

Through sweeping cost-cutting and aggressive development of peripheral products and unique products that differentiate us from our competitors, we are working to establish ourselves as an independent business generating stable earnings.



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Director of Fine Chemicals Group

Accelerating business reforms aimed at increasing our profit-earning capacity

The newly established Fine Chemicals Group comprises the Explosives Division, Color Chemicals Division, and Agrochemicals Division. In each of these areas, no substantial growth can be expected for business related to the food, shelter, and clothing that are the basic necessities of our lives. However, these business areas can be expected to yield a relatively stable level of demand. Nippon Kayaku got its start in the explosives business, where we were the first to produce dynamite in Japan. Today, our color chemicals business produces superior quality, for which we were awarded the prestigious Deming Prize, as well as excellent technology and services. In the agrochemicals

business, we offer large-scale products with strong, established reputations, such as DIAZINON, an agricultural-use pesticide. In all our business areas we are rated highly by the industry, offering products that have gained the solid trust of our customers. Our operations in these areas have allowed us to amass a great wealth of technologies and expertise.

However, even with these powerful product groups and established customers, business results slumped in recent years due to competition and low-priced products from developing countries where labor costs are low, and also due to declining prices and a contraction of the market. In this harsh environment, we have made a large number of business reforms that have begun to show some results. For the future, we will further accelerate these reforms, aiming to increase our profit-earning capacity as a stable source of profits. Specifically, our business reforms are focused on the following three points: complete cost-cutting, creation of a peripheral products business, and development of unique products that differentiate us from other companies.

Complete cost-cutting

The three divisions in this group all have long histories, and there are many work practices that were necessary during the growth phase but which are not applicable now. We are working for complete cost-cutting by replacing these inefficient practices with more rational ones, and by thoroughly reviewing business practices from the multiple standpoints of purchasing, production, sales, and distribution. In addition, we are making ourselves into a lean and powerful division by expanding production and sales in China, and by effectively utilizing Group Management System (GMS), which is centered on the enterprise resource planning application SAP R/3 that we introduced last year.

Creation of peripheral product business that makes full use of our intellectual assets

We believe that the most important point when carrying out business reforms is to determine how best to ensure a continual supply of new products to the market. We are making effective use of the intellectual assets we have assembled over many years, and are proceeding with a fusion of intellectual assets

from outside the company, in order to promote peripheral products businesses such as pharmaceuticals and functional materials, all products that are downstream our current product groups. For this purpose, we will focus our targets and establish clear deadlines to enable our researchers, production staff, and sales staff to work productively together. These efforts have already begun to show positive results, and there are large expectations for future growth.

Promoting creative reforms

The typical earnings model for a mature business involves expanding market share and creating overwhelming cost competitiveness. However, because the products of the Fine Chemicals Group include a large number of niche products, this model cannot be applied here. Therefore in place of this approach we are aiming for creative reforms, working to utilize our intellectual assets and human resources and, in cooperation with our customers, creating unique products that feature convenience, simplicity, ease of use, and high quality. Rather than seeking to increase profits by expanding in size, we are aiming to boost earnings by being the “only one” company in small-scale markets.

Topic

ISO9001 certification

In September 2003, Nippon Kayaku received certification through the international standard ISO9001 for the quality management system at our Agrochemicals Division and Fine Chemicals R&D Laboratories. We had previously received certification at our Kashima Plant, and with this new certification we have established an integrated quality management system that covers all stages from research and development to production, sales, and after-sales service. In the Agrochemicals Division, we are working to make continual improvements to this system, ensuring that we can always provide high-quality products with superior effectiveness and safety, and further increasing customer satisfaction.



Business Areas

■ Agrochemicals

We manufacture and sell agrochemicals and similar products.

Major products

- DIAZINON
- MATRIC
- SAFROTIN
- EVISECT
- CYCLOSAL
- MCPB
- CHLOROPICRIN
- CUCUMERIS
- RATDEN
- SIMETRYN
- CHLORPIC-FLOW ①



■ Color Chemicals

We manufacture and sell fabric and textile dyes and dyes for paper pulp.

Major products

- KAYALON POLYESTER
- KAYACRYL-ED
- KAYACELON REACT
- KAYARUS
- KAYACION
- KAYAFECT
- KAYAPHOR LIQUID
- KAYASET



■ Explosives

We manufacture and sell explosives, black powder, and pyrotechnic products.

Major products

- Dynamite
- Slurried Explosives
- Ammonium Nitrate Fuel Oil Explosive (ANFO Explosive)
- Black Powder
- Electric Detonators

