

Facing Financial Problems, Duniatex Prioritizes Employees

Contributed by Maizer
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Duniatex Group, the largest textile company in Indonesia, chose to prioritize the continuity job of their employees which numbered 45,000 people in facing financial problems faced by one of its subsidiaries.

Donalia who was also accompanied by Fransiscus Alip, a financial consultant from AJ Capital Advisory explained that together with the consultants, they are currently working to improve the company's finances in order to get the best solution. Alip on that occasion also wanted to clarify that the financial problems facing the Duniatex Group were due to delays in payment of interest and principal debt of subsidiary PT Delta Dunia Sandang Tekstil (DDST) of US \$ 13.4 million originating from a bank syndicate led by HSBC and BNP Paribas. Alip explained the matter of PT Delta Merlin Dunia Textile (DMDT) worth 300 million US dollars, with the first coupon due September 2019 confirmed to be paid. "The US \$ 12.9 million is already available in the interest reserve account and will be paid according to the date set," Alip said. Alip said that late payment of the syndicated credit debt is due to a decline in DDST performance due to dynamic industry conditions due to the indirect effects of the US-China trade war. Even today, in order to anticipate global market conditions and maintain profitability, PT DDST has taken a number of efficiency measures including reducing production capacity, even reducing employee overtime. "However, we make sure the conditions faced by PT DDST, do not correlate with PT DMDT bonds," Alip said. Alip on that occasion did not convey what financial restructuring steps would be taken to deal with the problem, but what would be done soon might be to examine the performance of 25 factories owned by the company. The next step is to visit the banks supporting the Duniatex Group to explain the problem. "Give me time to gather the problems faced. Later we will meet again hopefully there are other things that can be conveyed regarding the company's financial problems," said Alip. Donalia targets that at the end of August / early September 2019, there will be concrete and measurable steps to solve the existing problems so that this national company can continue to grow. Founded in 1974, Duniatex Group has now become one of the major textile companies in Indonesia and has 25 factories that move from upstream to downstream with products produced in the form of yarn spinning, knitting, raw fabrics, finished fabrics, and printing. The company operates in almost all regions of Central Java regency, such as Solo, Sukoharjo, Semarang, Demak, and Pekalongan, as well as many people who depend on the survival of this company. Duniatex textile products have entered the domestic and even foreign markets. While the number of workers absorbed in the Duniatex Group reached around 45,000 employees, mostly from the area around the factory in Central Java. As a first step, said Donalia, the company made an effort to improve cash flow first and then accompanied by reducing production capacity and reducing employee overtime.