

## MIRA INFORM REPORT

<b>Report No. :</b>	531291
<b>Report Date :</b>	20.09.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	SATAKE CORPORATION
<b>Registered Office :</b>	4-7-2 Soto-Kanda Chiyodaku Tokyo
<b>Country :</b>	Japan
<b>Financials (as on) :</b>	28.02.2018
<b>Date of Incorporation :</b>	December 1939
<b>Com. Reg. No.:</b>	0100-01-017304
<b>Legal Form :</b>	Limited Company
<b>Line of Business :</b>	Manufactures, imports and exports rice processing machines & equipment, foods.
<b>No. of Employees :</b>	917

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Regular
<b>Litigation :</b>	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

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**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

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## **COMPANY SUMMERY**

### **SATAKE CORPORATION**

**REGD NAME:** KK Satake

**MAIN OFFICE:** 2-30 Saijo Nishi-Honmachi Higashi-Hiroshima 739-0043 JAPAN

Tel: 81-824-20-0001 Fax: 81-824-20-0004

\*.. Registered at: 4-7-2 Soto-Kanda Chiyodaku Tokyo

**URL:** <http://www.satake-japan.co.jp/>

**E-Mail address:** [kg-hiroshima@satake-japan.co.jp](mailto:kg-hiroshima@satake-japan.co.jp)

**ACTIVITIES:** Mfg of rice milling machines, cereal processing machines, other

**BRANCHES:** Tokyo, Sapporo, Sendai, Chiba, Niigata, Nagoya, Osaka, Hiroshima, Matsuyama, Fukuoka, Kumamoto, other (Tot 21)

**OVERSEAS:** China, UK, Thailand, India, Australia, USA, Brazil, Myanmar, Canada, Korea, Indonesia (--subsidiaries)

**FACTORIES:** Hiroshima (3), Iwate (--subsidiary mfrs)

**OFFICERS:** TOSHIKO SATAKE, PRES Takeshi Fukumori, v pres  
Kazuyoshi Kihara, s/mgn dir Nobuhiro Matsumoto, dir  
Hideaki Matsushima, dir Kosuke Sasaki, dir

**Yen Amount:** In million Yen, unless otherwise stated

<b>SUMMARY:</b>	FINANCES	FAIR	A/SALES	Yen 37,765 M
	PAYMENTS	REGULAR	CAPITAL	Yen 280 M
	TREND	STEADY	WORTH	Yen 36,386 M
	STARTED	1939	EMPLOYES	917

## **COMMENT**

MFR SPECIALIZING IN RICE MILLING MACHINES & GRAIN DRYING MACHINES.  
FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

## **HIGHLIGHTS**

The subject company was established originally in 1896 by Riichi Satake for mfg power driven rice milling machines, Japan's first of its kind, on his account. Incorporated in 1939, the firm has been succeeded by his descendants. Toshiko Satake is his granddaughter, who took the pres office in Oct 2000. This is a manufacture of a comprehensive range of individual machines, integrated systems and totally engineered solutions for the processing of rice, wheat & other grains. Domestically enjoys dominant share of 70% in rice milling plants, and 50% share in paddy huskers for farmers. Active in overseas expansion with USA, Thailand, Brazil, China,

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Australia operations strengthened. About 30% of the products are shipped to Zen-Noh (domestic farm coops) nationwide. Operations cover over 140 countries worldwide.

## **FINANCIAL INFORMATION**

The sales volume for Feb/2018 fiscal term amounted to Yen 37,765 million, a 14% up from Yen 33,247 million in the previous term. The recurring profit was posted at Yen 1,760 million and the net profit at Yen 1,339 million, respectively, compared with Yen 1,757 million recurring profit and Yen 1,519 million net profit, respectively, a year ago.

For the current term ending Feb 2019 the recurring profit is projected at Yen 1,800 million and the net profit at Yen 1,400 million, respectively, on a 5% rise in turnover, to Yen 39,660 million. Business is seen expanding steadily.

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

## **REGISTRATION**

**Date Registered:** Dec 1939  
**Regd No.:** 0100-01-017304 (Tokyo-Chiyodaku)  
**Legal Status:** Limited Company (Kabushiki Kaisha)  
**Authorized:** 16 million shares  
**Issued:** 4.04 million shares  
**Sum:** Yen 280 million  
**Major shareholders (%):** SS Enterprise (16), Tohoku Satake Co (9), other  
No. of shareholders: 24

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

## **OPERATION**

**Activities:** Manufactures, imports and exports rice processing machines & equipment (--97%), foods (3%)  
**Exports (15%)**

**Clients:** [Farm coops, mfrs, wholesalers] Zen-Noh (30%), Kubota Corp (5%),  
Mitsubishi Mahindra Agri Machinery, Zen-Noh Pearl Rice, Hokuren Inc, nationwide sales agents, other.  
No. of accounts: 500 (including sales agents sales)  
Domestic areas of activities: Nationwide

**Suppliers:** [Mfrs, wholesalers] Tohoku Satake Co, Satake Metals Ind, Satake Electrical Engineering (-- subsidiaries), Mitsui & Co, Marubeni-Itochu Steel Inc, Matsushita Electric Ind, Mitsubishi Corp, Chiyoda Corp, Mitsubishi Agricultural Machinery, Zen-Noh Pearl Rice West Japan, Hokuren, other.

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**Payment record:** Regular

**Location:** Business area in Hiroshima. Office premises at the caption address are owned and maintained satisfactory.

**Bank References:**

SMBC (Hiroshima)  
Bank of Hiroshima (Saijo)  
Relations: Satisfactory

**FINANCES**

(In Million Yen)

Terms Ending:	28/02/2019	28/02/2018	28/02/2017	29/02/2016
Annual Sales	39,660	37,765	33,247	41,148
Recur. Profit	1,800	1,760	1,757	1,724
Net Profit	1,400	1,339	1,519	1,124
Total Assets		46,198	44,658	45,692
Net Worth		36,386	35,076	33,587
Capital, Paid-Up		280	280	280
Div.P.Share(¥)		30.30	30.30	30.30
<b>&lt;Analytical Data&gt;</b>	(%)	(%)	(%)	(%)
S.Growth Rate	5.02	13.59	-19.20	0.00
Current Ratio		..	..	..
N.Worth Ratio		78.76	78.54	73.51
N.Profit/Sales	3.53	3.55	4.57	2.73

Notes: Forecast (or estimated) figures for the 28/02/2019 fiscal term.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.68
UK Pound	1	INR 95.59
Euro	1	INR 84.90
YEN	1	INR 0.64

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

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	NIY
<b>Report Prepared by :</b>	TRU

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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)