

MIRA INFORM REPORT

Report No. :	519347
Report Date :	13.07.2018

IDENTIFICATION DETAILS

Name :	P.T. SAHABAT MEWAH DAN MAKMUR
Registered Office :	Sinar Mas Land Plaza, Lt. VII, Jl. Pangeran Diponegoro No. 18, Medan 20152, North Sumatra
Country :	Indonesia
Financials (as on) :	2017 [Summarized]
Date of Incorporation :	07.03.1980
Com. Reg. No.:	AHU-44867.AH.01.02.Tahun 2008
Legal Form :	Limited Liability Company
Line of Business :	Oil Palm Plantation and Processing Industry
No. of Employees :	1,165

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 :	Good
Payment Behaviour :	Regular
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

BASIC SEARCH

Name of Company :

P.T. SAHABAT MEWAH DAN MAKMUR

Address :

Head Office

Sinar Mas Land Plaza, Lt. VII,
Jl. Pangeran Diponegoro No. 18,
Medan 20152, North Sumatra
Indonesia

Phones - (62-61) 453 7490 (hunting)
Fax - (62-61) 453 8366
Email - hochewan@agjagri.com
Website - <http://www.agjagri.com>

Factory & Oil Plantation Site

Jangkang Palm Of Mills
Jangkang Village, Kecamatan Jangkang
East Belitung, Bangka Belitung Province
Sumatra, Indonesia

Total Land Area - 16,307 hectares
Planted with Oil Palm - 12,078 hectares

Jakarta Office

Gedung Atrium Mulia Suite 3A-02,
Jl. H.R. Rasuna Said Kav. B10-B11,
Setiabudi, South Jakarta
Indonesia

Phones - (62-21) 2965 1777 (hunting)
Fax - (62-21) 2965 1788

Date of Incorporation :

07 March 1980

Legal Form :

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

Company Reg. No. :

The Ministry of Law and Human Rights

- a. No. C2-4311.HT.01.01.TH.85
Dated 22 July 1985
- b. No. C-03848.HT.01.04.TH.2003
Dated 21 February 2003
- c. No. AHU-44867.AH.01.02.Tahun 2008
Dated 25 July 2008

Company Status :

Foreign Investment Company (PMA)

Permits by the Government Department :

a. The Department of Finance

NPWP No. 01.062.281.9-058.000

b. The Capital Investment Coordinating Board

No. 80/V/PMA/2002

Dated 15 October 2002

Holding Company :

P.T. AUSTINDO NUSANTARA JAYA AGRI (Investment Holding)

Related/Affiliated Company :

A member of the AUSTINDO Group

CAPITAL AND OWNERSHIP

Capital Structure :

Authorized Capital - Rp. 80,000,000,000.-

Issued Capital - Rp. 25,000,000,000.-

Paid up Capital - Rp. 25,000,000,000.-

Shareholders/Owners :

a. P.T. AUSTINDO NUSANTARA JAYA AGRI - Rp. 24,999,000,000.- (99.996%)

Address : Sinar Mas Land Plaza, Lt. 7,
Jl. Pangeran Diponegoro No. 18,
Medan, North Sumatra
Indonesia

b. P.T. AUSTINDO NUSANTARA JAYA Tbk. - Rp. 1,000,000.- (0.004%)

Address : Gedung Atrium Mulia, 3A Floor,
Jl. H.R. Rasuna Said Kav. B.10-11
Setiabudi, South Jakarta
Indonesia

BUSINESS ACTIVITIES

Lines of Business :

Oil Palm Plantation and Processing Industry

Production Capacity :

a. Fresh Fruit Bunches (FFB) - 440,000 tons p.a.

b. Crude Palm Oils (CPO) - 68,640 tons p.a.

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c. Palm Kernel Oil (PKO) - 13,300 tons p.a.

Total Investment :

a. Equity Capital - Rp. 25.0 billion
b. Loan Capital - Rp. 129.6 billion
c. Total Investment - Rp. 154.6 billion

Started Operation :

1994

Brand Name :

Sahabat Mewah Makmur

Technical Assistance :

None

Number of Employee :

1,165 persons

Marketing Area :

Local - 10%
Export - 90%

Main Customer :

a. Cooking Oil Industries in the country
b. Overseas buyers

Market Situation :

Very Competitive

Main Competitors :

a. PT. Musim Semi Mas (Musim Mas)
b. PT. Wilmar Nabati Indonesia
d. PT. Sinar Oleochemicals
e. PT. Salim Ivomas Pratama Tbk
f. PT. Flora Sawita Chemindo
g. Etc.

Business Trend :

Growing

BANKER, AUDITOR & LITIGATION

B a n k e r s :

a. P.T. Bank MANDIRI Tbk
Medan Branch
Jl. Imam Bonjol No. 7,

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Medan, North Sumatra
Indonesia
b. P.T. CIMB NIAGA Bank Tbk
Medan Branch
Jl. Gatot Subroto No. 187-AB
Medan, North Sumatra
Indonesia

Auditor :
Siddharta Widjaja & Rekan

Litigation :
No litigation record in our database

FINANCIAL FIGURE

Net Sales/Revenue (estimated):

2014 – Rp. 96.0 billion
2015 – Rp. 113.0 billion
2016 – Rp. 128.0 billion
2017 – Rp. 142.0 billion

Net Profit (estimated) :

2014 – Rp. 9.6 billion
2015 – Rp. 12.5 billion
2016 – Rp. 16.0 billion
2017 – Rp. 17.8 billion

Payment Manner :

Almost promptly

Financial Comments :

Fairly

KEY EXECUTIVES

Board of Management :

President Director - Mr. Geetha Govindan K. Gopalakrishnan
Directors - a. Mr. Naga Waskita
b. Mr. Nopri Pitoy
c. Mr. Sucipto Maridjan

Board of Commissioners :

President Commissioner - Mr. George Santosa Tahija

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Commissioners - a. Mr. Anastasius Wahyuhadi
b. Mrs. Istini Tatiek Siddharta

Signatories :

President Director (Mr. Geetha Govindan K. Gopalakrishnan) or one of the directors (Mr. Naga Waskita, Mr. Nopri Pitoy or Mr. Sucipto maridjan) which must be approved by Board of Commissioner (Mr. George Santosa Tahija)

CAPABILITIES

Management Capability :

Good

Business Morality :

Good

OVERALL PERFORMANCE

P.T. SAHABAT MEWAH DAN MAKMUR (P.T. SMM) was established in Jakarta based on Notarial Deed of Ambrosius Sitompul, SH., No. 4 dated March 12, 1980 with an authorized capital of Rp. 3,000,000,000.- of which Rp. 2,200,000,000.- was issued and paid up. The founding shareholders of the company are Mr. Kusmadi (75%), Mrs. Sri Dewi Mutiara (15%) and Mr. Herry Andrie Janssen (10%). The Deed of establishment was approved by the Minister of Justice of the Republic of Indonesia through its Decision Letter No. C2-4311.HT.01.01.TH.1985. Its articles of association have subsequently been changed for several times. In 2002, P.T. SSM changed its status from the original PMDN to PMA companies are aware of the Deed. 10 dated February 17, 2003, drawn up by the notary Veronica Nataadmadja, SH., notary in Jakarta. The amendment to Deed was approved by the Minister of Justice of the Republic of Indonesia through Decree No. C-03848.HT.01.04.TH.2003 dated February 21, 2003.

In 2008, based on notary Deed No. 06 dated July 2, 2008 drawn up by Mala Mukti, SH., the authorized capital was raised to Rp. 80,000,000,000.- of which Rp. 25,000,000,000.- was issued and paid up. Since then, the shareholders of the company are P.T. AUSTINDO NUSANTARA JAYA AGRI (99.996%) and P.T. AUSTINDO NUSANTARA JAYA Tbk. (0.004%). The amendment to Deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia through its Decree No. AHU-44867.AH.01.02.Tahun 2008 dated July 25, 2008. The most recently by Notary Deed of Kartika, SH., No. 2432 dated March 26, 2018, concerning the change 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.01.03-0127828 dated March 28, 2018.

Pursuant to the company's notary deed, P.T. SMS engaged to operate in oil palm plantation development and palm oil processing industry. The Company's registered office located at Gedung Atrium Mulia Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-B11, Setiabudi, South Jakarta and the company can open branch offices or representative offices at home and abroad.

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P.T. SMM obtained a foreign investment company (PMA) facility issued by Investment Coordinating Board (BKPM) for dealing with oil palm plantation and processing industry with its plant located at Jangkang Village, Kecamatan Jangkang, East Belitung, Bangka Belitung Province. P.T. SMM began to plant the first seed of palm oil in 1990 and the construction of the palm oil factory was completed in 1996. P.T. SMM has a total area of 16,307 hectares, 14,191 hectares of which are cultivated areas and 12,078 hectares of which are areas with oil palm crops that have been produced. The company has an annual production capacity as shown on page 3 of this report. All of the production company was absorbed entirely by its holding company P.T. AUSTINDO NUSANTARA JAYA AGRI. We observed that P.T. SMM is classified as a small sized company of its kind in the country of which the operation has been growing in the last three years.

In overall we find the demand for crude palm oil, palm kernel oil, cooking oil or RBD, palm olein, RBD coconut oil and other estate crops products has kept on rising by about 8% to 10% per annum in the last five years. Meanwhile, the competition is very tight on account of many similar companies operating in the country. Pursuant to Central Bureau of Statistics (BPS), the production of large estate crops such as; dry rubber, palm oil, palm kernel, cocoa, coffee, tea cane sugar and tobacco have been fluctuating in the last five years. The estate crops activities in Indonesia is seen from the growth production of estate crops as below.

Year	(In 000 tons)							
	Palm Oil	Palm Kernel	Dry Rubber	Cocoa	Coffee	Tea	Cane Sugar	Tobacco
2004	8,479.3	1,862.0	403.8	54.9	29.2	125.5	2,051.6	2.7
2005	10,119.0	2,155.9	432.2	55.1	24.8	128.2	2,241.7	4.0
2006	10,961.8	2,363.1	554.6	67.2	28.9	115.4	2,307.0	4.2
2007	11,438.0	2,593.2	578.5	68.6	24.1	116.5	2,623.8	3.1
2008	12,477.8	2,829.2	594.6	62.9	28.1	112.8	2,668.4	2.6
2009	13,872.3	3,145.5	522.3	67.6	28.7	107.3	2,333.9	4.1
2010	14,038.1	3,183.1	541.5	65.1	29.0	100.1	2,288.7	3.4
2011	15,198.0	3,446.0	572.8	67.5	22.2	95.1	2,244.2	2.4
2012	16,817.8	3,363.0	582.8	53.3	29.3	91.7	2,592.6	2.4
2013	17,771.3	3,554.3	581.5	55.5	30.5	94.1	1,185.3	3.1
2014	19,072.8	4,089.4	569.7	30.0	31.0	103.5	1,196.3	2.2
2015	17,070.9	4,246.6	400.9	38.5	40.8	56.6	622.3	3.0
2016 *	12,773.6	3,193.5	358.8	35.0	17.0	36.5	650.5	2.2

Until this time P.T. SMM has not been registered with Indonesian Stock Exchange, so that they shall not oblige 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. SMM'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 2015 amounted to Rp. 113.0 billion increased to Rp. 128.0 billion in 2016 and rose again to Rp. 142.0 billion in 2017. The operation in 2017 yielded a net profit at least Rp. 17.8 billion and the company has a total net worth of Rp. 85.0 billion. It is projected that total sales turnover of the company will increase at least 8% in 2018. So far we did not hear that P.T. SMM 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.

The management of P.T. SMM is led by Mr. Geetha Govindan K. Gopalakrishnan (59) of Malaysia as president director and CEO of the company. He also serves as Director of Palm Oil Operations of PT Austindo Nusantara Jaya Tbk since October 2015. He holds Bachelor of Science from University of Madras, India, obtained a Diploma in Human Resource Management from University of Malaya, Malaysia, and studied Executive Master of Business Administration at Euregio Management School, the Netherlands. In his daily activities, he is assisted by three directors namely Mr. Naga Waskita (44), Mr. Nopri Pitoy (53) and Mr. Sucipto Maridjan (59). The company's management has 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. SMM is appraised to be fairly good for business transaction. However, in view of the 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 68.63
UK Pound	1	INR 90.67
Euro	1	INR 80.17
IDR	1	INR 0.0048

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

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	TPT

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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)