

MIRA INFORM REPORT

Report No. :	536040
Report Date :	24.10.2018

IDENTIFICATION DETAILS

Name :	DAIKIN INDUSTRIES LTD
Registered Office :	Umeda Center Bldg, 2-4-12 Nakazaki-Nishi Kitaku Osaka 530-8323
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	Feb., 1934
Com. Reg. No.:	1200-01-1059660 (Osaka-Kitaku)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Manufacturer of Commercial-Use Air Conditioners.
No. of Employees :	7,036

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++	Minimum Risk	Business dealings permissible with minimum risk of default

Maximum Credit Limit :	Yen 70,588.1 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 (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

DAIKIN INDUSTRIES LTD

REGD NAME: Daikin Kogyo KK
MAIN OFFICE: Umeda Center Bldg, 2-4-12 Nakazaki-Nishi Kitaku Osaka 530-8323 JAPAN
Tel: 06-6373-4312 Fax: 06-6373-4330
URL: <http://www.daikin.co.jp>
E-Mail address: info@daikin.co.jp

ACTIVITIES

Mfg of commercial-use air conditioners

BRANCHES

Tokyo, Suita, other (Tot 10)

OVERSEAS

Europe, USA, Africa, Asia, China, S/E Asia, Oceania, Latin America, South Asia, other (Tot 218 including subsidiaries)

FACTORIES

Sakai (2), Yodogawa, Shiga, Kashima

OFFICERS

MASANORI TOGAWA, PRES Noriyuki Inoue, ch
Ken Tayano, v pres Masatsugu Minaka, v pres
Jiro Tomita, v pres Chiyono Terada, dir

Yen Amount: In million Yen, unless otherwise stated

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SUMMARY

FINANCES	FAIR	A/SALES	Yen 2,290,560 M
PAYMENTS	REGULAR	CAPITAL	Yen 85,032 M
TREND	UP	WORTH	Yen 1,296,553 M
STARTED	1934	EMPLOYES	7,036

COMMENT

MFR SPECIALIZING IN COMMERCIAL-USE AIR CONDITIONERS

FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: YEN 70,588.1 MILLION, 30 DAYS NORMAL TERMS.

HIGHLIGHTS

This is the largest mfr of commercial-use air conditioners. Makes household-use air conditioners, too. Pioneer of application of CFC as refrigerant for freezers. Diversified business into hydraulic equipment, fluorine resins/gas, and shells/warheads for Defense Agency. The company ranks in the second in the global fluoride chemistry market. Has succeeded in the domestic production of CFC to compete with DuPont in the US. It is currently in partnership with Gree Electric Appliance Inc of China in the areas of production and procurement. Active in overseas operations accounting for 74% of total sales. Planning to foster the filter business as the third mainstay.

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 2,290,560 million, a 12.06% up from Yen 2,043,968 million in the previous term. The recurring profit was posted at Yen 155,019 million and the net profit at Yen 189,051 million, respectively, compared with Yen 231,013 million recurring profit and Yen 153,938 million net profit, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 275,000 million and the net profit at Yen 185,000 million, respectively, on a 9.14% rise in turnover, to Yen 2,500,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 70,588.1 million, on 30 days normal terms.

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REGISTRATION

Date Registered: Feb 1934
Regd No.: 1200-01-1059660 (Osaka-Kitaku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 500 million shares
Issued: 293,113,973 shares
Sum: Yen 85,032 million

Major shareholders (%): Master Trust Bank of Japan (10.2), Japan Trustee Services T (6.5), SMBC (3.0), Japan Trustee Services T5 (1.7), JTSB (Norin Chukin Bank) (1.7), MUFG (1.6), Japan Trustee Services T4 (1.6), CBNY Government of Norway (1.4), State Street Bank & Trust 505225 (1.4), State Street Bank & Trust (1.3); foreign owners (36.5)

No. of shareholders: 24,692

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

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

Related companies: Daikin Europe, Daikin America, Daikin Consumer Marketing, other

OPERATION

Activities: Manufactures air conditioners & freezers (90%), chemicals (8%), hydraulic, defense systems, others (2%).

Overseas sales ratio (76%).

(Handling items by divisions):

Air Conditioning & Refrigerator Div: Room air conditioners, room air cleaners, Commercial-use air conditioners, commercial-use air cleaners, large-scale refrigerators, marine-type container refrigeration units, container refrigeration, marine vessel air conditioners & refrigerators, water chillers;

Oil Hydraulic Div: oil hydraulic products for industrial machinery, oil hydraulic products for mobile equipment, centralized lubrication units & systems;

Defense Systems Div: ammunition, precision components for aircrafts, warheads for serial torpedoes; home oxygen therapy equipment, veterinary equipment;

Chemical Div: fluoro polymers, synthesized products, fluoro carbon gas, fluoro coatings, fluoro elastomers, high performance chemicals;

New Operations Div: computer graphics systems.

Clients: [Wholesalers, government agencies] Daikin HVAC Solutions Tokyo, Daikin Consumer Marketing, Daikin HVAC Solutions Kinki, Sumitomo Corp, Goodman Mfg, Daikin HVAC Solutions Tokai, Daikin Europe, Daikin America Inc, Daikin HVAC Solutions Kyushu, Ministry of Defense, Chisso Inc, Itochu Metals, other.

No. of accounts: 1,000

Domestic areas of activities: Nationwide

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Suppliers: [Mfrs, wholesalers] Daikin Trading, Daikin Industries (Thailand) Ltd, Daikin Rexam Electronics, Fuso Ind, Daikin Airconditioning (Suzhou) Co, UACJ Trading, Takenaka Corp, Panasonic Industrial, Aisin Seiki, Saginomiya Mfg, Fuji Koki, Nagase Sangyo, Kanto Denka Ind, Marubeni Itochu Steel, other.

Payment record: Regular

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

Bank References:

SMBC (Osaka H/O)
Norin Chukin Bank (Osaka)
Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	2,500,000	2,290,560	2,043,968	2,043,691
Recur. Profit	275,000	155,019	231,013	209,536
Net Profit	185,000	189,051	153,938	136,986
Total Assets		2,492,106	2,360,265	2,194,775
Current Assets		1,237,811	1,159,884	1,066,768
Current Liabs		630,730	626,676	563,727
Net Worth		1,296,553	1,111,637	1,014,409
Capital, Paid-Up		85,032	85,032	85,032
Div.P.Share(¥)		75.00	65.00	70.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	9.14	12.06	0.01	6.72
Current Ratio	..	196.25	185.09	189.23
N.Worth Ratio	..	52.03	47.10	46.22
R.Profit/Sales	11.00	6.77	11.30	10.25
N.Profit/Sales	7.40	8.25	7.53	6.70
Return On Equity	..	14.58	13.85	13.50

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

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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 :	VIV
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)

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