

MIRA INFORM REPORT

Report No. :	530314
Report Date :	19.09.2018

IDENTIFICATION DETAILS

Name :	PT. MULIAKERAMIK INDAHRAYA
Formerly Known As :	PT. MULIAKERAMIK INDAHRAYA TBK
Registered Office :	Wisma Mulia Lantai 53, Jl. Gatot Subroto No. 42, Kelurahan Kuningan Barat, Kecamatan Mampang Prapatan, Kota Jakarta Selatan 12710, DKI Jakarta
Country :	Indonesia
Date of Incorporation :	19.04.1990
Legal Form :	Private Limited Liability Company or Perseroan Terbatas (PT)
Line of Business :	<ul style="list-style-type: none"> • Manufacture of other non-metallic mineral products • Manufacture of other porcelain and ceramic products • Manufacture of ceramic household and ornamental articles • Manufacture of ceramic sanitary fixtures • Manufacture of ceramic insulators and insulating fittings
No. of Employees :	1500 [2018]

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

B

Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
Payment Behaviour :	No Complaints
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.

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

COMPANY IDENTIFICATION

Company Name	PT. Muliakeramik Indahraya (Previous Name : PT. Muliakeramik Indahraya Tbk)
Address	Wisma Mulia Lantai 53, Jl. Gatot Subroto No. 42 Kelurahan Kuningan Barat, Kecamatan Mampang Prapatan Kota Jakarta Selatan 12710 DKI Jakarta - Indonesia
Telephone	+62215200959, +62218935728, +62218935708
Fax	+62215200763, +62218935729
Mobile Phone	N.A.
Email	cs@muliaceramics.com
Web	www.muliaceramics.com

PROFILE

Address	Wisma Mulia Lantai 53, Jl. Gatot Subroto No. 42 Kelurahan Kuningan Barat, Kecamatan Mampang Prapatan Kota Jakarta Selatan 12710 DKI Jakarta - Indonesia
Office Building	a. Area - Commercial b. Status - Leased
Date Of Establishment	- 19 April 1990 as PT. Mulia Menara Persada - 22 October 1990 as PT. Mulia Ceramic - 21 January 1991 as PT. Muliakeramik Indahraya - 02 August 1997 as PT. Muliakeramik Indahraya Tbk - 05 May 2012 as PT. Muliakeramik Indahraya
Start Operation	June 1992
Legal Status	Private Limited Liability Company or Perseroan Terbatas (PT)
Legalization (historical)	No. C2-394.HT.01.01.TH.91 Dated, 05 February 1991 No. C2-10.958.HT.01.04.TH.97 Dated, 21 October 1997 No. AHU-22397.AH.01.02.TH.2010 Dated, 30 April 2010 No. AHU-AH.01.10-28293 Dated, 06 September 2011 No. AHU-AH.01.03-0063582 Dated, 01 July 2016 No. AHU-AH.01.03-0119492

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Government Permit (s)	Dated, 22 March 2018 Kementerian Perdagangan SIUP - 1165/24.1PB.7/31.74/-1.824.27/e/2017 Badan Koordinasi Penanaman Modal (BKPM) PMDN - 270/I/PMDN/1991 Dated, 08 April 1991 PMDN - 117/II/PMDN/1994 Dated, 03 May 1994
Significant change	Direktorat Jenderal Pajak NPWP - 01.356.469.5-092.000 Originally named as PT. Mulia Menara Persada, the Company was established on April 19, 1990, with the authorized capital of IDR 100 million, of which IDR 20 million was issued and paid up by Mr. Eka Tjandranegara alias Tjan Kok Koei and his younger brothers Mr. Joko Soegiato Tjandra alias Tjan Kok Hui and Mr. Gunawan Tjandra alias Tjan Kok Kwang. They are all Chinese-Indonesian businessmen. On October 22, 1990, the name of the Company was changed to become PT. Mulia Ceramic. In 1991, it was again renamed to become PT. Muliakeramik Indahraya. On the same occasion, the authorized capital of the Company was increased to IDR 1,500,000 million, of which IDR 400,000 million was issued and paid up by PT. Mulia Industrindo Tbk (99.900%) and PT. Muliaglass (0.100%). On August 2, 1997, PT. MI sold bonds to the public through the Surabaya Stock Exchange (currently Indonesia Stock Exchange) worth IDR 100.0 billion and valid within 7 years. Since then, its name changed to PT. Muliakeramik Indahraya Tbk. In 2006, however, the Company took full buyback toward the bonds. As result, the Company became a completely private company, and had no obligation to publish its financial report to the public. In 2010, the Company's statute was changing, yet the change did not affect the Company's capitalization and shareholder structure. On August 12, 2011, the Company published a notarial act, yet it did not affect the Company's capitalization and shareholder structure. On May 5, 2012, the Company was de-listing, and its name changed back to PT. Muliakeramik Indahraya (the Company). Yet, its capitalization and shareholder structure remained unchanged. On July 1, 2016, the Company published a notarial act, yet it did not affect the Company's capitalization and shareholder structure. On March 19, 2018, the Company published notarial act without changing its capitalization structure. Yet, shareholders of the Company changed, to become PT. Eka Gunatama Mandiri (99.900%) and PT. Muliaglass (0.100%).

Capitalization	As far as we know, there has been no more change in the Company's notarial act as published by the Ministry of Justice
- Authorized Capital	IDR 1,500,000,000,000
- Issued Capital	IDR 400,000,000,000
- Paid Up Capital	IDR 400,000,000,000

SHAREHOLDERS & MANAGEMENT

Shareholders	Total No. of Shareholders: 2 Shareholders as 22 March 2018 Total Shareholding private - 800,000,000 shares
Name of Shareholders	- PT. Muliaglass (800,000 shares) - 0.100% - PT. Eka Gunatama Mandiri (799,200,000 shares) - 99.900%
Management Board	
Name	Mr. Eka Tjandranegara
Position	President Director
Nationality	Indonesian
Name	Mr. Henry Bun
Position	Director
Nationality	Indonesian
Name	Mr. Johan Dharmawan Angundjaja
Position	Director
Nationality	Indonesian
Name	Mr. Handaya
Position	Director
Nationality	Indonesian
Supervisory Board	
Name	Mr. Tony Surjanto
Position	President Commissioner
Nationality	Indonesian
Name	Mr. Tjahja Sathiadi
Position	Commissioner
Nationality	Indonesian
Name	Ms. Joanne Soegiarto Tjandranegara
Position	Commissioner
Nationality	Indonesian
Management Assessment	The management is deemed to have sufficient experience and industry expertise to manage subject properly.
Authorized Signatories	Mr. Eka Tjandranegara as President Director, Mr. Handaya, Mr. Henry Bun and Mr. Johan Dharmawan Angundjaja as Directors of the Company which must be approved by shareholders meeting.
Affiliate (s) / Associate (s)	- Mulia Group

- (Unlimited company)
- PT. Eka Gunatama Mandiri
(Activities of holding companies)
 - Gains Reaten Holdings Limited of Virgin Islands
(Activities of holding companies)
 - PT. Mulia International
(Activities of holding companies)
 - PT. Mulia Sentra Usaha
(Activities of holding companies)
 - PT. Muliaglass
(Manufacture and processing of other glass, including technical glassware)
 - PT. Mulia Graha Tatalestari
(Hotels and similar accommodation)
 - Mulia Inc. of USA
(Wholesale of construction materials)
 - PT. Mulia Industrindo Tbk
(Manufacture and processing of other glass, including technical glassware; Activities of holding companies)

KEY DATA ON OPERATIONS

Registered Activities	SIC Code 23	: Manufacture of other non-metallic mineral products
Employee	Per 31 December 2016	3419
	Per 31 December 2017	1500
	Per September 2018	1500
Bussiness Category	SIC Code 23.4	: Manufacture of other porcelain and ceramic products
Line of Business	SIC Code 23.41	: Manufacture of ceramic household and ornamental articles
	SIC Code 23.42	: Manufacture of ceramic sanitary fixtures
	SIC Code 23.43	: Manufacture of ceramic insulators and insulating fittings
Product & Capacity		- Ceramic Floor Tiles - 80,000,000 meter square p.a. - Sanitary Wares - 300,000 units p.a. - Ceramic Wall Tiles - 8,300 meter square p.a.
Status of Investment		Non-facilities based Company

PT. MULIAKERAMIK INDAHRAYA - 530314

PAGE NO. : 8

Sales Territory	Local	65%
	International	35%
Main Items Imported And Country Origin	<ul style="list-style-type: none"> - Supported Materials - Malaysia - Supported Materials - Spain 	
Main Items Exported And Country Destination	<ul style="list-style-type: none"> - Ceramic - Singapore - Ceramic - Canada - Ceramic - USA 	
Major Customers	<ul style="list-style-type: none"> - Concord Building Material Pte. Ltd., of Singapore - Mulia Inc., of USA - PT. Tebaran Mutiara Hitam - PT. Dayaagung Makmurraya - PT. Graha Mulia Ekajaya - Ventura Vancouver of Canada - Wells Fargo Business Credit Inc. of USA 	
Major Suppliers	<ul style="list-style-type: none"> - PT. Mulia Industrindo Tbk - PT. Perusahaan Gas Negara (Persero) Tbk - PT. Adimitra Prima Lestari - Principal from Spain - Principal from Malaysia 	
Terms of Payment	Purchase Payment Domestic : Telegraphic Transfer (T.T) with credit term 30-60 days Overseas : Letter of Credit (L/C) or Telegraphic Transfer (T.T) based on contract agreement Sale Term Domestic : Telegraphic Transfer (T.T) with credit term 30-60 days Overseas : Letter of Credit (L/C) or Telegraphic Transfer (T.T) based on contract agreement	
Activity Comment	<p>PT. Muliakeramik Indahraya (the Company) is a non-facilities based company engaged in the ceramics industry. The Company started operation in June 1992. The Company's head office is located in a commercial area, precisely at the address: Wisma Mulia Lantai 53, Jl. Gatot Subroto No. 42, Kelurahan Kuningan Barat, Kecamatan Mampang Prapatan, Kota Jakarta Selatan 12710, DKI Jakarta - Indonesia.</p> <p>This location is also functioned as offices of several other members of the group, and we believe that the location is leased by the Company for a long period.</p> <p>The Company's head office is supported by factory and showroom, which are located at the address: Mulia Industrial Estate, Jl. Raya Tegal Gede, Kelurahan Telaga Asih, Kecamatan</p>	

Cikarang Barat, Bekasi 17530, Jawa Barat, Indonesia.

As we learn, the facilities occupy a total area of 500 hectares inside the integrated industrial park belonging to Mulia Group. They consist of 8 production facilities (4 floor-tiled plants, 2 wall-tiled plants, 1 third-firing plant, and 1 trim plant).

Moreover, the Company also owns another showroom located at the address: Toko Gunung Mandiri, Jl. Merdeka No. 116A - 116B, Kecamatan Karawaci, Tangerang 15113, Banten, Indonesia.

As information, the address written on the order sheet (Atrium Mulia 8th Floor, Jl. H. R. Rasuna Said Kav. B 10-11, Jakarta Selatan 12910, DKI Jakarta, Indonesia) is the address of the Company's affiliate, namely PT. Mulia International.

The Company is a member of Mulia Group, which was founded in 1970 by Mr. Tjandra Kusuma. Currently, the core business of the group is in property business and in the manufacture of ceramics and glass. Based on the collected data, the Group currently has a total of 41 subsidiaries in Indonesia and abroad.

Based on our investigation, the Company produces floor tile and wall tile products, which are labeled with brand names: Mulia, Accura, Crystal, Maxima, Prisma, Legend, Magna, Ceramica Europa, and Signature.

Each of the brands has 5 variants, including floor tiles, wall tiles, accessories, trims, and combination. Specifically, their floor tile products are divided into several types, such as anti-slip, marble, plain, rustic and granite. Meanwhile, their wall tile products are divided into marble, plain and rustic; and the accessories are divided into Bordo, Incerto, and Liestello.

For the production process, the Company uses local raw materials, such as kaolin, clay, feldspar, and quartz sand. The Company also uses imported materials, such as glaze which is imported from Malaysia and Spain. Some of the Company's suppliers are PT. Mulia Industrindo Tbk, PT. Perusahaan Gas Negara (Persero) Tbk, PT. Adimitra Prima Lestari, etc.

Based on the permit issued by the Coordination Board of Investment, the Company has planted IDR 251,890 million of investment for producing ceramic floor tiles (80,000,000 meter squares p.a.), sanitary wares (300,000 units p.a.) and ceramic wall tiles (8,300-meter squares p.a.).

Based on our investigation, 65% of the Company's products are absorbed by the local market through distributors and retailers in Indonesia, such as PT. Tebaran Mutiara Hitam, PT. Dayaagung Makmurraya, PT. Graha Mulia Ekajaya, PT. Pratama Artha Kharisma, PT. Kusuma Agung Mulia, PD. Sumber Cipta Agung, PT. Rayagraha Intibuana, PT. Mitracaraka Grahaperkasa, and PT. Catur Bangun Sentosa.

Meanwhile, the other 35% are exported to the USA, Asian countries, Australia, African countries and European countries. Some of the Company's customers are Concord Building Material Pte. Ltd of Singapore, Mulia Inc., of USA, Ventura Vancouver of

Canada, Raziki Pvt. Ltd., of Pakistan, and Wells Fargo Business Credit Inc. of USA.

Based on the collected information, on March 16, 2017, the Company exported 1,120 boxes of ceramic tiles to Mulia Inc. of USA and export again with the same quantity on May 31, 2017.

In addition, in midyear 2017, the Company became a market leader for ceramic tiles product with the market share of 19.1%. Some of its competitors which ranked second up to eighth are Roman (18.3%), KIA (14.8%), Asia Tile (10.7%), Milan (9.7%), Essenza (5.7%), Platinum (5.6%), and Arwana (5.5%). Based on this, it appears that the market competition for the Company products is quite strict.

As additional information, in the past, the Company had USD 2.41-million contract of building materials trading with Oman businessman. The contract was mediated by the Ministry of Trade. As we learn, Oman is developing many mega projects valued at USD 164.7 billion. The projects include road projects, office buildings, hospitals, airport, and the dry port.

Amid the very intense market competition, the Company is still able to secure its sales volume. Yet, in 2016 its sales volume decreased slightly by 0.6% to 77.9 million square meters, and their business margin also decreased, due to tight competition in the market. The proportion of sales volume for the domestic and export market is still around 97% and 3% respectively.

Meanwhile, based on the financial statement of PT. Mulia Industrindo Tbk per December 31, 2017, the Company recorded a 9% increase in sales volume to 84.9 million square meters in 2017, if compared to sales volume booked in 2016. The proportion of sales volume for domestic and export market is still 97% and 3%.

Effective per October 23, 2017, PT. Mulia Industrindo Tbk already sold its shares in the Company to the affiliated party, PT. Eka Gunatama Mandiri, with a total value of IDR 425 billion. The total shares sold by PT. Mulia Industrindo Tbk are 799,200,000 shares, or 99.99% of the issued and paid up capital of the Company. This corporate action is taken to support the plan of PT. Mulia Industrindo Tbk for improving its position and financial performance as a public company.

Per December 31, 2017, PT. Mulia Industrindo Tbk had account payables of IDR 355,880,355,000 to the Company. PT. Mulia Industrindo Tbk's account payable to the Company amounted to IDR 341,537,350,000 per March 31, 2018, and IDR 279,210,744,000 per June 30, 2018.

Based on our investigation, the operational performance of the Company in QI until QIII/2018 is still quite stable. Yet, the Company is exposed to the risk of foreign currency difference. It is because the income in the US dollar is lower than their production cost in US dollar denomination. So far, nevertheless, the Company can manage the risk well.

	<p>In terms of quality, the Company was awarded ISO 9002 Certification in December 1995 and ISO 9001:2000 Certification in July 2001 from Quality Management Systems. We also learn that the Company has applied for ERP Program by SAP since January 2006. Meanwhile, in October 2007, the Company was awarded PRIMANIARTA 2007 from the President of the Republic of Indonesia for the category of 'Exporter Global Brand'. In 2018, the Company is supported by 1,500 employees or decreasing from 3,419 employees in the past due to decreasing performance of the Company in 2016.</p>
Litigation	<p>At the time this report is written, this Company has not been involved in any criminal or civil cases. This statement is based on search results for cases conducted at the State Court in the area where the Company was established and operates today.</p>
Sources	<p>Mr. Fugi Mulia (Sales Manager of the Company, contacted on September 18, 2018)</p>
Showroom Address	<p>Toko Gunung Mandiri, Jl. Merdeka No.116A - 116B Kelurahan Gerendeng, Kecamatan Karawaci Kota Tangerang 15113 Banten - Indonesia Phone : +62215522334 Fax : N.A. Email : N.A.-</p>
Factory and Showroom Address	<p>Mulia Industrial Estate, Jl. Raya Tegal Gede Kelurahan Telaga Asih, Kecamatan Cikarang Barat Kab. Bekasi 17530 Jawa Barat - Indonesia Phone : +62218935708 Fax : +62218935729 Email : N.A.-</p>

BANKING INFORMATION

Banker (s)	<ul style="list-style-type: none">- PT. Bank Negara Indonesia (Persero) Tbk- STANDARD CHARTERED BANK, INDONESIA BRANCH- PT. Bank Central Asia Tbk- ABN AMRO Bank- PT. Bank OCBC NISP Tbk
Insurance	<ul style="list-style-type: none">- Badan Penyelenggara Jaminan Sosial (BPJS)

BUSINESS PROSPECTS

Business Prospects	<p>Indonesian Ceramic Association or Asosiasi Keramik Indonesia (ASAKI) stated that the import of ceramics in Indonesia in 2017</p>
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was above 27% per year, and the import of ceramics in Indonesia is dominated by China. The year 2018 is a warning for the Indonesian ceramics industry because the cost of importing Chinese ceramics is subject to 20% by 2017.

Meanwhile, China-ASEAN free trade agreement (CAFTA), the import duty on ceramic products will drop to 5% in 2018. Therefore, 2018 will be a tough year for local ceramics producers. However, ASAKI added, estimated until 2025, the number of home needs in Indonesia reached 30 million units, so the demand for various ceramic products will also increase. The prediction of ceramic market growth this year is about 15%.

Currently, national per capita ceramic consumption is about 1.4 m², while Southeast Asian countries have reached more than 3 m². To that end, the government has issued a policy on increasing use of domestic products.

Based on the data shown above, we believe that the prospect of the ceramic industry sector is still promising, although it can not be denied that many factors still hamper the industry. One of the factors is the decline in import tariffs of ceramic products, which could lead to unhealthy competition in the country against the imported products.

FINANCIAL STATEMENT

Sales Turn Over	<ul style="list-style-type: none"> - 31 December 2014 - IDR 5,291,402,000,000 (Financial Statement of PT. Mulia Industrindo Tbk) - 31 December 2015 - IDR 4,961,577,000,000 (Financial Statement of PT. Mulia Industrindo Tbk) - 31 December 2016 - IDR 4,764,753,000,000 (Financial Statement of PT. Mulia Industrindo Tbk) - 31 December 2017 - IDR 4,790,240,000,000 (Financial Statement of PT. Mulia Industrindo Tbk)
Total Assets	<ul style="list-style-type: none"> - 31 December 2014 - IDR 3,019,164,726,000 (Financial Statement of PT. Mulia Industrindo Tbk) - 31 December 2015 - IDR 2,966,606,170,000 (Financial Statement of PT. Mulia Industrindo Tbk) - 31 December 2016 - IDR 3,171,672,174,000 (Financial Statement of PT. Mulia Industrindo Tbk)
Other Financial Data	<p>Recurring Loans or Pinjaman Berulang (PB) On March 15, 2016, the Company received additional PB amounting to IDR 200,000,000 from PT. Bank Pan Indonesia, and got a change in the schedule of long-term loan installment (PJP). On October 22, 2015, the Company received recurring loan facilities from PT. Bank Pan Indonesia with a value of IDR 80,000,000 thousand and floating interest rate of 12.5% per year. The facility was due on November 1, 2016.</p>

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Overdraft Loan or Pinjaman Rekening Koran

This is an overdraft loan received by the Company from Bank Pan Indonesia, with the maximum amount of IDR 20,000,000 thousand and floating interest rate of 12.5% per year. This facility was used as a working capital. The loan period was 12 months, until November 1, 2016.

In addition, total outstanding balances of the overdraft loans per March 31, 2016, and December 31, 2015, was IDR 19,122,786,000 and IDR 5,557,130,000

CREDITWORTHINESS

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

Good
Adequate
No complaints
Satisfactory
Fluctuated

We conclude that the Company has been engaged in the manufacture of ceramics since June 1992, with market share in the domestic and international market.

As we learn, the operational performance of the Company tended fluctuating over the past three years. Amid the very tough competition in the ceramic industry, fortunately, the Company was still able to increase its sales in 2016 and 2017. Yet, the Company posted a decreasing margin, caused by the increasing of operational cost, following the increasing of gas tariff and US dollar currency rate.

Meanwhile, in terms of business prospect, we learn that the increasing demand for ceramic products in 2018 will give opportunities for the Company to increase sales of its products this year. Based on the considerations shown above, we classify the Company's current credit rating at Medium To High Risk.

For security reason, then, we advise those wishing to cooperate with or grant loans to this Company to ask for adequate collateral from shareholders.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.38
UK Pound	1	INR 95.29
Euro	1	INR 84.77
IDR	1	INR 0.0049

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

INFORMATION DETAILS

Analysis Done by :	PRI
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)