

MIRA INFORM REPORT

Report No. :	523271
Report Date :	06.08.2018

IDENTIFICATION DETAILS

Name :	C.V. SURABAYA TRADING & CO.
Registered Office :	Jalan Veteran No. 142, Kelurahan Gending, Kecamatan Kebomas, Gresik, 61122, East Java
Country :	Indonesia
Financials (as on) :	2017 (Summarized)
Date of Incorporation :	1998's
Legal Form :	Partnership with Sleeping Partners
Line of Business :	Woodworking Industry
No. of Employees :	112

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.

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ECGC Country Risk Classification List

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 NAME

C.V. SURABAYA TRADING & CO.

BASIC SEARCH

Name of Company :
C.V. SURABAYA TRADING & CO.

Address :

Head Office and Factory 1

Jalan Veteran No. 142
Kelurahan Gending, Kecamatan Kebomas
Gresik, 61122

East Java

Indonesia

Phones - (62-31) 3975 777, 3978 111

Fax - (62-31) 3974 333

Land Area - 4,000 sq. meters

Building Space - 2,000 sq. meters

Region - Industrial Zone

Factory II

Jalan Mayjend. Sungkono No. 35A
Kelurahan Gulomantung, Kecamatan Kebomas
Gresik, 61161

East Java

Indonesia

Phone - (62-31) 3992 3035

E-mail - surabayatrading35a@gmail.com

Land Area - 3,000 sq. meters

Building Space - 1,800 sq. meters

Region - Industrial Zone

Status - Rent

Date of Incorporation :

1998's

Legal Form :

C.V. (Commanditaire Vennootschap) or Partnership with Sleeping Partners

Company Reg. No. :

Not Required

Company Status :

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National Private Company

Permit by the Government Department :

The Department of Finance

Not Available

The Department of Industry and Trade

No. 86/403.56/IUI/2001

Dated 28 December 2001

The Department of Forestry

- No. 503/63/403.54.2008

Dated 27 June 2008

- No. P2T/4/14.03/01/IV/2015

Dated 17 April 2015

Related Company :

None

CAPITAL AND OWNERSHIP

Capital Structure :

Owned Capital : Rp. 1.0 billion

Shareholders/Owners :

a. Mr. Ricky Gunawan (Active Partner)

b. Mrs. Jenny Agustinah Fadjar (Silent Partners)

c. Mr. Sutaji (Silent Partners)

BUSINESS ACTIVITIES

Lines of Business :

Woodworking Industry

Production Capacity :

- a. Flooring - 2,000 cubic meters p.a.
- b. Moulding - 33,600 cubic meters p.a.
- c. Sawn Timber - 20,950 cubic meters p.a.

Total Investment :

None

Started Operation :

1998's

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Brand Name :
Surabaya Trading & Co.

Technical Assistance :
None

Number of Employee :
112 persons

Marketing Area :
Local - 10%
Export - 90%

Main Customer :
Buyers in China, Europe Union and the USA

Market Situation :
Very Competitive

Main Competitors :
a. C.V. ALMENTA
b. P.T. ANEKA TIMBER & FURNITURE
c. C.V. GRAFITI MERINDO
d. P.T. TRIAS ALAM LESTARI
e. C.V. WANA GEMILANG RAYA

Business Trend :
Growing

BANKER, AUDITOR & LITIGATION

Bankers:

- a. P.T. Bank CENTRAL ASIA Tbk
Jalan Veteran No. 18-24
Gending, Kebomas
Surabaya, East Java
- b. P.T. Bank MANDIRI Tbk
Jalan Veteran No. 4
Kremlangan Selatan, Kremlangan
Surabaya, East Java

Auditor :
Internal Auditor

Litigation :
No litigation record in our database

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FINANCIAL FIGURE

Annual Sales (estimated) :

2015 – Rp. 70.2 billion
2016 – Rp. 75.6 billion
2017 – Rp. 81.2 billion

Net Profit (estimated) :

2015 – Rp. 5.8 billion
2016 – Rp. 6.2 billion
2017 – Rp. 6.5 billion

Payment Manner :

No Complaints

Financial Comments :

Fairly strong

KEY EXECUTIVES

Board of Management :

Director - Mr. Ricky Gunawan
Vice Director - Mr. Philip Gunawan
Manager - Mr. Sutaji

Board of Commissioners :

Commissioner - Mrs. Jenny Agustinah Fadjar

Signatories :

Director (Mr. Ricky Gunawan) is only the authorized person to sign the loan on behalf of the company.

CAPABILITIES

Management Capability :

Good

Business Morality :

Good

OVERALL PERFORMANCE

C.V. SURABAYA TRADING & CO., (C.V. STC) was incorporated in Surabaya, East Java in 1998's with the legal status of C.V. (Commanditaire Vennootschap) or partnership with sleeping partners. Founders and owners of the company are Mr. Ricky Gunawan as active partner and his wife Mrs. Jenny Agustinah Fadjar, and Mr. Sutaji both as silent partners both are Indonesian business family of Chinese descents. Being as a C.V., company the amount of its authorized capital was not mentioned at the time of establishment. We estimate, C.V. STC has own capital of about Rp. 1.0 billion and it will be rising in line with the progress of its business operation.

C.V. STC is a national private company has been engaged in 1998's the field of woodworking industry. Its plants is located at Jalan Veteran No. 142, Gending sub-district, Kebomas district, Gresik, standing on a land of 4,000 sq. meters; and Jalan Mayjend. Sungkono No. 35A, Gulomantung sub-district, Kebomas district, Gresik standing on 3,000 sq. meters, both are in East Java. The company produces of flooring, moulding, and sawn timber. According information the whole logs and other wood obtained from P.T. INHUTANI, PERUM PERHUTANI and others forestry concession in East Java, Kalimantan and others cities. The company has been operating in 1998 and has expanded frequently to increasing production capacity. Mr. Philip Gunawan, Vice Director of the company explained some 90% of the products exported to China, South Korea, Europe Union, the USA and the rest 10% marketed locally thorough furniture industries in the East Java, Central Java and other surroundings area. C.V. STC is classified a medium-sized company of its kinds in the country with operation had 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 C.V. STC 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:

Type of Commodities	Forest Wood Production, 2012 – 2017* (M3)					
	2012	2013	2014	2015	2016	2017*
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

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Source: Central Bureau of Statistics (BPS)
*) Projected

Until this time C.V. STC has not been registered with Indonesian Stock Exchange, so that they had not obliged to announce their financial statement. The management of the company 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. 70.2 billion increased to Rp. 75.6 billion in 2016 rose to Rp. 81.2 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. 6.5 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 C.V. STC is led by Mr. Ricky Gunawan (54) a businessman and professional manager with experience in woodworking 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. C.V. SURABAYA TRADING & CO., is sufficiently fairly good for business transaction.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.79
UK Pound	1	INR 89.52
Euro	1	INR 79.67
IDR	1	INR 0.0048

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

INFORMATION DETAILS

Analysis Done by :	NIY
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)