

## MIRA INFORM REPORT

<b>Report No. :</b>	546481
<b>Report Date :</b>	22.12.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	CV. CISARUA LEATHER FACTORY
<b>Formerly Known As :</b>	PD. LIAN YOEN
<b>Registered Office :</b>	Jl. Perintis Kemerdekaan No. 1001 PO BOX 126 CJR Kelurahan Sirnagalih, Kecamatan Cilaku Kab. Cianjur 43285 Jawa Barat -
<b>Country :</b>	Indonesia
<b>Date of Incorporation :</b>	1949
<b>Legal Form :</b>	Commanditaire Vennootschap or CV
<b>Line of Business :</b>	<ul style="list-style-type: none"> <li>• Manufacture of leather and related products</li> <li>• Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur</li> </ul>
<b>No. of Employees :</b>	500

### 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	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	Slow but Correct
<b>Litigation :</b>	Clear

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**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.

**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

**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 IDENTIFICATION**

Company Name	CV. Cisarua Leather Factory ( Previous Name : PD. Lian Yoen )
Address	Jl. Perintis Kemerdekaan No. 1001 PO BOX 126 CJR Kelurahan Sirnagalih, Kecamatan Cilaku Kab. Cianjur 43285 Jawa Barat - Indonesia
Telephone	+62263262039, +62263262953
Fax	+62263262954
Mobile Phone	+62811207128
Email	<a href="mailto:info@cisarua.com">info@cisarua.com</a> <a href="mailto:daniel.sukamto@cisarua.com">daniel.sukamto@cisarua.com</a> <a href="mailto:acui@cisarua.com">acui@cisarua.com</a>
Web	<a href="http://www.cisarua.com">www.cisarua.com</a>

## **PROFILE**

Address	Jl. Perintis Kemerdekaan No. 1001 PO BOX 126 CJR Kelurahan Sirnagalih, Kecamatan Cilaku Kab. Cianjur 43285 Jawa Barat - Indonesia
Office Building	a. Area - Commercial b. Status - Owned
Date Of Establishment	- 1949 as PD. Lian Yoen - 1982 as CV. Cisarua Leather Factory
Start Operation	1949
Legal Status	Commanditaire Vennootschap or CV
Legalization (historical)	N.A.
Government Permit (s)	N.A.
Significant change	Formerly named as PD. Lian Yoen, the Company was founded in 1949 with status as 'family business enterprise' with the status of Sole Proprietorship or Perusahaan Dagang (PD). Because of its status as a Sole Proprietorship of Perusahaan Dagang (PD), so we cannot show you details about its capitalization and shareholder structures. In 1982's, the Company was renamed, being: CV. Cisarua Leather Factory (the Company) with the legal status of Commanditaire Vennootschap (CV). Based on our investigation, the Company was founded by Mr. Suryana Chandra Jamhur as an active partner and Mr. Daniel Sukamto as the passive partner. Meanwhile, up to completion of the report, we do not know the passive partner of the Company. Since it is Commanditaire Vennootschap (CV) Company, therefore, we cannot show you details about the date of establishment, capitalization and ownership structure of the Company.
Capitalization	

- Authorized Capital	N.A.
- Issued Capital	N.A.
- Paid Up Capital	N.A.

## **SHAREHOLDERS & MANAGEMENT**

Shareholders	Total No. of Shareholders: 2 Shareholders as N.A. Total Shareholding private - N.A. shares
Name of Shareholders	- Mr. Suryana Chandra Jamhur (0 shares) - - Mr. Daniel Sukamto (0 shares) -
Management Board	
Name	Mr. Daniel Sukamto
Position	Director
Nationality	Indonesian
Supervisory Board	
Name	Mr. Suryana Chandra Jamhur
Position	Passive Partner
Nationality	Indonesian
Management Assessment	The management is modest but we believe the management able to manage subject properly.
Authorized Signatories	Mr. Daniel Sukamto as Director and active partner of the Company.
Affiliate (s) / Associate (s)	- CV. Sangkuriang Mitra Agro (Raising of dairy cattle) - CV. Mitra Agro Sampurna (Raising of other cattle and buffaloes)

## **KEY DATA ON OPERATIONS**

Registered Activities	SIC Code 15	: Manufacture of leather and related products
Employee	Per 2017 500	
	Per 2018 500	
Bussiness Category	SIC Code 15.1	: Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur
Line of Business	SIC Code 15.11	: Tanning and dressing of leather; dressing and dyeing of fur
Product & Capacity	-	Leather Tanning - 600,000 Sheets p.a

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**CV. CISARUA LEATHER FACTORY - 546481**

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Status of Investment	Non-facilities based Company	
Sales Territory	Local	20%
	International	80%
Main Items Imported And Country Origin	<ul style="list-style-type: none"> <li>- Leather Tanned - USA</li> <li>- Leather Tanned - Australia</li> </ul>	
Main Items Exported And Country Destination	<ul style="list-style-type: none"> <li>- Finish Leather - China</li> <li>- Finish Leather - Hong Kong</li> </ul>	
Major Customers	<ul style="list-style-type: none"> <li>- Jade Coast Trading ltd of Hong-Kong</li> <li>- Jiangmen City Lianyou Leather Factory Co.Ltd of China</li> <li>- PT. Karya Lestari Mandiri</li> <li>- PT. Changshin Reksa Jaya</li> <li>- Adidas Group</li> </ul>	
	<ul style="list-style-type: none"> <li>- Principal from USA</li> <li>- Principal from Australia</li> <li>- Local companies</li> </ul>	
	Major Suppliers	
	Major Suppliers	
	Major Suppliers	
Terms of Payment	Purchase Payment	
	Domestic	: Telegraphic Transfer (T.T) with credit term 30 days - 45 days
	Overseas	: Telegraphic Transfer (T.T) with credit term 30 days - 45 days
Terms of Payment	Sale Term	
	Domestic	: Telegraphic Transfer (T.T) with credit term 30 days
	Overseas	: Telegraphic Transfer (T.T) with credit term 30 days
Activity Comment	<p>As additional information, referring to the name as written on order sheet CV. Cisarua, however the correct name is CV. Cisarua Leather Factory which has the similar address as written on order sheet. Therefore, we process this report as CV. Cisarua Leather Factory.</p> <p>CV. Cisarua Leather Factory (the Company) is a non-facilities based company engaged in the leather tanning industry. The Company started the operation in 1949. The Company's head office and factory located at the address Jl. Perintis Kemerdekaan No. 1001 (Formerly Jl. Prof. Moh. Yamin Km. 3) PO BOX 126 CJR, Kelurahan Sirnagalih, Kecamatan Cilaku, Kab. Cianjur, 43285, West Java - Indonesia. We believe this location owned by the Company.</p> <p>Based on our investigation, the Company is engaged in as the manufacturing of leathers for fashion items that are largely used for the footwear, garment and leather goods products such as full-grain aniline, nubuck, Nappa, natural milled, embossed, perforated, corrected grain, box, patent, oil-pull up, crackery, crazy horse and much more. For the production activities, actually there are customized from the</p>	

customers, however, annually the Company has capacity production amounted to 600,000 sheets per annum.

In runs its operation, the Company used raw materials that are made from cow, goats, sheep, and buffalo. These raw materials are supplied by the local and overseas market which comes from Java Island or imported from the USA and Australia.

In the term of marketing area, the Company's products are 80% exported to China and Hong Kong. Some of the Company's principals are Jiangmen City Lianyou Leather Factory Co. Ltd., of China, and Jade Coast Trading Ltd., of Hong-Kong.

Meanwhile, the rest 20% are marketed in the local market, such as PT. Karya Lestari Mandiri, and PT. Changshin Reksa Jaya.

Related to its performance, in 2015, the Company's operational performance has improved. The condition was impacted by the difference in the rupiah exchange rate that benefits the Company because the majority of the Company's activities are exported. The positive performance was followed by the year of 2016 which also increased.

In 2017, the Company's operational performance was still quite stable. The number of requests for leather products was still quite high along with the development of current fashion trends.

Throughout 2018 until the second quarter of 2018, the Company was still increased from both the local and export market which can be exported those products amounted to 20 containers per month.

However, through the third quarter to the fourth quarter of 2018, the Company is experiencing a decline from the export market.

So far, the Company does not face a significant problem from both customers and suppliers.

In addition, although the Company is currently a Commanditaire Vennootschap, the Company has been supported by a very modern machine when compared to other leather industries in Indonesia.

In 2018, the Company is supported by 500 employees.

**Litigation**

At the time this report is written, this Company has not been involved in any criminal or civil cases. This statement is based on a result of searches for cases conducted at the State Court in the area where the Company was established and operates today.

**Sources**

Ms. Yuli (Exim Staff of the Company, Contacted on December 21, 2018) and public sources.

**Factory Address**

Jl. Perintis Kemerdekaan No. 1001  
Kelurahan Sirnagalih, Kecamatan Cilaku  
Kab. Cianjur 43285  
Jawa Barat - Indonesia  
Phone : +62263262039 (Hunting)  
Fax : +62263262954  
Email : info@cisarua.com

## **BANKING INFORMATION**

Banker (s)	- PT. Bank Mandiri (Persero) Tbk - PT. Bank Negara Indonesia (Persero) Tbk
Insurance	- Badan Penyelenggara Jaminan Sosial (BPJS)

## **BUSINESS PROSPECTS**

### Business Prospects

Head of Industrial Research and Development Agency (BPPI) of the Ministry of Industry, said that currently, exports of leather, leather products, and national footwear are pursuing China and Vietnam. As is known, Indonesia is in the 5th position in the World for the export of leather, leather products, and footwear, while China and Vietnam are each in the position of first and third.

Meanwhile, the Association of Indonesian Footwear (ASPRISINDO) believes the growth of the footwear industry is better this year which is driven by the realization of several new factories.

Secretary General of Asprisindo said throughout 2017 the footwear industry growth can be seen by export value only grew by 2% to USD 4.7 billion from USD 4.6 billion.

Figures forecasts is optimistic that the growth of the footwear industry in 2018 will be at 3.5%. Meanwhile, the projected growth rate that is not too high one of them is caused by the unresolved problem to date, namely the weak supporting industry that is the leather tanning industry.

Therefore, the national tannery industry is a very potential industry to develop. This is because the national leather quality has been recognized the world as raw material finished goods leather and high quality footwear.

Based on the above considerations, we believe that the leather tanning industry is still prospect in the future to support footwear and footwear industry especially in terms of export.

## **FINANCIAL STATEMENT**

Sales Turn Over	- 2015 - IDR 359,862,000,000 ( Estimated ) - 2016 - IDR 372,400,000,000 ( Estimated ) - 2017 - IDR 386,320,000,000 ( Estimated )
Total Assets	As the Company is not a publicly listed company, we are unable to give a detailed picture of the financial condition of the Company.
Other Financial Data	As the Company is not a publicly listed company, we are unable to provide details on the financial condition of the Company.

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## **CREDITWORTHINESS**

Management Capability  
Business Morality  
Payment Manner  
Financial Condition  
Operating Trend  
Conclusive remarks

Good  
Adequate  
Slow but Correct  
Satisfactory  
Up

Based on the information shown above, the Company is engaged in the leather tanning industry, which has been operating since 1949. The market share of the Company 80% comes from China and Hongkong, meanwhile the, rest 20% is absorbed into the local market.

Operationally, the Company's operational performance continues to show an improvement from the past three years due to the high demand from both local and overseas market.

Financially, as the result, the Company also recorded an increase in the net sales from 2015 to 2017. Moreover, the Company has no bad constraint regarding both customers and suppliers.

It is also an indication that the Company is able to compete with other big companies. The Company also still has enough opportunities for Small Medium Enterprise industry market, related to the high trend of using the domestic product significantly.

Meanwhile, the leather tanning industry and footwear industry are quite promising, in line with high support from the government to increase the export from the industry. Thus, we believe that the Company is still prospective in the future. For security reason, nevertheless, we advise those wishing to make cooperation with and to grant loans to the Company to ask for adequate collateral from the owners and management.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.04
UK Pound	1	INR 88.70
Euro	1	INR 80.21
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 :	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)