

## MIRA INFORM REPORT

Report No. :	542837
Report Date :	06.12.2018

### IDENTIFICATION DETAILS

Name :	KARYA DERI SANAYI VE TICARET LTD. STI.
Registered Office :	Menemen Deri Serbest Bolgesi (Free Zone) Kamelya Sokak No:11 Menemen 35660 Izmir
Country :	Turkey
Financials (as on) :	31.12.2017
Date of Incorporation :	08.04.1996
Com. Reg. No.:	2234
Legal Form :	Limited Company
Line of Business :	Trade of leather chemicals.
No. of Employees :	2

### RATING & COMMENTS

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

<b>MIRA's Rating :</b>	B
------------------------	---

Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
Payment Behaviour :	Slow
Litigation :	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

**DISCLAIMER :** This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Turkey	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

### **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.

2018 is a year in which risks increased in Turkey due to high devaluation and volatility of foreign exchange rate (EUR/TRY was 4.20 in January 2018 increased to 7.20 in August and now it is 6.07) So this devaluation caused a tremendous increase at inflation and created an uncertainty. There is a sharp decline at domestic demand and many companies are facing financial difficulty.

Source : CIA

## **COMPANY IDENTIFICATION**

NAME	KARYA DERI SANAYI VE TICARET LTD. STI.
HEAD OFFICE ADDRESS	Menemen Deri Serbest Bolgesi (Free Zone) Kamelya Sokak No:11 Menemen 35660 Izmir / Turkey
PHONE NUMBER	90-232-842 64 45

## **LEGAL STATUS AND HISTORY**

TAX OFFICE	Menemen
TAX NO	5260072616
REGISTRATION NUMBER	2234
REGISTERED OFFICE	Menemen Chamber of Commerce
COMMERCIAL REGISTRY	Menemen Commercial Registry
DATE ESTABLISHED	08.04.1996
ESTABLISHMENT GAZETTE DATE/NO	11.04.1996/4017
LEGAL FORM	Limited Company
TYPE OF COMPANY	Private
REGISTERED CAPITAL	TL 550.000
PAID-IN CAPITAL	TL 550.000

## **OWNERSHIP / MANAGEMENT**

SHAREHOLDERS	Kenan Mazici	50 %
	Kemal Mazici	50 %

SISTER COMPANIES  
- SINTAN KIMYA SANAYII VE TICARET A.S. ( Origin: Turkey, Tax Number: 7710298592, Registration Number: 846885 )  
- TURKUVAZ KIMYASALLAR VE MAKINA SANAYI VE TICARET LTD. STI. ( Origin: Turkey, Tax Number: 7280060579, Registration Number: 554850 )

DIRECTORS  
Kemal Mazici  
Kenan Mazici ( General Manager )

## **OPERATIONS**

BUSINESS ACTIVITIES	Trade of leather chemicals.
---------------------	-----------------------------

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**KARYA DERI SANAYI VE TICARET LTD STI - 542837**

**PAGE NO. : 5**

NACE CODE	G .51.55
SECTOR	Commerce
NUMBER OF EMPLOYEES	2
NET SALES	3.646 TL Thousand (2016) 5.257 TL Thousand (2017) 6.186 TL Thousand (01.01-30.09.2018)
CAPACITY	None
PRODUCTION	None
IMPORT COUNTRIES	Italy
MERCHANDISE IMPORTED	Leather chemicals
HEAD OFFICE ADDRESS	Menemen Deri Serbest Bolgesi (Free Zone) Kamelya Sokak No:11 Menemen Izmir / Turkey
NOTES ON INVESTMENTS	None
TREND OF BUSINESS	There was an upwards trend in 2017. Trend of business appears to be steady in the first 9 months of 2018.
SIZE OF BUSINESS	Medium

**FINANCE**

MAIN DEALING BANKS	Yapi ve Kredi Bankasi Ege Branch T. Halk Bankasi Hatay Branch		
CREDIT FACILITIES	No credit facility has come to our knowledge.		
PAYMENT BEHAVIOUR	Slow		
KEY FINANCIAL ELEMENTS	(2016) TL Thousand	(2017) TL Thousand	(01.01- 30.09.2018) TL Thousand
Net Sales	3.646	5.257	6.186
Profit (Loss) Before Tax	-130	467	-144
Stockholders' Equity	2.093	2.422	
Total Assets	4.143	5.352	
Current Assets	2.586	3.803	
Non-Current Assets	1.557	1.549	

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

Current Liabilities	2.022	2.904	
Long-Term Liabilities	28	26	
Gross Profit (loss)	435	607	1.114
Operating Profit (loss)	249	339	908
Net Profit (loss)	-130	367	-144

## **COMMENT ON FINANCIAL POSITION**

Capitalization	Satisfactory
Remarks on Capitalization	The loss at the last period is expected to have a negative effect on equity total since the last balance sheet date.
	Receivables From Shareholders has been deducted from stockholders' equity amount at our analysis.
Liquidity	Insufficient As of 31.12.2017
Profitability	Good Operating Profitability in 2016 Net Loss in 2016 Good Operating Profitability in 2017 High Net Profitability in 2017 High Operating Profitability (01.01-30.09.2018) Net Loss (01.01-30.09.2018)
Gap between average collection and payable periods	Favorable in 2017
General Financial Position	Unsatisfactory

## **CREDIT OPINION WITHOUT OBLIGATION**

	Incr. in producers' price index	Average USD/TL	Average EUR/TL	Average GBP/ TL
( 2016 )	9,94 %	3,0292	3,3349	4,1006
( 2017 )	15,47 %	3,6337	4,1120	4,7059
( 01.01-30.09.2018 )	38,96 %	4,5878	5,4581	6,1749

## **FINANCIALS**

### **BALANCE SHEETS**

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

	31.12.2016 ( Full Year ) TL Thousand		31.12.2017 ( Full Year ) TL Thousand	
CURRENT ASSETS	2.586	0,62	3.803	0,71
Not Detailed Current Assets	0	0,00	0	0,00
Cash and Banks	58	0,01	17	0,00
Marketable Securities	0	0,00	0	0,00
Account Receivable	286	0,07	602	0,11
Other Receivable	295	0,07	349	0,07
Inventories	1.853	0,45	2.567	0,48
Advances Given	28	0,01	227	0,04
Accumulated Construction Expense	0	0,00	0	0,00
Other Current Assets	66	0,02	41	0,01
NON-CURRENT ASSETS	1.557	0,38	1.549	0,29
Not Detailed Non-Current Assets	0	0,00	0	0,00
Long-term Receivable	0	0,00	0	0,00
Financial Assets	251	0,06	251	0,05
Tangible Fixed Assets (net)	1.306	0,32	1.298	0,24
Intangible Assets	0	0,00	0	0,00
Deferred Tax Assets	0	0,00	0	0,00
Other Non-Current Assets	0	0,00	0	0,00
TOTAL ASSETS	4.143	1,00	5.352	1,00
CURRENT LIABILITIES	2.022	0,49	2.904	0,54
Not Detailed Current Liabilities	0	0,00	0	0,00
Financial Loans	0	0,00	0	0,00
Accounts Payable	1.987	0,48	2.783	0,52
Loans from Shareholders	0	0,00	0	0,00
Other Short-term Payable	4	0,00	3	0,00
Advances from Customers	0	0,00	102	0,02
Accumulated Construction Income	0	0,00	0	0,00
Taxes Payable	24	0,01	12	0,00
Provisions	0	0,00	0	0,00
Other Current Liabilities	7	0,00	4	0,00
LONG-TERM LIABILITIES	28	0,01	26	0,00
Not Detailed Long-term Liabilities	0	0,00	0	0,00
Financial Loans	0	0,00	0	0,00
Securities Issued	0	0,00	0	0,00
Long-term Payable	28	0,01	26	0,00
Loans from Shareholders	0	0,00	0	0,00
Other Long-term Liabilities	0	0,00	0	0,00
Provisions	0	0,00	0	0,00
STOCKHOLDERS' EQUITY	2.093	0,51	2.422	0,45
Not Detailed Stockholders' Equity	0	0,00	0	0,00
Paid-in Capital	550	0,13	550	0,10
Cross Shareholding Adjustment of Capital	0	0,00	0	0,00
Inflation Adjustment of Capital	374	0,09	374	0,07
Equity of Consolidated Firms	0	0,00	0	0,00
Reserves	1.353	0,33	1.353	0,25

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**KARYA DERI SANAYI VE TICARET LTD STI - 542837**

**PAGE NO. : 8**

Revaluation Fund	0	0,00	0	0,00
Accumulated Losses(-)	-54	-0,01	-222	-0,04
Net Profit (loss)	-130	-0,03	367	0,07
TOTAL LIABILITIES AND EQUITY	4.143	1,00	5.352	1,00

**INCOME STATEMENTS**

	(2016) ( Full Year ) TL Thousand		(2017) ( Full Year ) TL Thousand		(01.01- 30.09.2018) ( Interim Period ) TL Thousand	
Net Sales	3.646	1,00	5.257	1,00	6.186	1,00
Cost of Goods Sold	3.211	0,88	4.650	0,88	5.072	0,82
Gross Profit	435	0,12	607	0,12	1.114	0,18
Operating Expenses	186	0,05	268	0,05	206	0,03
Operating Profit	249	0,07	339	0,06	908	0,15
Other Income	180	0,05	752	0,14	2.154	0,35
Other Expenses	559	0,15	624	0,12	2.916	0,47
Financial Expenses	0	0,00	0	0,00	290	0,05
Minority Interests	0	0,00	0	0,00	0	0,00
Profit (loss) of consolidated firms	0	0,00	0	0,00	0	0,00
Profit (loss) Before Tax	-130	-0,04	467	0,09	-144	-0,02
Tax Payable	0	0,00	100	0,02	0	0,00
Postponed Tax Gain	0	0,00	0	0,00	0	0,00
Net Profit (loss)	-130	-0,04	367	0,07	-144	-0,02

**LAST FINANCIAL STATEMENT DETAILS**

	TL Thousand
Cash	5
Banks	12
Doubtful Trade Receivables	0
Receivables From Shareholders (in Other Receivable)	349
Overdue, Delayed or Deferred Tax by Installments and Other Liabilities	0
Profit from Foreign Currency Exchange	2.132
Loss from Foreign Currency Exchange	2.890

**FINANCIAL RATIOS**

	(2016)	(2017)
<b>LIQUIDITY RATIOS</b>		
Current Ratio	1,28	1,31
Acid-Test Ratio	0,32	0,33
Cash Ratio	0,03	0,01
<b>ASSET STRUCTURE RATIOS</b>		

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

***KARYA DERI SANAYI VE TICARET LTD STI - 542837***

***PAGE NO. : 9***

Inventory/Total Assets	0,45	0,48
Short-term Receivable/Total Assets	0,14	0,18
Tangible Assets/Total Assets	0,32	0,24
<b>TURNOVER RATIOS</b>		
Inventory Turnover	1,73	1,81
Stockholders' Equity Turnover	1,74	2,17
Asset Turnover	0,88	0,98
<b>FINANCIAL STRUCTURE</b>		
Stockholders' Equity/Total Assets	0,51	0,45
Current Liabilities/Total Assets	0,49	0,54
Financial Leverage	0,49	0,55
Gearing Percentage	0,98	1,21
<b>PROFITABILITY RATIOS</b>		
Net Profit/Stockholders' Eq.	-0,06	0,15
Operating Profit Margin	0,07	0,06
Net Profit Margin	-0,04	0,07
Interest Cover		
<b>COLLECTION-PAYMENT</b>		
Average Collection Period (days)	28,24	41,23
Average Payable Period (days)	225,91	217,47
<b>WORKING CAPITAL</b>	564,00	899,00

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.52
UK Pound	1	INR 89.45
Euro	1	INR 79.84
TRY	1	INR 13.23

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

**INFORMATION DETAILS**

Analysis Done by :	PRI
Report Prepared by :	SYL

**DISCLAIMER** : This Report is **PRIVATE & CONFIDENTIAL** and it is prepared at the request of and for its use by the Subscriber only. The Subscriber shall use the contents of the Report merely as an aid to its business. Mira Inform Private Limited ("MIPL") has collated information/data in the Report, which have not been verified unless otherwise specifically mentioned in the Report. The Subscriber shall independently verify the accuracy and correctness of the information/data before in any way acting upon the same. MIPL shall not be liable for any harm, injury, loss or damage caused to the Subscriber due to default by the Subscriber's debtors/beneficiaries in fulfilling their obligations of any nature whatsoever. This Report or any of its portion shall not be used as a documentary evidence or otherwise before any investigative agencies or forum of law. This Report is confidential and proprietary to MIPL. The Subscriber and/or any other person(s) may not reproduce, publish or disclose any of the contents of the Report to others without the express authorization of MIPL. This Report is prepared and issued to the Subscriber without any risk, responsibility or liability on the part of MIPL or its officials.

**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)