

MIRA INFORM REPORT

Report No. :	534339
Report Date :	17.10.2018

IDENTIFICATION DETAILS

Name :	P.T. KARYA SUMIDEN INDONESIA
Registered Office :	Jalan Industri VI, Kawasan Industri Jatake, Desa Pasir Jaya, Jatiuwung, Tangerang, 15130, Banten Province
Country :	Indonesia
Date of Incorporation :	23.01.1998
Com. Reg. No.:	AHU-AH.01.10-36839
Legal Form :	P.T. (Perseroan Terbatas) or Limited Liability Company
Line of Business :	Rolled Copper Wire Rod Industry
No. of Employees :	136

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 :	Slow but Correct
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 (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 NAME

P.T. KARYA SUMIDEN INDONESIA

ADDRESS

Head Office & Factory

Jalan Industri VI
Kawasan Industri Jatake
Desa Pasir Jaya, Jatiuwung
Tangerang, 15130
Banten Province
Indonesia
Phones - (62-21) 5930 1678 (Hunting)
Fax - (62-21) 5930 1977
Land Area - 35,000 sq. meters
Building Space - 23,000 sq. meters
Region - Industrial Estate
Status - Rent

COMPANY SUMMARY

Date of Incorporation :

23 January 1998

Legal Form :

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

Company Reg. No. :

The Ministry of Law and Human Rights

-No. C2-3993.HT.01.01.TH.98

Dated 22 April 1998

-No. AHU-69645.AH.01.02.TH.2008

Dated 25 September 2008

-No. AHU-AH.01.10-08832

Dated 13 April 2010

-No. AHU-AH.01.10-26362

Dated 18 July 2012

-No. AHU-AH.01.10-36839

Dated 5 September 2013

Company Status :

Foreign Investment (PMA) Company

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Permit by the Government Department :

The Department of Finance

NPWP No. 01.824.613.2-415.000

The President of the Republic of Indonesia

No. B-229/Pres/6/1997

Dated 3 June 1997

The Capital Investment Coordinating Board

-No. 318/I/PMA/1997

Dated 12 June 1997

-No. 57/III/PMA/1998

Dated 19 January 1998

-No. 114/II/PMA/2000

Dated 25 May 2000

-No. 998/III/PMA/2001

Dated 30 July 2001

Related Companies :

- a. P.T. SUMIDEN SERASI WIRE PRODUCTS (Manufacture of Tire Bead Wire, Steel Cords and Fine Wire for Springs)
- b. P.T. SUMIDEN HARDMETAL MANUFACTURING INDONESIA (Design, Manufacture, Repair, and Sales of Cemented Carbide Tools)
- c. P.T. SUMIDEN POWDER METAL INDONESIA (Sales of Sintered Products and Cutting Tools)
- d. P.T. SUMIDEN SINTERED COMPONENTS INDONESIA (Manufacture of Sintered Products)
- e. P.T. SUMI INDO CABLE Tbk (Electric and Telecommunication Cable Manufacturing)
- f. P.T. SUMI INDO WIRING SYSTEMS (Manufacture and Processing of Wiring Harness)
- g. P.T. SUMITOMO ELECTRIC WIRE WINTEC INDONESIA (Manufacture of Magnet Wire)
- h. P.T. TAIYO SINAR RAYA TEKNIK (Design, Construction and Maintenance Work in Commercial, Industrial and Construction Projects)

CAPITAL AND OWNERSHIP

Capital Structure :

Authorized Capital : US\$ 32,109,222.-

Issued Capital : US\$ 32,109,222.-

Paid up Capital : US\$ 32,109,222.-

Shareholders/Owners :

a. SUMITOMO ELECTRIC INDUSTRIES LTD. - US\$ 30,668,300.-

Address : 5-33 Kitahama

4-Chome, Chou-Ku

Osaka, 541

Japan

b. P.T. SUMI INDO KABLE Tbk - US\$ 1,440,922.-

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Address : Jl. Jend. Gatot Subroto Km. 7.8
Desa Pasir Jaya, Kecamatan Jatiuwung
Tangerang, Banten Province
Indonesia

BUSINESS ACTIVITIES

Lines of Business :

Rolled Copper Wire Rod Industry

Production Capacity :

Copper Wire Rods - 230,400 tons p.a

Total Investment :

a. Equity Capital	- US\$ 32.1 million
b. <u>Loan Capital</u>	- <u>US\$ 20.2 million</u>
c. Total Investment	- US\$ 52.3 million

Started Operation :

1998

Brand Name :

Karya Sumiden Indonesia

Technical Assistance :

Sumitomo Electric Industries Ltd., Japan

Number of Employee :

136 persons

Marketing Area :

Export - 70%
Local - 30%

Main Customer :

Buyers in Malaysia, China, Thailand, Japan

Market Situation :

Very Competitive

Main Competitors :

None

Business Trend :

Growing

BANKER, AUDITOR & LITIGATION

Bankers :

- a. The Bank of TOKYO-MITSUBISHI UFJ Ltd.
Midplaza Prima
Jalan Jend. Sudirman Kav. 10-11
Jakarta 10220
Indonesia
- b. P.T. Bank SUMITOMO MITSUI INDONESIA
Jala Jend. Sudirman Kav. 61-62
Jakarta 12190
Indonesia
- c. P.T. Bank MIZUHO INDONESIA
Plaza BII Menara II
Jalan M.H. Thamrin Kav. 51
Jakarta Pusat
- d. P.T. Bank CENTRAL ASIA Tbk
Menara BCA Grand Indonesia
Jalan M.H. Thamrin No. 1
Jakarta Pusat
Indonesia

Auditor :

Purwanto, Suherman & Surja (Ernst & Young)

Litigation :

No litigation record in our database

FINANCIAL FIGURE

Annual Sales (as per March) estimated:

2015 – US\$ 1,388.6 million
2016 – US\$ 1,458.0 million
2017 – US\$ 1,530.9 million
2018 – US\$ 1,607.4 million

Net Profit (estimated):

2015 – US\$ 27.8 million
2016 – US\$ 29.2 million
2017 – US\$ 30.6 million
2018 – US\$ 32.0 million

Payment Manner :

Slow but correct

Financial Comments :

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Fairly strong

KEY EXECUTIVES

Board of Management :

President Director - Mr. Kiyotaka Utsunomiya
Vice President Director - Mr. Raya Pontus Samosir
Directors - a. Mr. Akihiro Nomura
b. Mr. Palgunadi Budiono
c. Mr. Tadanori Sano

Board of Commissioners :

President Commissioner - Mr. Yoshihiro Matsushita
Commissioners - a. Mr. Sulim Herman Limbono
b. Mr. Yasuo Yamamoto

Signatories :

President Director (Mr. Kiyotaka Utsunomiya) or Vice President Director (Mr. Raya Pontus Samosir) or one of the Directors (Mr. Akihiro Nomura, Mr. Palgunadi Budiono, or Mr. Tadanori Sano) which must be approved by Board of Commissioner.

CAPABILITIES

Management Capability :

Good

Business Morality :

Good

OVERALL PERFORMANCE

P.T. KARYA SUMIDEN INDONESIA (P.T. KSI) was established in January 1998 in Jakarta with an authorized capital of US\$ 14,409,222 wholly issued and paid-up. Founders and shareholders are SUMITOMO ELECTRIC INDUSTRIES, LTD., of Japan as the foreign participant and P.T. SUMI INDO KABEL Tbk (Ex P.T. IKI INDAH KABEL INDONESIA Tbk.), as the local counterpart. Its articles of association had been changed and in January 2000 the authorized capital was raised to US\$ 29,409,222 wholly issued and paid up. Then in August 2008 the company authorized capital was increased to US\$ 32,109,222 wholly issued and paid up. With this development the composition of its shareholders has been changed to become SUMITOMO ELECTRIC INDUSTRIES LTD., (95.51%) and P.T. SUMI INDO KABEL Tbk (4.49%). Then according to the revision of notary documents of Mr. Ashoya Ratam, SH., no. 01 dated 2 May 2018 the shareholders approved changes the board of director and

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commissioner of the Company. The amendment was approved by the Ministry of Law and Human Rights in its decision letter No. AHU-AH.01.03-0187077 dated May 9, 2018.

P.T. KSI acquired a Foreign Investment (PMA) license issued by Capital Investment Coordinating Board (BKPM) for dealing with manufacturing rolled copper wire rod by taking over the P.T. SUMI INDO KABEL Tbk's rolled copper wire rod unit in January 1998.

The above unit is standing on 40,000 sq. meters land with right of building located in Desa Pasir Jaya, Jatiuwung Sub-district, Tangerang (West Java), including tangible and intangible assets such as factory buildings, machinery, spare parts and other equipments. The plant has a capacity to produce 50,400 tons of rolled copper wire rods per annum. The factory development absorbed an investment of US\$ 20.6 million originated from own capital of US\$ 14.4 million while the rest from loan. The basic materials including pure copper rod, aluminum alloy rod are partly imported through SUMITOMO ELECTRIC INDUSTRIES, LTD., of Japan and partly obtained from P.T. SMELTING & COPPER. Mrs. Tintje Marketing Executive disclosed that all products are directly supplied to P.T. SUMI INDO KABEL Tbk, P.T. EWINDO, P.T. VOKSEL ELECTRIC, P.T. KMI WIRE & CABLE Tbk, P.T. AUTOCOMP SYSTEMS INDONESIA, P.T. PRYSMIAN CABLE INDONESIA, P.T. JJ LAPP CABLE SMI and others. In May 2000 P.T. KSI acquired an expansion permit to increase production capacity of copper wire rods to 180,000 tons with an investment of US\$ 29.0 million coming from company's capital of US\$ 15.0 million and the remainder from loan. The whole products of this expansion plant is exported to Asian countries through SUMITOMO ELECTRIC INDUSTRIES of Japan the largest electric wire producer in Japan having controlled marketing network in Asian countries. The expansion is made due to a rapid rising demand from automotive and electronic industries. We observe the operation of P.T. KSI has been growing and developing well in the last three years.

Generally, the demand for rolled copper wire rod has been growing in the last five years in the country. As the company engages in rolled copper wire rod products, the Company's business relies on the national economic growth. Parallel to the increase of electronic and electrical products and electricity power development, the Company believes that it has a good prospect in the future. It will give impact to the sale increase of the Company's products. However, this should be supported by the government policy in economy directing to economic progress. Indonesia's economy has performed higher than the average of Southeast Asian economy. The strong domestic consumption is the fundamental factor in the economy.

We expect GDP (Gross Domestic Product) is continuing to increase steadily. Although some political turbulence may lie ahead due to the 2019 elections, Indonesia's long term economic potential is highly promising as the working-age population is projected to increase sharply up to 2020, which we expect will be accompanied by improvements in skill, attitude and education to create a productive and prosperous society.

Table of Indonesian Economic Indicators from 2014 to 2017

Indonesian Indicators	Economic Units	2014	2015	2016	2017
Gross Domestic Product (PDB)	Trillion Rupiah	8,565	8,983	9,433	4,850
GDP Nominal	Trillion Rupiah	10,570	11,532	12,407	6,592
GDP Nominal per Capita	Thousand Rupiah	41,916	45,141	47,957	25,172
Population	Thousand	252,165	255,462	258,705	261,891
Number of Households	Thousand	64,767	65,582	66,385	67,173
Primary Energy Supply	Thousand	1,241,900	1,243,912	1,249,602	576,497

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Primary Energy Supply per Capita	BOE BOE/Capita	4,92	4,87	4,83	2,20
Final Energy Consumption	Thousand BOE	860,131	833,326	751,273	387,554
Final Energy Consumption per Capita	BOE BOE/Capita	3,41	3,26	2,90	1,48

Until this time P.T. KSI has not been registered with Indonesian Stock Exchange, so that they had not obliged to announce their financial statement. The management of P.T. KDI 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 US\$ 1,388.6 million increased to US\$ 1,458.0 million in 2016 rose to US\$ 1,530.9 million in 2017 to US\$ 1,607.4 million in 2018 and projected to go on rising by at least 5% in 2019.

The operation in 2018 yielded an estimated net profit of at least US\$ 32.0 million and the company has an estimated total networth of at least US\$ 45.0 million. We observe that P.T. KSI is supported by foreign partner with has financially strong and sound behind it. 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. KSI is led by Mr. Kiyotaka Utsunomiya (57) a professional manager of Japan with experience in rolled copper wire manufacturing and trading. 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. We are convinced P.T. KARYA SUMIDEN INDONESIA is sufficiently fairly good for business transaction.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.90
UK Pound	1	INR 97.33
Euro	1	INR 85.58
IDR	1	INR 0.0048

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

INFORMATION DETAILS

Analysis Done by :	NIS
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)