

MIRA INFORM REPORT

Report No. :	536246
Report Date :	24.10.2018

IDENTIFICATION DETAILS

Name :	DAIDO KOGYO CO LTD
Registered Office :	I-197 Kumasakamachi Kaga City Ishikawa-Pref 922-0842
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	May, 1933
Com. Reg. No.:	2200-01-013264 (Ishikawa-Kaga)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Chain Manufacturer for Motorcycles, automobiles & industrial machinery
No. of Employees :	665

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

Maximum Credit Limit :	Yen 1,218.3 Million
Status :	Good
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 (30.06.2018)	Current Rating (30.09.2018)
China	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

CHINA - ECONOMIC OVERVIEW

Since the late 1970s, China has moved from a closed, centrally planned system to a more market-oriented one that plays a major global role. China has implemented reforms in a gradualist fashion, resulting in efficiency gains that have contributed to a more than tenfold increase in GDP since 1978. Reforms began with the phaseout of collectivized agriculture, and expanded to include the gradual liberalization of prices, fiscal decentralization, increased autonomy for state enterprises, growth of the private sector, development of stock markets and a modern banking system, and opening to foreign trade and investment. China continues to pursue an industrial policy, state support of key sectors, and a restrictive investment regime. From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2017 stood as the largest economy in the world, surpassing the US in 2014 for the first time in modern history. China became the world's largest exporter in 2010, and the largest trading nation in 2013. Still, China's per capita income is below the world average.

In July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, the renminbi (RMB) appreciated more than 20% against the US dollar, but the exchange rate remained virtually pegged to the dollar from the onset of the global financial crisis until June 2010, when Beijing announced it would resume a gradual appreciation. From 2013 until early 2015, the renminbi held steady against the dollar, but it depreciated 13% from mid-2015 until end-2016 amid strong capital outflows; in 2017 the RMB resumed appreciating against the dollar – roughly 7% from end-of-2016 to end-of-2017. In 2015, the People's Bank of China announced it would continue to carefully push for full convertibility of the renminbi, after the currency was accepted as part of the IMF's special drawing rights basket. However, since late 2015 the Chinese Government has strengthened capital controls and oversight of overseas investments to better manage the exchange rate and maintain financial stability.

The Chinese Government faces numerous economic challenges including: (a) reducing its high domestic savings rate and correspondingly low domestic household consumption; (b) managing its high corporate debt burden to maintain financial stability; (c) controlling off-balance sheet local government debt used to finance infrastructure stimulus; (d) facilitating higher-wage job opportunities for the aspiring middle class, including rural migrants and college graduates, while maintaining competitiveness; (e) dampening speculative investment in the real estate sector without sharply slowing the economy; (f) reducing industrial overcapacity; and (g) raising productivity growth rates through the more efficient allocation of capital and state-support for innovation. Economic development has progressed further in coastal provinces than in the interior, and by 2016 more than 169.3 million migrant workers and their dependents had relocated to urban areas to find work. One consequence of China's population control policy known as the "one-child policy" - which was relaxed in 2016 to permit all families to have two children - is that China is now one of the most rapidly aging countries in the world. Deterioration in the environment - notably air pollution, soil erosion, and the steady fall of the water table, especially in the North - is another long-term problem. China continues to lose arable land because of erosion and urbanization. The Chinese Government is seeking to add energy production capacity from sources other than coal and oil, focusing on natural gas, nuclear, and clean energy development. In 2016, China ratified the Paris Agreement, a multilateral agreement to combat climate change, and committed to peak its carbon dioxide emissions between 2025 and 2030.

The government's 13th Five-Year Plan, unveiled in March 2016, emphasizes the need to increase innovation and boost domestic consumption to make the economy less dependent on government investment, exports, and heavy industry. However, China has made more progress on subsidizing innovation than rebalancing the economy. Beijing has committed to giving the market a more decisive role in allocating resources, but the Chinese Government's policies continue to favor state-owned enterprises and emphasize stability. Chinese leaders in 2010 pledged to double China's GDP by 2020, and the 13th Five Year Plan includes annual economic growth targets of at least 6.5% through 2020 to achieve that goal. In recent years, China has renewed its support

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for state-owned enterprises in sectors considered important to "economic security," explicitly looking to foster globally competitive industries. Chinese leaders also have undermined some market-oriented reforms by reaffirming the "dominant" role of the state in the economy, a stance that threatens to discourage private initiative and make the economy less efficient over time. The slight acceleration in economic growth in 2017—the first such uptick since 2010—gives Beijing more latitude to pursue its economic reforms, focusing on financial sector deleveraging and its Supply-Side Structural Reform agenda, first announced in late 2015.

Source : CIA

COMPANY NAME AND ADDRESS

DAIDO KOGYO CO LTD

REGD NAME: Daido Kogyo KK
MAIN OFFICE: I-197 Kumasakamachi Kaga City Ishikawa-Pref 922-0842 JAPAN
Tel: 0761-72-1234 Fax: 0761-73-1348 -
URL: <http://www.did-daido.co.jp>
E-Mail address: (thru the URL)

ACTIVITIES

Chain mfg for Motorcycles, automobiles & industrial machinery

BRANCHES

Tokyo, Osaka, other (Tot 6)

OVERSEAS

USA, Brazil, Thailand, Malaysia, Indonesia, Italy, Vietnam, India, Philippines (--subsidiaries)
Consolidated subsidiaries 18 firms (domestic 3, and overseas 15)

FACTORIES

Ishikawa (Tot 3)

OFFICERS

KOZO ARAYA, PRES	Norifumi Araya, v pres
Yasuyuki Tatsuta, s/mgn dir	Katsuyuki Kikuchi, mgn dir
Toshihiro Shimizu, mgn dir	Tamotsu Sawa, dir

Yen Amount: In million Yen, unless otherwise stated

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SUMMARY

FINANCES	FAIR	A/SALES	Yen 47,155 M
PAYMENTS	REGULAR	CAPITAL	Yen 2,726 M
TREND	UP	WORTH	Yen 23,899 M
STARTED	1933	EMPLOYES	665

COMMENT

MFG OF CHAINS FOR MOTORCYCLES, AUTOMOBILES, OTHER

FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: YEN 1,218.3 MILLION, 30 DAYS NORMAL TERMS

HIGHLIGHTS

This is a major chain mfr for motorcycles, automobiles & Industrial machinery. Has the biggest domestic market share in the mainstay products for two-wheel vehicles, with an increasing focus on production of chains for four-wheel vehicles in recent years. Also mfrs and sells rims/wheels & conveyor systems used at plants. Overseas sales account for about 50% of its total. Supplies products to extensive customers including Honda Motor Co Ltd & other Japanese automaker as well as Harley-Davidson, Inc (US), Ducati (Italy), Hyundai Motor Corp (South Korea), and First Automobile Works Group (China).

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 47,155 million, an 8.22% up from Yen 43,572 million in the previous term. The recurring profit was posted at Yen 3,205 million and the net profit at Yen 1,415 million, respectively, compared with Yen 3,279 million recurring profit and Yen 1,814 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 3,200 million and the net profit at Yen 1,980 million, respectively, on a 3.91% rise in turnover, to Yen 49,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 1,218.3 million, on 30 days normal terms.

REGISTRATION

Date Registered: May 1933
Regd No.: 2200-01-013264 (Ishikawa-Kaga)
Listed company: Tokyo S/E
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 32 million shares
Issued: 9,434,201 shares
Sum: Yen 2,726 million

Major shareholders (%): Japan Trustee Services t (5.4), Iida Co (5.0), Hokkoku Bank (4.8), Master Trust Bank of Japan T (3.3), Nippon Life Ins (2.9), Kaga Shoko (2.7), Daido Life Ins (2.7), Mizuho Bank (2.7), MUFG Bank (2.7), Mariko Araya (2.7); foreign owners (7.0)

No. of shareholders: 2,970

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

OPERATION

Activities: Manufactures chains for motorcycles & auto parts, other (-100%);
For Japan (53%), Asia (29%), North America (9%), South America (5%), Europe (4%)
Overseas Sales Ratio (52%)

Clients: [Mfrs, wholesalers] Honda Motor, Bridgestone Tire Japan, Daido Sittipol Co Ltd, Yamaha Motors, other
No. of accounts: 1,000
Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Metal One, Shinko Trading, JFE Trading, Honda Motor, other

Payment record: Regular

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

Bank References:

Hokkoku Bank (Daishoji)
Mizuho Bank (Kanazawa)
Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	49,000	47,155	43,572	45,326
Recur. Profit	3,200	3,205	3,279	2,325
Net Profit	1,980	1,415	1,814	1,316
Total Assets		63,328	58,667	55,439
Current Assets		29,757	27,247	26,036
Current Liabs		15,962	13,566	15,100
Net Worth		23,899	21,960	19,277
Capital, Paid-Up		2,726	2,726	2,726
Div.P.Share(¥)		35.00	7.00	5.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	3.91	8.22	-3.87	1.71
Current Ratio	..	186.42	200.85	172.42
N.Worth Ratio	..	37.74	37.43	34.77
R.Profit/Sales	6.53	6.80	7.53	5.13
N.Profit/Sales	4.04	3.00	4.16	2.90
Return On Equity	..	5.92	8.26	6.83

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.78
UK Pound	1	INR 95.56
Euro	1	INR 84.47
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 :	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)