

MIRA INFORM REPORT

Report No. :	543614
Report Date :	06.12.2018

IDENTIFICATION DETAILS

Name :	P.T. DELTA MERLIN SANDANG TEKSTIL
Formerly Known As :	C.V. DUNIATEX
Registered Office :	Jl. Raya Timur Km. 7,1 Karanganyar 57111, Sragen Central Java
Country :	Indonesia
Date of Incorporation :	07.11.1974
Com. Reg. No.:	AHU-AH.01.03-0189888
Legal Form :	P.T. (Perseroan Terbatas) or Limited Liability Company
Line of Business :	Spinning Mills Industry
No. of Employees :	7,250

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:

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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

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
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

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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.

Poverty and unemployment, inadequate infrastructure, corruption, a complex regulatory environment, and unequal resource distribution among its regions are still part of Indonesia's economic landscape. 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 AND ADDRESS

Name of Company:

P.T. DELTA MERLIN SANDANG TEKSTIL

Address:

Head Office

Jl. Raya Timur Km. 7,1
Karanganyar 57111, Sragen
Central Java
Indonesia

Phones - (62-271) 825251, 821110, 821117
Fax. - (62-271) 825954, 827229, 826599
Email - duniatex@gmail.com
Website - <http://www.duniatex.com>
Building Area - 1,560 sq. meters
Office Space - 280 sq. meters
Region - Industrial Zone
Status - Owned

Factory I (Unit 1)

Jl. Raya Timur Km. 10
Bumiaji, Gondang, Sragen
Central Java
Indonesia

Phones - (62-271) 887 001-2, 887 008
Fax. - (62-271) 887 009
Land area - 30,000 sq. meters
Factory space - 12,500 sq. meters
Region - Industrial Zone
Status - Owned

Factory II (Unit 2)

Jl. Raya Solo – Sragen Km. 22
Pulosari, Kebakkramat, Karangayar
Sragen, Central Java
Indonesia

Phones - (62-271) 652534
Fax. - (62-271) 652666
Land area - 28,000 sq. meters
Factory space - 12,000 sq. meters
Region - Industrial Zone
Status - Owned

COMPANY SUMMARY

Date of Incorporation :

- a. 07 November 1974 as C.V. DUNIATEX
- b. 30 May 2001 as P.T. DELTA MERLIN SANDANG TEKSTIL

Legal Form :

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

Company Reg. No. :

The Ministry of Justice and Human Rights

- a. No. C-03945.HT.01.01.TH.2001
Dated 27 July 2001
- b. No. AHU-45795.ah.01.02.Tahun 2008
Dated 29 July 2008
- c. No. AHU-AH.01.10-12739
Dated 11 August 2009
- d. No. AHU-AH.01.10-11897
Dated 02 April 2013
- e. No. AHU-AH.01.10-09942
Dated 11 March 2014
- f. No. AHU-AH.01.03-0189888
Dated 11 November 2017

Company Status :

Domestic Investment Company (PMDN)

Permits by the Government Department :

a. The Department of Finance

NPWP No. 02.014.399.6-528.000

b. The Capital Investment Coordinating Board

No. 10/33/I/PMDN/2001

Dated 05 July 2001

Related/Affiliated Companies :

- a. P.T. DUNIA SETIA SANDANG ASLI TEXTILE (Textile Industry)
- b. P.T. DELTA DUNIA TEKSTIL (Textile Industry and Investment Holding)
- c. P.T. DUNIA SANDANG ABADI TEXTILE (Textile Industry)
- d. P.T. DELTA MERLIN DUNIA TEXTILE (Textile Industry)
- e. P.T. DAMAITEX (Textile Industry)

CAPITAL AND OWNERSHIP

Capital Structure :

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Authorized Capital - Rp. 1,693,000,000,000.-
Issued Capital - Rp. 473,250,000,000.-
Paid up Capital - Rp. 473,250,000,000.-

Shareholders/Owners :

- a. P.T. DELTA DUNIA TEKSTIL** - Rp. 323,000,000,000.- (68.25%)
Jl. Raya Palur Km. 7,1, Dagen,
Jaten, Karang Anyar
Central Java
- b. Mr. Sumitro** - Rp. 150,250,000,000.- (31.75%)
Jl. Tegalharjo, RT. 04, RW. 04
Kel. Tegalharjo, Kec. Jebres
Surakarta, Central Java

BUSINESS ACTIVITIES

Lines of Business :

Spinning Mills Industry

Production Capacity :

Spun Yarn - 250,000 bales per annum

Total Investment :

- a. Equity Capital - Rp. 250.0 billion
b. Loan Capital - Rp. 820.0 billion
c. Total Investment - Rp. 1,070.0 billion

Started Operation :

In 1975 when it was named C.V. DUNIATEX

Number of Employee :

7,250 persons

Marketing Area :

Domestic (Local) - 100%

Main Customers :

- a. P.T. Dunia Setia Sandang Asli Textile
b. P.T. Delta Merlin Dunia Textile
c. P.T. Dunia Sandang Abadi Textile
d. P.T. Damitex, etc.

Market Situation :

Very Competitive

Main Competitors :

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- a. P.T. Dawai Indah Adi
- b. P.T. DjoniTextindo
- c. P.T. Golden Tatex Indonesia
- d. P.T. Gunawan Texindo
- e. P.T. Indopanca Centratex
- f. P.T. Maligi Spinning Mills

Business Trend :
Fluctuating

BANKER, AUDITOR & LITIGATION

Bankers :

- a. P.T. Bank MANDIRI Tbk
Karanganyar Branch
Surakarata, Central Java
Indonesia
- b. P.T. Bank CENTRAL ASIA Tbk
Karanganyar Branch
Surakarta, Central Java
Indonesia

Auditor :
Internal Auditor

Litigation :
No litigation record in our database

FINANCIAL FIGURE

Annual Sales (estimated) :

2013 – Rp. 740.0 billion
2014 – Rp. 718.0 billion
2015 – Rp. 705.0 billion
2016 – Rp. 690.0 billion
2017 – Rp. 677.0 billion

Net Profit (Loss) :

2013 – Rp. 25.6 billion
2014 – Rp. 24.8 billion
2015 – Rp. 24.0 billion
2016 – Rp. 23.5 billion
2017 – Rp. 23.0 billion

Payment Manner :
No Complaints

Financial Comments :
Fairly

KEY EXECUTIVES

Board of Management :

President Director - Mr. Tan Sauw Hwa
Director - Mr. Drs. Budi Santoso

Board of Commissioner :

Commissioners - a. Mr. Yohanes Hendrawan
b. Mr. Gideon Haryanto

Signatories :

President Directors (Mr. Tan Sauw Hwa) or Director (Mr. Budi Santoso) which must be approved by Board of Commissioners (Mr. Yohanes Hendrawan and Mr. Gideon Haryanto)

CAPABILITIES

Management Capability :
Good

Business Morality :
Good

OVERALL PERFORMANCE

Initially named C.V. DUNIATEX was established in 1974 with legal status C.V. (Commanditaire Vennootschap) or Partnership with Sleeping partners. The founding shareholders of C.V. DUNIATEX are Mr. Sugeng Hartono aka Tan Hoang King, his wife Mrs. Indriati and his brother Mr. Eddy Iskandar AKA Tan Hoen Tjik, all are Indonesian of Chinese extraction. In May 2001 the founding shareholders pulled out and the whole shares are sold to Mr. Sumitro (80%) and his younger sister Miss Susana John Setiawan (20%), both are Indonesian entrepreneurs of Chinese extraction. Concurrently, the company renamed to P.T. DELTA MERLIN SANDANG TEKSTIL (P.T. DMST) with the authorized capital of Rp. 1,000,000,000,000 of which Rp. 250,000,000,000 was issued and fully paid up. The Deed of establishment was made by Notary Pujiastuti Pangestu, SH., and it was approved by the Minister of Justice and Human Rights through its Decree No. C-03945.HT.01.01.TH.2001 dated July 27, 2001.

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The articles of association of the company have frequently been revised. In June 2009 based on notarial Deed No. 06 dated June 01, 2009 made by Notary Pujiastuti Pangestu, SH., the authorized capital was raised again to Rp. 1,693,000,000,000.- of which Rp 473,250,000,000.- was issued and fully paid up. Since at the time, the shareholders of the company are P.T. DELTA DUNIA TEKSTIL (68.25%) and Mr. Sumitro (31.75%). The deed of amendments was approved by the Ministry of Law and Human Rights in its Decision Letter No. AHU-AH.01.10-12739 dated August 11, 2009.

In February 2013, based on notarial deed number 34 dated February 18, 2013 was made by Notary Pujiastuti Pangestu, SH., the company's board of director and board of commissioner had been changed. The amendment to deed has been approved by the Minister of Law and Human Rights of the Republic of Indonesia through its Decree No. AHU-AH.01.10-11897 dated April 2, 2013. In March 2014 based on Notary Deed of Pujiastuti Pangestu, SH., in March 2014, the company's board of commissioner had been changed. The amendment to deed has been approved by the Minister of Law and Human Rights of the Republic of Indonesia through its Decree No. AHU-AH.01.10-09942 dated March 11, 2014. Most recently by Notary Deed of Pujiastuti Pangestu, SH., No. 04 dated November 01, 2017, concerning the reappointment in composition of the Company's board of Directors and Commissioners. This amendment to Deed has been approved by the Minister of Law and Human Rights of the Republic of Indonesia through its Decree No. AHU-AH.01.03-0189888 dated November 11, 2017.

We observed that P.T. DMST has been in operation since 1974 (when it was named CV. DUNIATEX) in dealing with spinning mills and grey fabric industry by managing a plant located at Jalan Raya Palur Sragen Km 71, Karang Anyar, Solo, Central Java. In May 2001 P.T. DMST focusing on yarn weaving industry. Whereas, the unit for producing grey fabrics, dyeing, printing and finishing was shifted to its sister company (PT. Delta Dunia Tekstil) whose plant is still located at Jalan Raya Palur Sragen Km 71, Karang Anyar, Solo, Central Java.

In July 2001, P.T. DMST obtained a domestic investment company (PMDN) facility issued by Investment Coordinating Board (BKPM) with number 10/33/I/PMDN/2001 dated July 5, 2001 for dealing with spinning mills industry. Today, P.T. DMST manages two spinning mills located at Jalan Raya Timur Km. 10, Bumiaji, Gondang, Sragen and Jalan Raya Solo-Sragen Km. 22, Sragen, both are in Central Java. According to the Capital Investment Coordinating Board (BKPM), P.T. DMST has annual production capacity of 250,000 bales of spun yarns consisting of cotton and viscose yarns and cotton/viscose blend yarns. Total investment reached Rp. 1,070.0 billion coming from own capital of Rp. 250.0 billion while the rest from loans. P.T. DMST produces not only conventional yarns but also high-twist and fine yarns. A large extent of the products is absorbed by its four member companies dealing with textile industry in the form of grey fabrics and finished fabrics.

On November 10, 2014, the factory building P.T. DMST located in Sragen (Central Java) the unfortunate collapse resulting in loss of Rp 3 billion. The factory building collapse also led to the deaths of two workers of the factory. Orderly Police Chief (Chief of Police) Sragen, Mr. Dwi Tunggal Jaladri explained that the collapse was due to the construction of a factory building under construction is less strong. Meanwhile, the legal counsel of the PT DMST, Kasyaf Solo Law Firm, Muh Saifuddin, said that based on provisional estimates, the unfortunate collapse of the building was to cost around Rp 3 billion. We observed that P.T. DMST is classified as a large-sized company of its kind in the country of which the operations fluctuated in the last five years.

Generally, the demand for spinning mill, weaving, textile chemicals, auxiliary, dyestuff and textile raw materials tended to be fluctuating within the last five years in line with the fluctuating of Indonesian textile industry in general. According to the Central Bureau of Statistics (BPS) the Indonesia textile products export in 2002 amounted to 1,425.9 tons (US\$ 3,075.9 million) to 1,307.5 tons (US\$ 3,064.6 million) in 2003 to 1,300.4 tons (US\$ 3,354.6 million) in 2004 to 1,427.3 tons (US\$ 3,704.0 million) in 2005 to 1,477.800 tons (US\$ 3,908.6 million) in 2006 to 1,473.6 tons (US\$ 4,178.0 million) in 2007 declined to 1,312,200 tons (US\$ 4,127.9 million) in

2008 to 1,369,600 tons (US\$ 3,602.8 million) in 2009 to 1,525,900 tons (US\$ 4,721.8 million) in 2010 declined to 1,493,3000 tons (US\$ 5,563.3 million) in 2011 rose again to 1,508,500 tons (US\$ 5,278.1 million) in

2012 to 1,633.1 thousand tons (US\$ 5,293.6 million) in 2013 and to 1,815.6 thousand tons (US\$ 5,379.9 million) in 2014 and dropped to 1,481.7 thousand tons (US\$ 4,415.0 million) in 2015 and rose again to 1,563.9 thousand tons (US\$.4,60.0 million) in 2016. The export volume and value of the national TPT products in 2005 to 2016 are pictured on the following table.

Year	Textile Products		Garment	
	(Thousand Ton)	(US\$ Million)	(Thousand Ton)	(US\$ Million)
2005	1,427.3	3,704.0	369.5	4,967.0
2006	1,477.8	3,908.6	399.6	5,608.1
2007	1,473.6	4,178.0	399.8	5,712.9
2008	1,312.2	4,127.9	417.6	6,092.2
2009	1,369.6	3,602.8	393.4	5,735.6
2010	1,525.9	4,721.8	445.2	6,598.0
2011	1,493.3	5,563.3	450.9	7,801.5
2012	1,508.5	5,278.1	450.2	7,304.8
2013	1,633.1	5,293.6	470.2	7,501.0
2014	1,815.6	5,379.9	463.9	7,450.9
2015	1,481.7	4,415.0	378.6	6,410.9
2016	1,563.9	4,660.0	425.9	7,212.6

Until this time P.T. DMST has not been registered with Indonesian Stock Exchange, so that they shall not obliged to announce their financial statement. Therefore, the company has no obligation to publish financial statement publicly. We have checked to Department of Trade and Industry and found that no financial statement has been reported. P.T. DMST's management is very reclusive to outsider and rejecting to disclose its financial condition but we estimated the total sales turnover of the company in 2014 amounted to Rp. 718.0 billion declined to Rp. 705.0 billion in 2015 to Rp. 690.0 billion in 2016 and dropped again to Rp. 677.0 billion in 2017. The operation in 2017 yielded a net profit at least Rp. 23.0 billion and the company has a total net worth of Rp. 560.0 billion. So far we did not hear that P.T. DMST has been black listed by Bank Indonesia (Central Bank) or having detrimental cases being settled in local district court. The company usually pays its debts punctually to suppliers.

P.T. DMST's management is headed by Mr. Tan Sauw Hwa (57) as president director, a professional manager with more than 19 years of experience in textile industry and trading. In daily activities, he is assisted by Mr. Budi Santoso (52) as director. But we observed that the prime-mover of the Company is Mr. Sumitro (49), the founder and business stakes owner of the Company. Initially, Mr. Sumitro is a Commissioner of PT. DMST, but since February 2013 he pulled out and was replaced by Mr. Yohanes Hendrawan (36) and Mr. Prasetyo Kris Widada (43). This relates to a case of copyright infringement fabric products from PT. SRITEX made by Mr. Sumitro and his mother Mrs. Indriati through PT. Delta Merlin Dunia Textile. Both suspects charged under Article 72 Paragraph 1 and 2 of the Law of the Republic of Indonesia No. 19 of 2002 regarding Copyright Juncto Article 55 of the Penal Code and Section 56 of the Criminal Code. But in June 2013, PT. SRITEX revokes the lawsuit and the case eventually ended peacefully.

Considering the operation of P.T. DMST declined in the last Three years and economic condition in the country is still unstable, we recommend to treat prudently in extending any new loan to the company.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.52
UK Pound	1	INR 89.45
Euro	1	INR 79.84
IDR	1	INR 0.0049

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	SYL

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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)