

Corporate Credit Rating

New Update

Sector: Textile Industry

Publishing Date: 24/06/2026

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on September 01, 2025

KARSU TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "Karsu Tekstil Sanayi ve Ticaret Anonim Şirketi" in investment-level category at national level and affirmed the Long-Term National Issuer Credit Rating at 'BBB (tr)' and the Short-Term National Issuer Credit Rating as 'J2 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

Karsu Tekstil Sanayi ve Ticaret Anonim Şirketi ("Karsu Tekstil" or "the Company") was established in Kayseri with the initiative of Arif Molu in 1973. The main fields of activities of the Company consist of the production and marketing of single ply or vortex yarn as well as dyed fabrics made from processed cotton, artificial, and synthetic fibers that are prominently imported from abroad or purchased from various regions of Türkiye. The Company's shares were publicly offered in 1994, and as of 31 March 2026, the free float stands at approximately 49%.

The Company's main ultimate controlling shareholder is Molu Family.

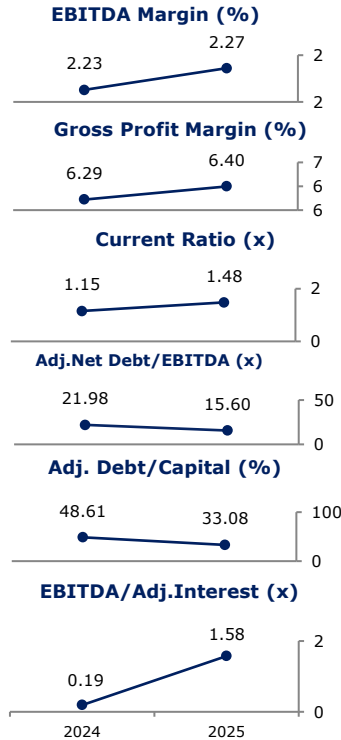
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Secured and insured receivable structure and diversified customer base supporting asset quality,
- Foreign currency-based revenue structure serving as a partial natural hedge against FX risks,
- Adequate equity level underpinned by capital adjustment differences,
- Adherence to corporate governance practices as a publicly traded Company,
- Longstanding operational experience in the textile industry dating back to the 1970s.

Constraints

- Sharp contraction in sales volume weighing on revenue and EBITDA generation in FY2025,
- Continued weak profitability indicators due to intense competition and challenging market conditions despite certain measures,
- High net debt to EBITDA and weak interest coverage metrics driven by insufficient EBITDA generation despite lower financial borrowings in FY2025,
- Lengthy cash conversion cycle limiting working capital efficiency,
- Import dependency in raw material procurement and exposure to global cotton/fiber price volatility,
- As actions for a global soft-landing gain prominence, geopolitical risks and decisions with the potential to adversely affect global trade are engendering considerable uncertainty.



Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at 'BBB (tr)'. The Company's established market position, sector experience, and strong collection capacity as well as low profitability structure, ongoing geopolitical uncertainties, and challenging market conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. The Company's debt ratio, profit margins and sustainability of domestic demands, as well as market conditions regarding the sector will be closely monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.