

MIRA INFORM REPORT

Report No. :	526758
Report Date :	30.08.2018

IDENTIFICATION DETAILS

Name :	OR-SUN LTD.
Registered Office :	29 Haavoda Street, Old Industrial Zone, Rosh Ha'ayin 4801752
Country :	Israel
Date of Incorporation :	10.03.1996.
Legal Form :	Private Limited Company
Line of Business :	Importers, marketers and retailers of home textile goods, e.g. towels, blankets and beddings, curtains, blinds
No. of Employees :	90

RATING & COMMENTS

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

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
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

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Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Israel	B1	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

ISRAEL - ECONOMIC OVERVIEW

Israel has a technologically advanced free market economy. Cut diamonds, high-technology equipment, and pharmaceuticals are among its leading exports. Its major imports include crude oil, grains, raw materials, and military equipment. Israel usually posts sizable trade deficits, which are offset by tourism and other service exports, as well as significant foreign investment inflows.

Between 2004 and 2013, growth averaged nearly 5% per year, led by exports. The global financial crisis of 2008-09 spurred a brief recession in Israel, but the country entered the crisis with solid fundamentals, following years of prudent fiscal policy and a resilient banking sector. Israel's economy also weathered the 2011 Arab Spring because strong trade ties outside the Middle East insulated the economy from spillover effects.

Slowing domestic and international demand and decreased investment resulting from Israel's uncertain security situation reduced GDP growth to an average of roughly 2.8% per year during the period 2014-17. Natural gas fields discovered off Israel's coast since 2009 have brightened Israel's energy security outlook. The Tamar and Leviathan fields were some of the world's largest offshore natural gas finds in the last decade. Political and regulatory issues have delayed the development of the massive Leviathan field, but production from Tamar provided a 0.8% boost to Israel's GDP in 2013 and a 0.3% boost in 2014. One of the most carbon intense OECD countries, Israel generates about 57% of its power from coal and only 2.6% from renewable sources.

Income inequality and high housing and commodity prices continue to be a concern for many Israelis. Israel's income inequality and poverty rates are among the highest of OECD countries, and there is a broad perception among the public that a small number of "tycoons" have a cartel-like grip over the major parts of the economy. Government officials have called for reforms to boost the housing supply and to increase competition in the banking sector to address these public grievances. Despite calls for reforms, the restricted housing supply continues to impact younger Israelis seeking to purchase homes. Tariffs and non-tariff barriers, coupled with guaranteed prices and customs tariffs for farmers kept food prices high in 2016. Private consumption is expected to drive growth through 2018, with consumers benefitting from low inflation and a strong currency.

In the long term, Israel faces structural issues including low labor participation rates for its fastest growing social segments - the ultraorthodox and Arab-Israeli communities. Also, Israel's progressive, globally competitive, knowledge-based technology sector employs only about 8% of the workforce, with the rest mostly employed in manufacturing and services - sectors which face downward wage pressures from global competition. Expenditures on educational institutions remain low compared to most other OECD countries with similar GDP per capita.

Source : CIA

COMPANY NAME AND ADDRESS

OR-SUN LTD.

(Also known as HOME STYLE)

Telephone 972 3 910 22 70; 374 90 40

Fax 972 3 910 22 71

Email: support@homestyle.co.il

29 Haavoda Street

Old Industrial Zone

ROSH HA'AYIN 4801752, ISRAEL

HISTORY & LEGAL FORMATION

A private limited company, incorporated as per file No. 51-229611-2 on the 10.03.1996.

SHARE CAPITAL

Authorized share capital NIS 29,400.00, divided into -
29,400 ordinary shares of NIS 1.00 each,
of which 2,640 shares amounting to NIS 2,640.00 were issued.

SHAREHOLDERS

1. EYA TRADE & INVESTMENTS S.H. LTD., 50%, owned by Yaron Assa (60%) and Eyal Assa (40%),
2. MAYA PROGRESS - INVESTMENTS LTD.*, 50%, controlled by Ganezi family, headed by brothers Ofer Ganezi and Moshe Ganezi.

***Note:** In 2014, according to the Registrar of Companies, the legal status of the private limited company MAYA PROGRESS - INVESTMENTS LTD. was "under voluntarily liquidation". Subject's official confirmed this status and informed us that the shares are to be passed to Ofer Ganezi and Moshe Ganezi at one stage. Currently, MAYA PROGRESS's status is "Active".

SOLE DIRECTOR

Eyal Assa.

GENERAL MANAGER

Ronny Assa

BUSINESS

Importers, marketers and retailers of home textile goods, e.g. towels, blankets and beddings, curtains, blinds, etc., under brand name "Home Style".

Also, occasionally, designs and manufactures, through subcontractors in China, the said products, which they sell for local and export markets including for private label.

In addition, operating 9 retail stores for the said imported goods, all owned (had 8 branches in 2017).

Sales are to HOME STYLE Group retail stores and other retailers.

According to our records, also markets home textile goods under the international brands "Keds" (local concession holder is SAKAL INTERNATIONAL), and "Nici", "Angry Birds", "Adam & Eve", "Bratz".

Among clients are large retail and marketing chains, e.g. HOME CENTER, ACE (both DIY chains), HAMASHBIR DEPARTMENT STORE (local largest department store chain), SHUFERSAL (local largest supermarket chain), ELECTRA CONSUMERS PRODUCTS (leading retailer of electrical consumer goods), H&O FASHION, etc.

100% of purchasing is from import, mostly from China and India.

Among local suppliers: Y. SOLOMON HAVAYA SHEBAKLI.

Operating from rented premises (offices, store, logistic center and warehouse), on an area of 1,800 sq. meters (rented from a company owned by the Ganezi family), in 29 Haavoda Street, Industrial Zone, Rosh Ha'ayin, and from logistics center, on rented area of 4,000 sq. meters in Industrial Zone, Modi'im-Maccabim-Reut.

Also operating from 9 retail stores.

Note: Subject closed its warehouse in 30 Haavoda Street, Holon (address you gave)

Website: www.homestyle.co.il

Having 90 employees (similar to 2017, had 60 employees in 2014, 36 employees in 2012).

MEANS

Current stock is valued at NIS 16,000,000 (similar to the level in mid-2017, was valued at NIS 8,000,000 in 2014).

Other financial data not forthcoming.

There are 9 charges for unlimited amounts registered on the company's assets (financial assets, fixed assets and vehicles), in favor of The First International Bank of Israel Ltd., Mizrahi Tefahot Bank Ltd. and leasing companies (last charge placed May 2017 on all assets).

REVENUES

2011 sales claimed to be NIS 38,000,000.
2012 sales claimed to be NIS 40,000,000.
2013 sales claimed to be NIS 41,000,000.
2014 sales data not forthcoming.
2015 sales claimed to be NIS 55,000,000.
2016 sales claimed to be NIS 60,000,000.
2017 sales claimed to be NIS 56,000,000.
Sales for the first 6 months of 2018 claimed to be NIS 27,000,000.

OTHER COMPANIES

MAYA PROGRESS - INVESTMENTS LTD., a private limited company (registration No. 51226950-7).

Also owned and controlled by Ganezi Family:

ORGON WINDOWS FASHION LTD., local sister company, marketers and retailers of subject's products in Israel, offering full range of shading solutions.

TZELON BLINDS MARKETING (1993) LTD., local sister company, marketers and retailers of subject's products.

POLYLAC PAINTS AND LACQUERS INDUSTRIES LTD., local sister company, manufacturers, marketers and exporters of industrial paints, lacquers, etc.

POLYLAC PROPERTIES HOLDINGS (1980) LTD., yielding real estate holdings.

HOLIS EUROPE B.V., Holland,

ORGON INDUSTRIES (1972) LTD., a real estate company.

EXPOSE FASHION LTD., equally owned by Ofer and Moshe Ganezi, importers and marketers of ladies and kids' swimwear and undergarments.

Ganezi family has many other holdings and assets, including:

HOLIS INDUSTRIES LTD. (held via HUNTER DOUGLAS of Holland, owned by Ganezi family and foreign investors), designers, manufacturers, exporters and marketers of window coverings

GALI CHAINS (1998) LTD., owned 50% by Ofer Ganezi, holds the "Gali" trade-marks (inactive otherwise).

BRILL SHOES INDUSTRIES LTD., Moshe Ganezi hold some 9.3%, designers, manufacturers, importers, marketers and exporters of footwear, apparel and fashion accessories. Publicly traded on the Tel Aviv Stock Exchange, current market value US\$ 13.3 million. Holds S.B.N CLOTHING LTD. (50%).

Among Assa family holdings:

EYA TRADE & INVESTMENTS S.H. LTD., a private limited company (registration No. 51-1226577-8).

HOME STYLE N.E. LTD., Yaron Assa being main shareholder.

BANKERS

The First International Bank of Israel Ltd., Herzliya Pituach Branch (No. 51), Herzliya, account No. 257745. A check with the Central Banks' database did not reveal anything detrimental on subject's a/m account.

Mizrahi Tefahot Bank Ltd., Main Tel Aviv Business Branch (No. 461), Tel Aviv.

CHARACTER AND REPUTATION

Nothing unfavorable learned.

Ofer Ganezi and Moshe Ganezi are well-known local businessmen.

Subject's brand name "Home Style" is a locally recognized name. It was founded by Yaron Assa in 1990 (under HOME STYLE N.E. LTD.), initially operated as manufacturers and marketers of household textile goods. Later they ceased manufacturing, due to competing cheaper products from overseas. At some stage, the brand "Home Style" was also assumed by subject.

In March 2007, it was reported that subject received the license from MARVEL of the U.S.A., to produce and market home textile products with the logo of "Spiderman" in Israel.

In August 2008, it was reported that subject received the exclusive concession for manufacturing and marketing home textile items with the brand name "Keds. Subject will invest NIS 2.5 million in advertising campaign.

The local housewares and household products market is considered highly competitive after reaching market saturation. It includes household textile, tableware and kitchenware and utensils, bath accessories and ornaments & decorative items, ceramic and glass ware, etc. According to estimations, the housewares retail market volume reaches NIS 1 billion annually, 70% controlled by the large players (GOLF & CO., FOX Home, HAMASHBIR), the rest by private shops.

According to the Central Bureau of Statistics (CBS), import of textiles and textile articles in 2017 amounted US\$ 2,632.3 million (compared to US\$ 2,479.6 million in 2016, US\$ 2,419.8 million in 2015). Import of textiles and textile articles in the first 6 months of 2018 summed up at US\$ 1,378.4 million, 9% up from the parallel period in 2017.

The local indoor shadowing accessories market was estimated several years ago by officials in the branch at NIS 250 million per year, noting a significant growth in the recent years.

From the CBS National Accounts for 2017 on consumption expenditure of households in the domestic market, it turns that expenditure on semi-durable goods rose by 6.4% from 2016 (after rising by 4.4% in 2016 and 1.2% in 2015), and included expenditure on Clothing and Footwear, which climbed by 6.1% (after 3.2% rise in 2016 and 1.4% rise in 2015).

Expenditure on durable goods in 2017 marked -7.6% decrease (quantity change), after climbing close to 20% in 2016 (deriving from the jump in vehicles purchasing) and remaining stagnant in 2015. From breakdown of

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expenditure by households on durable goods, expenditure on furniture and jewelry rose by 5.4% in 2017 (7.6% in 2016, 6.9% in 2015), and marked 4.3% rise in electric appliances and other equipment (rose 1.7% in 2016 and by 8.6% in 2015).

SUMMARY

Good for trade engagements.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.50
UK Pound	1	INR 90.63
Euro	1	INR 82.34
	1	INR

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

INFORMATION DETAILS

Analysis Done by :	
Report Prepared by :	KET

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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)