10.00	8.00	8.00
<b>&lt;Analytical Data&gt;</b>	(%)	(%)	(%)	(%)
S.Growth Rate	14.93	23.06	-4.00	-4.96
Current Ratio		..	..	..
N.Worth Ratio		32.69	34.55	34.12
N.Profit/Sales	2.25	2.42	2.08	1.46

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

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.80
UK Pound	1	INR 94.88
Euro	1	INR 84.38
Yen	1	INR 0.64

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	VIVR
<b>Report Prepared by :</b>	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)