

## MIRA INFORM REPORT

Report No. :	536253
Report Date :	31.10.2018

### IDENTIFICATION DETAILS

Name :	C.V. VERRA COSMETICS
Registered Office :	Jalan K.H. Moch Mansyur No. 15-E/3 Jakarta 10140
Country :	Indonesia
Date of Incorporation :	1980
Legal Form :	Partnership with sleeping partner
Line of Business :	<ul style="list-style-type: none"> <li>Flavor and Cosmetic Manufacturing</li> <li>Trading, Import and Distribution of Food Coloring, Flavors, Pasta and Cosmetic Products</li> </ul>
No. of Employees :	95 persons

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> 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](mailto:infodept@mirainform.com) while quoting report number, name and date.

### ECGC Country Risk Classification List

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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

## **BASIC SEARCH**

**Correct Name of Company :**  
**C.V. VERRA COSMETICS**

**Address :**

**Head Office**

Jalan K.H. Moch Mansyur No. 15-E/3  
Jakarta 10140  
Indonesia

Phone - (62-21) 633 2761, 633 1975, (62-815) 862 16789  
Fax - (62-21) 631 6706  
Email - [verrajkt@gmail.com](mailto:verrajkt@gmail.com)  
Building Area - 2 storey  
Office Space - 130 sq. meters  
Region - Commercial  
Status - Owned

**Factory and Warehouse**

Jalan Imam Bonjol Km. 3.5 No.8  
Tangerang 15115, Banten  
Indonesia

Phone - (62-21) 5520 435  
Fax - (62-21) 5530 723  
Land Area - 2,500 sq. meters  
Building Area - 1,800 sq. meters  
Region - Commercial  
Status - Owned

**Branch**

Jalan Mayjen Sungkono,  
Komplek Wonokitri Indah Blok S/40  
Gunungsari, Dukuh Pakis,  
Surabaya 60224, East Java  
Indonesia

Phone - (62-31) 566 3228  
Fax - (62-31) 566 3229  
Building Area - 250 sq. meters  
Office Space - 120 sq. meters  
Region - Commercial  
Status - Owned

**Date of Incorporation :**  
1980

**Legal Form :**

C.V. (Commanditaire Vennootschap) or partnership with sleeping partner

**Company Reg. No. :**  
Not Required

**Company Status :**  
National Private Company

**Permit by the Government Department :**  
**The Department of Industry and Trade**  
No. 530/053-IP/Perindagkopar/06  
Dated 26 April 2006

**Related/Affiliated Company :**  
Not available

## ***CAPITAL AND OWNERSHIP***

**Capital Structure :**  
Authorized Capital - Rp. 2.5 billion

**Owners :**  
a. Mrs. Lie Tham Tjhun (Active Partner)  
b. Mr. Ho Sai Patt (Silent Partner)

## ***BUSINESS ACTIVITIES***

**Lines of Business :**  
a. Flavor and Cosmetic Manufacturing  
b. Trading, Import and Distribution of Food Coloring, Flavors, Pasta and Cosmetic Products

**Production Capacity :**  
a. Flavor (Essence) - 200,000 kilograms p.a.  
b. Cosmetic (Shampoo and Skin Care) - 300,000 liters p.a.

**Total Investment :**  
Owned Capital - Rp. 2.5 billion

**Started Operation :**  
1980

**Brand Name :**  
VERRA, BUTTERFIELD and RED BELL

**Technical Assistance :**  
Omega Specialty Ingredients Pte Ltd., of Singapore

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**Number of Employee :**

95 persons

**Marketing Area :**

Local - 100%

**Main Customers :**

- a. Beauty Salons
- b. Distributors and Food Trader and Shops
- b. Food and Beverages Industries
- c. Pharmaceutical Industries
- d. Etc.

**Market Situation :**

Very Competitive

**Main Competitors :**

- a. P.T. ESSENCE INDONESIA
- b. P.T. FIRMENICH INDONESIA
- c. P.T. INDESCO AROMA
- d. P.T. GIVAUDAN INDONESIA
- e. P.T. HARUMSARI SURYAAMPUH
- f. P.T. JEERINDO SARI UTAMA
- g. P.T. MANE INDONESIA
- h. Etc.

**Business Trend :**

Growing

## ***BANKER, AUDITOR & LITIGATION***

**Banker :**

- a. P.T. Bank CENTRAL ASIA Tbk  
KCD Jembatan Lima  
Jl. K.H. Moch. Mansyur No.15/F-1  
Jakarta 10140  
Indonesia
- b. P.T. Bank MANDIRI Tbk  
Jl. K.H. Moch. Mansyur No.222  
Jakarta 11210  
Indonesia

**Auditor :**

Internal Auditor

**Litigation :**

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No litigation record in our database

## **FINANCIAL FIGURE**

### **Annual Sales (estimated) :**

2014 – Rp. 40.0 billion  
2015 – Rp. 46.0 billion  
2016 – Rp. 58.0 billion  
2017 – Rp. 65.0 billion  
2018 – Rp. 36.7 billion (January – June)

### **Net Profit (estimated) :**

2014 – Rp. 2.6 billion  
2015 – Rp. 3.0 billion  
2016 – Rp. 3.8 billion  
2017 – Rp. 4.3 billion  
2018 – Rp. 2.4 billion (January – June)

### **Payment Manner :**

Average

### **Financial Comments :**

Fairly

## **KEY EXECUTIVES**

### **Board of Management :**

Director- Mrs. Lie Tham Tjhun

### **Board of Commissioners :**

None

### **Signatories :**

Director (Mrs. Lie Tham Tjhun) is only the authorized person to sign the loan on behalf of the company

## **CAPABILITIES**

### **Management Capability :**

Good

### **Business Morality :**

Good

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## **OVERALL PERFORMANCE**

C.V. VERRA COSMETICS (C.V. VC) was established in the 1980's in Jakarta with the legal status of C.V. (Commanditaire Vennootschap) or Partnership with Sleeping Partner. The founding owners of the company are Mrs. Lie Tham Tjhun as active partner and his husband Mr. Ho Sai Patt as silent partner, both of are Indonesian business family of Chinese extraction. As in common in cases of companies with C.V. status, there is no mention in the company's notary act of its capital structure. But going by the company's conditions, we estimate its capital at some Rp. 2.5 billion and it will be rising in line with the progress of its business operation.

C.V. VC has been in operating since 1980's to distribute food color, flavors, pasta and cosmetic to the Indonesian market. It has thus grown rapidly and today C.V. VC is one of the leading suppliers of food colorings and flavorings in the food & beverages, pharmaceuticals and cosmetic industry. Previously the company carrying out business in trading of food colors under Butterfield brand which imported from the United Kingdom. But in 2000, C.V. VC made diversification business to manufacturing industry of flavors (essence) and pasta under Red Bell brand with various tastes. The plant is located at Jalan Imam Bonjol Km. 3.5 No. 8, Karawaci, Tangerang, Banten Province standing on a land of 2,500 sq. meters.

The company has a production capacity of flavors (essence) 200 tons and cosmetics (shampoo and skin care) of 300,000 liters per annum. The whole cosmetics products produce by using VERRA brand (shampoo, skin care and hair conditioner). The whole cosmetic products marketed locally through beauty salons services in the country. He also added that that they sold its products (food coloring, flavors and pasta) to many food and beverages companies among others P.T. MARIZARASA SARIMURNI, P.T. PANDURASA KHARISMA, P.T. WELCO, P.T. YUMMY FOOD UTAMA and also supplied through trader and food shop and food (bakery) processing in the country. We observed that C.V. VC is classified as a medium sized company of its kind in the country of which the operation has been growing in the last five years.

Generally, the demand for food coloring, flavors, pasta and cosmetic products had significantly rising by 6% to 8% per year in the last five years, in line with the growth of food and beverage industries, snack food industries including instant noodle, biscuit, confectioneries, cosmetic industries, etc. The solid and steady domestic economy, Indonesia with the rising of Country Rating to Investment Grade, and also supported by Indonesia's economic indicators such as inflation, exchange rates and interest rates are expected to encourage the business sectors.

Macroeconomic indicators from China showed downward trend. In contrary, macroeconomic indicators of the US and India showed improvement. Both of these indicated continued uncertainties. The global economic crisis that accompanied the decline of the Indonesian Rupiah (IDR) against the US Dollar in the past two months, resulting in Indonesian people's purchasing power declined sharply. The value of the Rupiah from Rp. 11,800.- per US dollar at the end of 2014, has now slumped to Rp. 15.120 per US Dollar.

Table of Indonesian Economic Indicators from 2013 to 2017

<b>Indonesian Economic Indicators</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Gross Domestic Product (PDB)	5.6	5.0	4.8	5.0	5.1
Consumer Price Index (inflation)	8.4	8.4	3.4	3.0	3.6

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Government Debt	28.7	24.7	27.0	27.9	28.5
Exchange Rate (IDR/USD)	11,563	11,800	13,400	13,309	13,381
Current Account Balance	-3.3	-3.1	-2.1	-1.8	-1.7
Population (in millions)	251	254	258	261	264
Poverty (percentage of population)	11.5	11.0	11.2	10.7	10.1
Unemployment (percentage of workforce)	6.3	5.9	6.2	5.6	5.5
Reserves (in billion USD)	99.4	111.9	105.9	116.4	130.2

Source: <https://www.indonesia-investments.com/id/keuangan/angka-ekonomi-makro>

Until this time C.V. VC 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. C.V. VC'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. 46.0 billion increased to Rp. 58.0 billion in 2016 and rose again to Rp. 65.0 billion in 2017. The operation in 2017 yielded a net profit at least Rp. 4.3 billion and the company has a total net worth of Rp. 27.0 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 C.V. VC 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 C.V. VC is led by Mrs. Lie Tham Tjhun (68) a businesswoman who has experienced more than 23 years in the trade and distribution of food coloring, flavor (essence), pasta and cosmetic products. The management is also handled by a number of professional managers in this business, having maintained a wide business relation with private businessmen at home and abroad as well as with government authorities. We observed that management's reputation in said business is sufficiently fairly good. The company's litigation record is clean and it has not registered with the black list of Bank of Indonesia.

C.V. VERRA COSMETICS is appraised to be good for business transaction. However, in view of the economic condition in the country is still unstable and political situation in the country is warming, we recommend to treat prudently in extending any new loan to the company.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.57
UK Pound	1	INR 94.18
Euro	1	INR 83.71
IDR	1	INR 0.0049

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

**INFORMATION DETAILS**

Analysis Done by :	NIS
Report Prepared by :	SDA

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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)