

Corporate Credit Rating

New Update

Sector: Textile Industry
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB- (tr)	J3 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB-	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB-	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

Sarteks Boya Apre Baskı Sanayi ve Ticaret Limited Şirketi

JCR Eurasia Rating, has evaluated "Sarteks Boya Apre Baskı Sanayi ve Ticaret Limited Şirketi" in the investment grade category on the national scale and assigned its Long-Term National Issuer Credit Rating as 'BBB- (tr)' and Short-Term National Issuer Credit Rating as 'J3 (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'.

Sarteks Boya Apre Baskı Sanayi ve Ticaret Limited Şirketi (referred to as "Sarteks" or "the Company") was established in 2013 under the name Bariyer Tekstil İnşaat Pazarlama İç ve Dış Ticaret Limited Şirketi in Istanbul. The Company changed its name to Sarteks Boya Apre Baskı Sanayi ve Ticaret Limited Şirketi in 2014. The Company's main business activities include the production, purchase, sale, marketing, import, and export of products manufactured by knitting or weaving synthetic fibers and yarns or their blends for use in the apparel industry. Sarteks Boya manufactures fabrics at its 50,000 m² production facility in Lüleburgaz, Kırklareli, which includes an integrated knitting and dyeing plant. The facility has a daily production capacity of 40 tons and produces nearly 11,000 colors and approximately 1,000 types of raw fabrics, including Single Jersey, Lacoste, Two-Thread Knits, Three-Thread Knits, Pique, and Rib fabrics.

As of December 2023, the Company had a total workforce of 235 employees (FYE2022: 282). As of the reporting date, the Company's paid-in capital amounts to TRY 60mn, with Erkan Sartık as the sole shareholder.

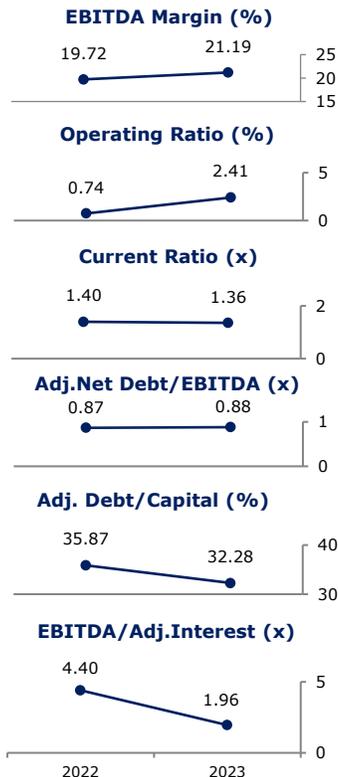
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Substantial level of equity among total assets supported by internal means
- Low level of operating ratio supporting efficiency of the Company
- Satisfactory level of liquidity metrics at FYE2023
- FX based sales revenue providing a natural hedge in a certain extent

Constraints

- Deterioration in core profit margins in 9M2024 according to Provisional Tax Return
- Expectation of deterioration in leverage and interest coverage ratios due to significant deterioration of EBITDA generation capacity and increased financial borrowing level as of FYE2024
- Credit risk exposure arising from unsecured trade receivables
- Weak cash flow metrics put pressure on the leverage profile
- Intense competitive structure of textile sector and import dependency in terms of raw material purchases
- Improvement needs in the level of compliance with corporate governance practices
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront



Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been assigned as 'BBB- (tr)'. The Company's FX based revenue stream, substantial level of equity and liquidity metrics, low level of operating ratio, along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial 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 revenue and profitability performance, debt structure, liquidity position and asset quality will be closely monitored by JCR Eurasia Rating in 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.