

MIRA INFORM REPORT

Report No. :	524737
Report Date :	17.08.2018

IDENTIFICATION DETAILS

Name :	EPENGLE TEKSTIL ENDUSTRI VE TICARET A.S.
Registered Office :	Maltepe Mah. Dokumacılar Sitesi Sok. No:4 Maltepe Mevkii Zeytinburnu 34010 Istanbul
Country :	Turkey
Financials (as on) :	31.12.2017
Date of Incorporation :	16.12.1998
Com. Reg. No.:	410034
Legal Form :	Joint Stock Company
Line of Business :	Manufacture and trade of upholstery velvet fabric.
No. of Employees :	235

RATING & COMMENTS

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

MIRA's Rating :	B
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Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES :

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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)
Turkey	B2	B1

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

TURKEY - ECONOMIC OVERVIEW

Turkey's largely free-market economy is driven by its industry and, increasingly, service sectors, although its traditional agriculture sector still accounts for about 25% of employment. The automotive, petrochemical, and electronics industries have risen in importance and surpassed the traditional textiles and clothing sectors within Turkey's export mix. However, the recent period of political stability and economic dynamism has given way to domestic uncertainty and security concerns, which are generating financial market volatility and weighing on Turkey's economic outlook.

Current government policies emphasize populist spending measures and credit breaks, while implementation of structural economic reforms has slowed. The government is playing a more active role in some strategic sectors and has used economic institutions and regulators to target political opponents, undermining private sector confidence in the judicial system. Between July 2016 and March 2017, three credit ratings agencies downgraded Turkey's sovereign credit ratings, citing concerns about the rule of law and the pace of economic reforms.

Turkey remains highly dependent on imported oil and gas but is pursuing energy relationships with a broader set of international partners and taking steps to increase use of domestic energy sources including renewables, nuclear, and coal. The joint Turkish-Azerbaijani Trans-Anatolian Natural Gas Pipeline is moving forward to increase transport of Caspian gas to Turkey and Europe, and when completed will help diversify Turkey's sources of imported gas.

After Turkey experienced a severe financial crisis in 2001, Ankara adopted financial and fiscal reforms as part of an IMF program. The reforms strengthened the country's economic fundamentals and ushered in an era of strong growth, averaging more than 6% annually until 2008. An aggressive privatization program also reduced state involvement in basic industry, banking, transport, power generation, and communication. Global economic conditions and tighter fiscal policy caused GDP to contract in 2009, but Turkey's well-regulated financial markets and banking system helped the country weather the global financial crisis, and GDP growth rebounded to around 9% in 2010 and 2011, as exports and investment recovered following the crisis.

The growth of Turkish GDP since 2016 has revealed the persistent underlying imbalances in the Turkish economy. In particular, Turkey's large current account deficit means it must rely on external investment inflows to finance growth, leaving the economy vulnerable to destabilizing shifts in investor confidence. Other troublesome trends include rising unemployment and inflation, which increased in 2017, given the Turkish lira's continuing depreciation against the dollar. Although government debt remains low at about 30% of GDP, bank and corporate borrowing has almost tripled as a percent of GDP during the past decade, outpacing its emerging-market peers and prompting investor concerns about its long-term sustainability.

Source : CIA

COMPANY IDENTIFICATION

NAME	EPENGLER TEKSTIL ENDUSTRI VE TICARET A.S.
HEAD OFFICE ADDRESS	Maltepe Mah. Dokumacilar Sitesi Sok. No:4 Maltepe Mevkii Zeytinburnu 34010 Istanbul / Turkey
REMARKS ON HEAD OFFICE ADDRESS	The address has been changed from "Gumussuyu Cad. Ciftehavuzlar Cikmazi No:4 Topkapi" to "Dokumacilar Sitesi Sok. No:4 Maltepe Mevkii Zeytinburnu" by the municipality.
PHONE NUMBER	90-212-482 26 60 (5 lines)
FAX NUMBER	90-212-482 27 00
WEB-ADDRESS	www.epengler.com.tr
E-MAIL	epengler@epengler.com.tr

LEGAL STATUS AND HISTORY

TAX OFFICE	Marmara Kurumlar
TAX NO	3360137113
REGISTRATION NUMBER	410034
REGISTERED OFFICE	Istanbul Chamber of Commerce
COMMERCIAL REGISTRY	Istanbul Commercial Registry
DATE ESTABLISHED	16.12.1998
ESTABLISHMENT GAZETTE DATE/NO	21.12.1998/4695
LEGAL FORM	Joint Stock Company
TYPE OF COMPANY	Private
REGISTERED CAPITAL	TL 6.180.000
HISTORY	Previous Registered Capital : TL 4.180.000 / Changed on : 28.12.2017/(Commercial Gazette Date /Number 04.01.2018 /9487) Merger : The subject took over and merged with "Epengler Dosemelik Kumas Sanayi ve Ticaret A.S." / Changed on : 29.09.2011/(Commercial Gazette Date /Number 05.10.2011 /7914)

OWNERSHIP / MANAGEMENT

SHAREHOLDERS	Epengle Tekstil Endustri ve Ticaret A.S.	63 %
	Epteks Dokuma Ve Endustri Ticaret A.S.	29 %
	Emine Nuray Gergerlioglu	5 %
	Nurhayat Birsin	3 %

- Name Of Shareholder: Epengle Tekstil Endustri ve Ticaret A.S.
Origin of Shareholder: Turkey
Tax Number Of Shareholder: 3360137113
Registration Number Of Shareholder: 410034

- Name Of Shareholder: Epteks Dokuma Ve Endustri Ticaret A.S.
Origin of Shareholder: Turkey
Tax Number Of Shareholder: 6130775742
Registration Number Of Shareholder: 888815

SISTER COMPANIES

- BIRISIN MUHENDISLIK DANISMANLIK INSAAT TICARET LTD STI. (Origin: Turkey, Tax Number: 1780687809, Registration Number: 642968)

BOARD OF DIRECTORS
Mehmet Sedat Aloglu (Chairman)
Huseyin Cahit Gergerlioglu (Vice-Chairman)
Hasan Selcuk Bildircin (Member)

OPERATIONS

BUSINESS ACTIVITIES	Manufacture and trade of upholstery velvet fabric.	
NACE CODE	DB.17.54	
SECTOR	Textile	
TRADEMARKS OWNED	Epengle	
NUMBER OF EMPLOYEES	235	
NET SALES	51.778 TL Thousand	(2015)
	55.668 TL Thousand	(2016)
	57.671 TL Thousand	(2017)
	16.208 TL Thousand	(01.01-31.03.2018)
IMPORT COUNTRIES	Germany India	

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MERCHANDISE IMPORTED	Yarn
EXPORT VALUE	20.399 TL Thousand (2015) 23.363 TL Thousand (2016) 23.029 TL Thousand (2017) 6.636 TL Thousand (01.01-31.03.2018)
EXPORT COUNTRIES	Germany Morocco China Australia U.S.A. Netherlands South Korea France Iran
MERCHANDISE EXPORTED	Fabric
HEAD OFFICE ADDRESS	Maltepe Mah. Dokumacılar Sitesi Sok. No:4 Maltepe Mevkii Zeytinburnu Istanbul / Turkey (owned)
BRANCHES	Store : Ataturk Bulvari Haci Kadin Cd. IMC Bloklari No:1334 Istanbul/Turkey Store : Ulubey Mah. Karacakaya Cad. 87/B, 06360 Altindag Ankara/Turkey Store : Keyap Carsi No.176 Y.Dudullu Istanbul/Turkey Head Office/Production Plant : Dokumacılar Sitesi Sok. No:4 Maltepe Mevkii Zeytinburnu Istanbul/Turkey (owned)
TREND OF BUSINESS	There was a stagnating trend in 2016. There was a slowdown at business volume in real terms in 2017.
SIZE OF BUSINESS	Large

FINANCE

MAIN DEALING BANKS	T. Is Bankasi Galata Ticari Branch			
CREDIT FACILITIES	The subject company is making use of credit facilities.			
PAYMENT BEHAVIOUR	Slow but Correct			
KEY FINANCIAL ELEMENTS	(2015) TL Thousand	(2016) TL Thousand	(2017) TL Thousand	(01.01- 31.03.2018) TL Thousand
	Net Sales	51.778	55.668	57.671
	Profit (Loss) Before Tax	41	547	1.569
	Stockholders'	21.109	21.477	23.570

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Equity				
Total Assets	45.566	60.285	63.483	
Current Assets	42.160	57.702	61.127	
Non-Current Assets	3.406	2.583	2.356	
Current Liabilities	24.457	37.812	39.381	
Long-Term Liabilities		996	532	
Gross Profit (loss)	14.547	12.929	15.239	4.913
Operating Profit (loss)	3.497	1.129	1.573	1.216
Net Profit (loss)	-33	368	1.193	807

COMMENT ON FINANCIAL POSITION

Capitalization	Low As of 31.12.2017
Remarks on Capitalization	Receivables From Shareholders has been deducted from stockholders' equity amount at our analysis.
Liquidity	High As of 31.12.2017
Profitability	Good Operating Profitability in 2015 Net Loss in 2015 Fair Operating Profitability in 2016 Low Net Profitability in 2016 Fair Operating Profitability in 2017 Fair Net Profitability in 2017 Good Operating Profitability (01.01-31.03.2018) In Order Net Profitability (01.01-31.03.2018)
Gap between average collection and payable periods	Favorable in 2017
General Financial Position	Passable

CREDIT OPINION WITHOUT OBLIGATION

	Incr. in producers' price index	Average USD/TL	Average EUR/TL	Average GBP/ TL
(2015)	5,71 %	2,7230	3,0254	4,1661
(2016)	9,94 %	3,0292	3,3349	4,1006
(2017)	15,47 %	3,6337	4,1120	4,7059
(01.01-31.03.2018)	5,29 %	3,8255	4,6833	5,3266
(01.01-31.07.2018)	17,56 %	4,1645	4,9951	5,6687

BALANCE SHEETS

	31.12.2015 (Full Year) TL Thousand		31.12.2016 (Full Year) TL Thousand		31.12.2017 (Full Year) TL Thousand	
CURRENT ASSETS	42.160	0,93	57.702	0,96	61.127	0,96
Not Detailed Current Assets	0	0,00	0	0,00	0	0,00
Cash and Banks	214	0,00	215	0,00	157	0,00
Marketable Securities	6	0,00	7	0,00	98	0,00
Account Receivable	9.975	0,22	19.448	0,32	21.591	0,34
Other Receivable	15.315	0,34	19.123	0,32	22.438	0,35
Inventories	15.914	0,35	16.105	0,27	16.123	0,25
Advances Given	72	0,00	765	0,01	67	0,00
Accumulated Construction Expense	0	0,00	0	0,00	0	0,00
Other Current Assets	664	0,01	2.039	0,03	653	0,01
NON-CURRENT ASSETS	3.406	0,07	2.583	0,04	2.356	0,04
Not Detailed Non-Current Assets	0	0,00	0	0,00	0	0,00
Long-term Receivable	10	0,00	4	0,00	2	0,00
Financial Assets	375	0,01	375	0,01	375	0,01
Tangible Fixed Assets (net)	2.852	0,06	2.086	0,03	1.900	0,03
Intangible Assets	167	0,00	118	0,00	78	0,00
Deferred Tax Assets	0	0,00	0	0,00	1	0,00
Other Non-Current Assets	2	0,00	0	0,00	0	0,00
TOTAL ASSETS	45.566	1,00	60.285	1,00	63.483	1,00
CURRENT LIABILITIES	24.457	0,54	37.812	0,63	39.381	0,62
Not Detailed Current Liabilities	0	0,00	0	0,00	0	0,00
Financial Loans	198	0,00	5.875	0,10	7.051	0,11
Accounts Payable	16.875	0,37	21.809	0,36	19.754	0,31
Loans from Shareholders	1.813	0,04	2.050	0,03	0	0,00
Other Short-term Payable	586	0,01	1.176	0,02	2.900	0,05
Advances from Customers	120	0,00	473	0,01	704	0,01
Accumulated Construction Income	0	0,00	0	0,00	0	0,00
Taxes Payable	1.199	0,03	1.535	0,03	2.283	0,04

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Provisions	74	0,00	157	0,00	-17	0,00
Other Current Liabilities	3.592	0,08	4.737	0,08	6.706	0,11
LONG-TERM LIABILITIES	0	0,00	996	0,02	532	0,01
Not Detailed Long-term Liabilities	0	0,00	0	0,00	0	0,00
Financial Loans	0	0,00	0	0,00	0	0,00
Securities Issued	0	0,00	0	0,00	0	0,00
Long-term Payable	0	0,00	996	0,02	532	0,01
Loans from Shareholders	0	0,00	0	0,00	0	0,00
Other Long-term Liabilities	0	0,00	0	0,00	0	0,00
Provisions	0	0,00	0	0,00	0	0,00
STOCKHOLDERS' EQUITY	21.109	0,46	21.477	0,36	23.570	0,37
Not Detailed Stockholders' Equity	0	0,00	0	0,00	0	0,00
Paid-in Capital	2.683	0,06	2.683	0,04	3.582	0,06
Cross Shareholding Adjustment of Capital	0	0,00	0	0,00	0	0,00
Inflation Adjustment of Capital	11.967	0,26	11.967	0,20	11.968	0,19
Equity of Consolidated Firms	0	0,00	0	0,00	0	0,00
Reserves	6.492	0,14	6.492	0,11	6.860	0,11
Revaluation Fund	0	0,00	0	0,00	0	0,00
Accumulated Losses(-)	0	0,00	-33	0,00	-33	0,00
Net Profit (loss)	-33	0,00	368	0,01	1.193	0,02
TOTAL LIABILITIES AND EQUITY	45.566	1,00	60.285	1,00	63.483	1,00

INCOME STATEMENTS

	(2015) (Full Year) TL Thousand	(2016) (Full Year) TL Thousand	(2017) (Full Year) TL Thousand	(01.01-31.03.2018) (Interim Period) TL Thousand
Net Sales	51.778	1,00 55.668	1,00 57.671	1,00 16.208
Cost of Goods Sold	37.231	0,72 42.739	0,77 42.432	0,74 11.295
Gross Profit	14.547	0,28 12.929	0,23 15.239	0,26 4.913
Operating Expenses	11.050	0,21 11.800	0,21 13.666	0,24 3.697
Operating Profit	3.497	0,07 1.129	0,02 1.573	0,03 1.216
Other Income	3.601	0,07 5.762	0,10 10.683	0,19 1.216
Other Expenses	4.243	0,08 2.911	0,05 6.546	0,11 500
Financial Expenses	2.814	0,05 3.433	0,06 4.141	0,07 1.125
Minority Interests	0	0,00 0	0,00 0	0,00 0
Profit (loss) of consolidated firms	0	0,00 0	0,00 0	0,00 0
Profit (loss) Before Tax	41	0,00 547	0,01 1.569	0,03 807
Tax Payable	74	0,00 179	0,00 376	0,01 0
Postponed Tax Gain	0	0,00 0	0,00 0	0,00 0
Net Profit (loss)	-33	0,00 368	0,01 1.193	0,02 807

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LAST FINANCIAL STATEMENT DETAILS

	TL Thousand
Cash	17
Banks	135
Doubtful Trade Receivables	145
Provision for Doubtful Trade Receivables	-27
Receivables From Shareholders (in Other Receivable)	17.794
Receivables From Personnel (in Other Receivable)	20
Other Miscellaneous Receivables (in Other Receivable)	4.624
Overdue, Delayed or Deferred Tax by Installments and Other Liabilities	1.046
Profit from Foreign Currency Exchange	745

FINANCIAL RATIOS

	(2015)	(2016)	(2017)
LIQUIDITY RATIOS			
Current Ratio	1,72	1,53	1,55
Acid-Test Ratio	1,04	1,03	1,12
Cash Ratio	0,01	0,01	0,01
ASSET STRUCTURE RATIOS			
Inventory/Total Assets	0,35	0,27	0,25
Short-term	0,56	0,64	0,69
Receivable/Total Assets			
Tangible Assets/Total Assets	0,06	0,03	0,03
TURNOVER RATIOS			
Inventory Turnover	2,34	2,65	2,63
Stockholders' Equity Turnover	2,45	2,59	2,45
Asset Turnover	1,14	0,92	0,91
FINANCIAL STRUCTURE			
Stockholders' Equity/Total Assets	0,46	0,36	0,37
Current Liabilities/Total Assets	0,54	0,63	0,62
Financial Leverage	0,54	0,64	0,63
Gearing Percentage	1,16	1,81	1,69
PROFITABILITY RATIOS			
Net Profit/Stockholders' Eq.	0,00	0,02	0,05
Operating Profit Margin	0,07	0,02	0,03
Net Profit Margin	0,00	0,01	0,02
Interest Cover	1,01	1,16	1,38
COLLECTION-PAYMENT			

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Average Collection Period (days)	69,42	125,79	134,79
Average Payable Period (days)	163,17	192,09	172,11
WORKING CAPITAL	17703,00	19890,00	21746,00

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.22
UK Pound	1	INR 89.36
Euro	1	INR 79.97
TRY	1	INR 12.00

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	DNS

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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)