

MIRA INFORM REPORT

Report No. :	535708
Report Date :	22.10.2018

IDENTIFICATION DETAILS

Name :	HI-LEX CORPORATION
Registered Office :	1-12-28 Sakaecho Takarazuka City Hyogo-Pref 665-0845
Country :	Japan
Financials (as on) :	31.10.2017
Date of Incorporation :	November 1946
Com. Reg. No.:	1400-01-081875 (Hyogo-Takarazuka)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufacturing of Control Cable for Vehicles
No. of Employees :	1,005

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 9,178.5 Million
Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

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 (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

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

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 & ADDRESS

HI-LEX CORPORATION

REGD NAME: KK Hi-Lex Corporation
MAIN OFFICE: 1-12-28 Sakaecho Takarazuka City Hyogo-Pref 665-0845 Japan
Tel: 0797-85-2500 Fax: 0797-86-6405

*.. The given address is its Group firm -

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

ACTIVITIES: Mfg of control cable for vehicles
BRANCHES: Tokyo, Nagoya, Hiroshima, Hamamatsu, Utsunomiya
OVERSEAS: USA, Korea, Indonesia, Malaysia, Thailand, Great Britain, Mexico, China,
Vietnam, India, Brazil
FACTORIES: Takarazuka, Sanda, Sanda-Nishi, Kaibara, Mikkabi

OFFICERS: MAKOTO TERAURA, PRES Mitsuhiro Nakano, v pres
Taro Teraura, s/mgn dir Shoichi Hirai, mgn dir
Yasuko Masaki, dir Tohru Kato, dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

FINANCES	FAIR	A/SALES	Yen 257,284 M
PAYMENTS	REGULAR	CAPITAL	Yen 5,657 M
TREND	UP	WORTH	Yen 160,668 M
STARTED	1946	EMPLOYES	1,005

COMMENT: MFR OF CONTROL CABLES FOR VEHICLES FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: YEN 9,178.5 MILLION, 30 DAYS NORMAL TERMS

HIGHLIGHTS

This is the largest mfr of control cable for motor vehicles (two- & four-wheeled). Aggressively involved in overseas operations. Window regulators making strong growth. Start-to-finish production. The firm concentrates on products for automobiles, with Honda Motor its biggest customers. Also has a high level of business with GM, Chrysler and other US mfrs. Strengthening its relationships also with mfrs such as Hyundai Motor and Kia Motors

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

of South Korea. Operates overseas production bases in North America, Europe, and Asia. Overseas sales account for about 80% of turnover.

FINANCIAL INFORMATION

The sales volume for Oct/2017 fiscal term amounted to Yen 257.284 million, a 9.15% up from Yen 235,710 million in the previous term. The recurring profit was posted at Yen 16,744 million and the net profit at Yen 8,715 million, respectively, compared with Yen 16.727 million recurring profit and Yen 10,922 million net profit, respectively, a year ago.

For the current term ending Oct 2018 the recurring profit is projected at Yen 12,960 million and the net profit at Yen 5,780 million, respectively, on a 4.54% fall in turnover, to Yen 245.600 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 9,178.5 million, on 30 days normal terms.

REGISTRATION

Date Registered: Nov 1946
Regd No.: 1400-01-081875 (Hyogo-Takarazuka)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 80 million shares
Issued: 38,216,759 shares
Sum: Yen 5,657 million

Major shareholders (%): Teraura Kosan (20.7), JP Morgan Chase Bank (4.0), Teraura Shogakukai (4.0), BBH Fidelity Low Priced Stock (3.5), Nippon Life Ins (3.2), other; foreign owners (30.0)

No. of shareholders: 2,207

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

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

Related companies: Hi-Lex Kanto, Hi-Lex Controls, other.

OPERATION

Activities: Manufactures control cables for vehicles (33%), window regulators (30%), door modules (28%), others (8%)

Overseas Sales Ratio (80%)

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

Clients: [Mfrs, wholesalers] Subaru, Fuji Heavy Ind, Mazda Motor, Honda Motor, Hi-Lex Mexicana, Daihatsu Ind, other

No. of accounts: 1,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Mitsui Bussan Plastic, Mitsuba, Mabuchi Motor, Tajima TSK Inc, Mitsui & Co, other

Payment record: Regular

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

Bank References:

SMBC (Kobe)

MUFG (Amagasaki-Ekimae)

Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/10/2018	31/10/2017	31/10/2016	31/10/2015
Annual Sales	245,600	257,284	235,710	239,131
Recur. Profit	12,960	16,744	16,727	20,626
Net Profit	5,780	8,715	10,922	13,432
Total Assets		250,785	203,751	216,992
Net Worth		160,668	137,126	144,880
Capital, Paid-Up		5,657	5,657	5,657
Div.P.Share(¥)		26.5	26.5	26.5
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	-4.54	9.15	-1.43	18.71
Current Ratio	
N.Worth Ratio		64.07	67.30	66.77
N.Profit/Sales	2.35	3.39	4.63	5.62

Notes: Forecast (or estimated) figures for the 31/10/2018 fiscal term.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.43
UK Pound	1	INR 95.65
Euro	1	INR 84.17
YEN	1	INR 0.65

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	TPT

DISCLAIMER : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

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)