

MIRA INFORM REPORT

Report No. :	522665
Report Date :	02.08.2018

IDENTIFICATION DETAILS

Name :	P.T. KAYU TROPICAL LANCAR JAYA
Registered Office :	Jalan Kendangsari YKP Block G No. 40 Surabaya, 60292 East Java
Country :	Indonesia
Date of Incorporation :	09.12.1997
Com. Reg. No.:	AHU-AH.01.03-0164331
Legal Form :	Limited Liability Company
Line of Business :	Woodworking Industry
No. of Employees :	78

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	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	Clear

NOTES :

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

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Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Indonesia	A2	A2

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

INDONESIA - ECONOMIC OVERVIEW

Indonesia, the largest economy in Southeast Asia, has seen a slowdown in growth since 2012, mostly due to the end of the commodities export boom. During the global financial crisis, Indonesia outperformed its regional neighbors and joined China and India as the only G20 members posting growth. Indonesia's annual budget deficit is capped at 3% of GDP, and the Government of Indonesia lowered its debt-to-GDP ratio from a peak of 100% shortly after the Asian financial crisis in 1999 to 34% today. In May 2017 Standard & Poor's became the last major ratings agency to upgrade Indonesia's sovereign credit rating to investment grade.

Indonesia still struggles with poverty and unemployment, inadequate infrastructure, corruption, a complex regulatory environment, and unequal resource distribution among its regions. President Joko WIDODO - elected in July 2014 – seeks to develop Indonesia's maritime resources and pursue other infrastructure development, including significantly increasing its electrical power generation capacity. Fuel subsidies were significantly reduced in early 2015, a move which has helped the government redirect its spending to development priorities. Indonesia, with the nine other ASEAN members, will continue to move towards participation in the ASEAN Economic Community, though full implementation of economic integration has not yet materialized.

Source : CIA

COMPANY SUMMERY

Name of Company :

P.T. KAYU TROPICAL LANCAR JAYA

Address :

Head Office

Jalan Kendangsari YKP Block G No. 40
Surabaya, 60292

East Java

Indonesia

Phone - (62-31) 8410914

Fax - (62-31) 8410914

Building Area - 2 storey

Office Space - 110 sq. meters

Region - Commercial

Status - Rent

Factory

Jalan Raya Desa Wotan No. 88

Panceng, Sedayu

Gresik, 61153

East Java

Indonesia

Phones - (62-31) 3940 388, 3948 277

Fax - (62-31) 3941 988

Land Area - 3,700 sq. meters

Building Space - 1,800 sq. meters

Region - Industrial Zone

Status - Owned

Date of Incorporation :

9 December 1997

Legal Form :

P.T. (Perseroan Terbatas) or Limited Liability Company

Company Reg. No. :

The Ministry of Law and Human Rights

- No. C2-7212.HT.01.01.TH.1998

Dated 23 June 1998

- No. AHU-40924.AH.01.02.TH.2009

Dated 24 August 2009

- No. AHU-AH.01.10-42390

Dated 17 October 2013

- No. AHU-AH.01.03-0164331

Dated 22 August 2017

Company Status :

National Private Company

Permit by the Government Department :

The Department of Finance

NPWP No. 01.823.168.8-612.000

The Department of Industry

- No. 8/3525/IU/III/PMDN/Industri/2012

Dated 3 April 2012

- No. P2T/2/14.08/01/IV/2012

Dated 4 April 2012

Related Company :

None

CAPITAL AND OWNERSHIP

Capital Structure :

Authorized Capital : Rp. 1,000,000,000.-

Issued Capital : Rp. 250,000,000.-

Paid up Capital : Rp. 250,000,000.-

Shareholders/Owners :

a. Mr. Haji Saiful Arif - Rp. 249,000,000.-

Address : Jl. Raya Bungah, RT. 003 RW. 001

Kelurahan Bungah, Kecamatan Panceng

Gresik, East Java

Indonesia

b. Mr. Haji Dalhar Hakiki - Rp. 1,000,000.-

Address : Jl. Belitung 7/46

Kelurahan Bungah, Kecamatan Panceng

Gresik, East Java

Indonesia

BUSINESS ACTIVITIES

Lines of Business :

Woodworking Industry

Production Capacity :

Decking, Flooring, etc., - 6,000 cubic meters p.a.

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Total Investment :

Owned Capital - Rp. 1.0 billion

Started Operation :

1999

Brand Name :

Kayu Tropical Lancar Jaya

Technical Assistance :

None

Number of Employee :

78 persons

Marketing Area :

Export - 100%

Main Customer :

Buyers in China, Australia, New Zealand, Japan

Market Situation :

Very Competitive

Main Competitors :

- a. P.T. ABDIKARSA NUSAKAYUUTAMA
- b. P.T. ADIKAMOLEK JAYA
- c. P.T. KAYUINTAN PERMATAABADI
- d. P.T. KEW WOOD INDUSTRIES
- e. Etc.

Business Trend :

Growing

BANKER, AUDITOR & LITIGATION

Banker :

P.T. Bank NEGARA INDONESIA Tbk
Gresik Main Branch
East Java
Indonesia

Auditor :

Internal Auditor

Litigation :

No litigation record in our database

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FINANCIAL FIGURE

Annual Sales (estimated) :

2015 – Rp. 16.0 billion

2016 – Rp. 17.6 billion

2017 – Rp. 18.2 billion

Net Profit (estimated) :

2015 – Rp. 1.2 billion

2016 – Rp. 1.4 billion

2017 – Rp. 1.6 billion

Payment Manner :

No Complaints

Financial Comments :

Fairly strong

KEY EXECUTIVES

Board of Management :

Director - Mrs. Yati Failina

Board of Commissioners :

Commissioner - Mr. Haji Saiful Arif

Signatories :

Director (Mrs. Yati Failina) which must be approved by Board of Commissioner

CAPABILITIES

Management Capability :

Good

Business Morality :

Good

OVERALL PERFORMANCE

P.T. KAYU TROPICAL LANCAR JAYA (P.T. KTLJ) was established in Gresik, East Java based on notary deed Mr. Winadi Wiranata, SH., no. 8 dated 9 December 1997 with an authorized capital of Rp. 1,000,000,000 issued

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capital of Rp. 250,000,000 entirely paid up. The founding and shareholders of the company originally were Mr. Kusnadi Chandra, Mr. Nicholas Yulian Marsigit and Mr. Destri Heri Sofiadianto, they all are Indonesian businessmen of Chinese extraction. Its article of association had been changed and according to revision of notary deed in July 2009 Mr. Kusnadi Chandra, Mr. Nicholas Yulian Marsigit and Mr. Destri Heri Sofiadianto pulled out and the whole share taken over by Mr. Haji Saiful Arif (99.6%) and Mr. Haji Dalhar Hakiki (0.4%). Then according to revision of notary deed Mr. Wimphry Suwignjo, SH., no. 6 dated 1 September 2013 the company board of director and the board of commissioner had been changed. Later based on revision notary deed Mrs. Syifa, SH., no. 02 dated 16 August 2017 the shareholders approved changes the board of director and commissioner of the Company. The amendment was approved by the Ministry of Law and Human Rights in its decision letter No. AHU-AH.01.03-0164331 dated August 22, 2017.

P.T. KTLJ is a national private company started with operating since 1999 dealing with wood working industry. Its plant is located at Jalan Raya Panceng No. 88, Desa Wotan, Panceng, Gresik, East Java standing on a land of 3,700 sq. meters. The company produces of sawn timber, moulding, furniture, housing component, decking, flooring, etc., with production capacity of 500 cubic meters per month. According information most of raw materials in the form of merbau, kruing, ulin, apitong logs obtained from East Java, P.T. INHUTANI and others. An innovator in the door industry, P.T. KTLJI's development of ground breaking manufacturing technology has brought stylish doors within the price reach of the widest possible section of the consumer market. In creating outstanding products with the beauty of natural timbers, P.T. KTLJ is very mindful to ensure that environmental concerns are being met. As such, P.T. KTLJ only sources timber from countries that practice responsible forest management. Mrs. Yati Failina, Director of P.T. KTLJ explained the whole product is exported to Australia, New Zealand, China, Japan and Europe unions. We observe the operation of P.T. KTLJ has been growing and developing well in the last three years.

The woodworking industry had been turning down within the last five years due to lack of raw materials, as far from transportation facility and fluctuation of export demand. Economic growth in 2018 as projected by the World Bank still gives us optimism. The global economy is expected to grow about 3.1% or stronger than 2017, while the Indonesian economy is estimated to grow around 5.3%. However, we also need to be cautious that 2018 is also a political year that may affect the economic sector. The World Bank, in their report on Global Economic Prospect released in January 2018, estimated global economic growth would increase to 3.1% in 2018, much stronger than expected, due to the ongoing recovery in investment, manufacturing and trade sectors in some countries. While the Indonesian economy according to the World Bank, will grow in the range of 5.3% in 2018, expected to increase from 2017. This is supported by the conduciveness of global economy and strong domestic conditions as the results of continuing economic reforms which gradually start to deliver results.

The woodworking and wood products business, with considerations both internal and external factors as well as long term business development. Nevertheless, forestry industry still faces many obstacles, including environmental issues and fluctuating wood price. We hope that any strategic decision taken by the Company will keep in prudential and in accordance with good corporate governance principles.

We are sure that P.T. KTLJ will be able to maintain its business in the next years. The growth of said business is evident from the production and utility growth of the processed wood export volume and export value of plywood and sawn timber below:

Forest Wood Production, 2012 – 2017* (M3)

Type of Commodities	2012	2013	2014	2015	2016	2017*
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Logs	49,258,25 5	45,770,45 4	44,963,51 9	35,290,28 8	37,054,802	38,907,542
Sawn timber	1,100,096	992,867	1,458,624	1,765,080	1,774,985	1,863,734
Plywood	3,310,863	3,261,970	3,579,113	3,640,631	3,859,069	4,052,022

Until this time P.T. KTLJ has not been registered with Indonesian Stock Exchange, so that they had not obliged to announce their financial statement. The management of P.T. KTLJ is very reclusive towards outsiders and rejected to disclose its financial condition. We observed that total sales turnover of the company in 2015 amounted to Rp. 16.0 billion increased to Rp. 17.6 billion in 2016 rose to Rp. 18.2 billion in 2017 and projected to go on rising by at least 5% in 2018. The operation in 2017 yielded an estimated net profit of at least Rp. 1.6 billion and the company has an estimated total networth of at least Rp. 4.0 billion. So far, we did not heard that the company having been black listed by the Central Bank (Bank Indonesia). The company usually pays its debts punctually to suppliers.

The management of P.T. KTLJ is led by Mrs. Yati Failina (32) a professional manager with experience in wood working industry. The company's management is handled by professional staff in the above business. They have wide relations with private businessmen within and outside the country. So far, we did not hear that the management of the company being filed to the district court for detrimental cases or involved in any business malpractices. The company's litigation record is clean and it has not registered with the black list of Bank of Indonesia. P.T. KAYU TROPICAL LANCAR JAYA is sufficiently fairly good for business cooperation.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.61
UK Pound	1	INR 89.93
Euro	1	INR 80.12
IDR	1	INR 0.0047

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

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	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)

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