

## MIRA INFORM REPORT

Report No. :	543888
Report Date :	21.12.2018

### IDENTIFICATION DETAILS

Name :	KUTEZ MAKINA SANAYI VE TICARET LTD. STI.
Registered Office :	Dudullu Osb Mah. Imes 204 Sok. No:13-B Umraniye 34775 Istanbul
Country :	Turkey
Financials (as on) :	31.12.2017
Date of Incorporation :	17.06.1996
Com. Reg. No.:	348029
Legal Form :	Limited Company
Line of Business :	Manufacture and trade of metal processing machines.
No. of Employees :	21

### RATING & COMMENTS

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

MIRA's Rating :	C
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Credit Rating	Explanation	Rating Comments
C	Medium High Risk	Business dealings permissible preferably on secured 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.

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**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	KUTEZ MAKINA SANAYI VE TICARET LTD. STI.
HEAD OFFICE ADDRESS	Dudullu Osb Mah. Imes 204 Sok. No:13-B Umraniye 34775 Istanbul / Turkey
PHONE NUMBER	90-216-364 32 24
WEB-ADDRESS	www.kutez.com.tr
E-MAIL	info@kutez.com.tr

## **LEGAL STATUS AND HISTORY**

TAX OFFICE	Sarigazi
TAX NO	5990048619
REGISTRATION NUMBER	348029
REGISTERED OFFICE	Istanbul Chamber of Commerce
COMMERCIAL REGISTRY	Istanbul Commercial Registry
DATE ESTABLISHED	17.06.1996
ESTABLISHMENT GAZETTE DATE/NO	24.06.1996/4065
LEGAL FORM	Limited Company
TYPE OF COMPANY	Private
REGISTERED CAPITAL	TL 10.000
PAID-IN CAPITAL	TL 10.000
HISTORY	Previous Shareholder : Please vide Previous Shareholders section for the former shareholders' names. / Changed on : 20.11.2017/(Commercial Gazette Date /Number 24.11.2017 /9459)

PREVIOUS SHAREHOLDERS	Osman Faruk Ozturk	90 %
	Erdal Besuluk	10 %

## **OWNERSHIP / MANAGEMENT**

SHAREHOLDERS	Osman Faruk Ozturk	100 %
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SISTER COMPANIES

- Declared to be: None

**SUBSIDIARIES**

- None

**DIRECTORS** Osman Faruk Ozturk ( General Manager )

**OPERATIONS**

<b>BUSINESS ACTIVITIES</b>	Manufacture and trade of metal processing machines.		
<b>NACE CODE</b>	DK.29.42		
<b>SECTOR</b>	Metal		
<b>NUMBER OF EMPLOYEES</b>	21		
<b>NET SALES</b>	2.577 TL Thousand	(2016)	
	3.013 TL Thousand	(2017)	
	2.152 TL Thousand	(01.01-30.09.2018)	
<b>IMPORT VALUE</b>	0 TL	(2016)	
	0 TL	(2017)	
	0 TL	(01.01-30.11.2018)	
<b>EXPORT VALUE</b>	1.839 TL Thousand	(2016)	
	2.507 TL Thousand	(2017)	
	1.398 TL Thousand	(01.01-30.09.2018)	
<b>EXPORT COUNTRIES</b>	Algeria India U.A.E. Russia Lebanon Canada Romania U.S.A.		
<b>MERCHANDISE EXPORTED</b>	Machinery		
<b>HEAD OFFICE ADDRESS</b>	Dudullu Osb Mah. Imes 204 Sok. No:13-B Umraniye Istanbul / Turkey		
<b>BRANCHES</b>	Head Office/Production Plant : Dudullu Osb Mah. Imes 204 Sok. No:13-B Umraniye Istanbul/Turkey		

TREND OF BUSINESS	Trend of business was steady in 2017. There appears a decline at business volume in nominal terms in the first 9 months of 2018. Consequently, there appears a slowdown at business volume in real terms in the first 9 months of 2018 when compared to 2016.
SIZE OF BUSINESS	Moderate

## **FINANCE**

CREDIT FACILITIES	The subject company is making use of credit facilities.
PAYMENT BEHAVIOUR	Slow

KEY FINANCIAL ELEMENTS	(2016) TL Thousand	(2017) TL Thousand	(01.01- 30.09.2018) TL Thousand
Net Sales	2.577	3.013	2.152
Profit (Loss) Before Tax	8	23	-829
Stockholders' Equity	795	812	
Total Assets	1.496	2.164	
Current Assets	1.141	1.877	
Non-Current Assets	355	287	
Current Liabilities	701	1.352	
Gross Profit (loss)	1.011	785	735
Operating Profit (loss)	323	43	-200
Net Profit (loss)	-66	17	-829

## **COMMENT ON FINANCIAL POSITION**

Capitalization Remarks on Capitalization	Negative Stockholders' Equity The loss at the last period is expected to have a negative effect on equity total since the last balance sheet date.
Liquidity	Good As of 31.12.2017
Profitability	High Operating Profitability in 2016 Net Loss in 2016 Low Operating Profitability in 2017 Low Net Profitability in 2017 Operating Loss (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 Poor

## **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

## **BALANCE SHEETS**

	31.12.2016 ( Full Year ) TL Thousand		31.12.2017 ( Full Year ) TL Thousand	
<b>CURRENT ASSETS</b>	1.141	0,76	1.877	0,87
Not Detailed Current Assets	0	0,00	0	0,00
Cash and Banks	424	0,28	519	0,24
Marketable Securities	0	0,00	0	0,00
Account Receivable	157	0,10	557	0,26
Other Receivable	55	0,04	103	0,05
Inventories	207	0,14	381	0,18
Advances Given	0	0,00	12	0,01
Accumulated Construction Expense	0	0,00	0	0,00
Other Current Assets	298	0,20	305	0,14
<b>NON-CURRENT ASSETS</b>	355	0,24	287	0,13
Not Detailed Non-Current Assets	0	0,00	0	0,00
Long-term Receivable	0	0,00	0	0,00
Financial Assets	0	0,00	0	0,00
Tangible Fixed Assets (net)	270	0,18	276	0,13
Intangible Assets	85	0,06	11	0,01
Deferred Tax Assets	0	0,00	0	0,00
Other Non-Current Assets	0	0,00	0	0,00
<b>TOTAL ASSETS</b>	1.496	1,00	2.164	1,00
<b>CURRENT LIABILITIES</b>	701	0,47	1.352	0,62
Not Detailed Current Liabilities	0	0,00	0	0,00
Financial Loans	84	0,06	7	0,00
Accounts Payable	242	0,16	444	0,21
Loans from Shareholders	1	0,00	0	0,00
Other Short-term Payable	46	0,03	49	0,02
Advances from Customers	273	0,18	819	0,38

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Accumulated Construction Income	0	0,00	0	0,00
Taxes Payable	17	0,01	28	0,01
Provisions	38	0,03	5	0,00
Other Current Liabilities	0	0,00	0	0,00
LONG-TERM LIABILITIES	0	0,00	0	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	0	0,00	0	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	795	0,53	812	0,38
Not Detailed Stockholders' Equity	0	0,00	0	0,00
Paid-in Capital	10	0,01	10	0,00
Cross Shareholding Adjustment of Capital	0	0,00	0	0,00
Inflation Adjustment of Capital	22	0,01	22	0,01
Equity of Consolidated Firms	0	0,00	0	0,00
Reserves	980	0,66	980	0,45
Revaluation Fund	0	0,00	0	0,00
Accumulated Losses(-)	-151	-0,10	-217	-0,10
Net Profit (loss)	-66	-0,04	17	0,01
TOTAL LIABILITIES AND EQUITY	1.496	1,00	2.164	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	2.577	1,00	3.013	1,00	2.152	1,00
Cost of Goods Sold	1.566	0,61	2.228	0,74	1.417	0,66
Gross Profit	1.011	0,39	785	0,26	735	0,34
Operating Expenses	688	0,27	742	0,25	935	0,43
Operating Profit	323	0,13	43	0,01	-200	-0,09
Other Income	79	0,03	114	0,04	477	0,22
Other Expenses	393	0,15	126	0,04	1.102	0,51
Financial Expenses	1	0,00	8	0,00	4	0,00
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	8	0,00	23	0,01	-829	-0,39
Tax Payable	74	0,03	6	0,00	0	0,00
Postponed Tax Gain	0	0,00	0	0,00	0	0,00
Net Profit (loss)	-66	-0,03	17	0,01	-829	-0,39

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## **LAST FINANCIAL STATEMENT DETAILS**

	TL Thousand
Cash	107
Banks	412
Doubtful Trade Receivables	0
Other Miscellaneous Receivables (in Other Receivable)	103
Overdue, Delayed or Deferred Tax by Installments and Other Liabilities	0
Profit from Foreign Currency Exchange	434
Loss from Foreign Currency Exchange	837

## **FINANCIAL RATIOS**

	(2016)	(2017)
<b>LIQUIDITY RATIOS</b>		
Current Ratio	1,63	1,39
Acid-Test Ratio	0,91	0,87
Cash Ratio	0,60	0,38
<b>ASSET STRUCTURE RATIOS</b>		
Inventory/Total Assets	0,14	0,18
Short-term Receivable/Total Assets	0,14	0,30
Tangible Assets/Total Assets	0,18	0,13
<b>TURNOVER RATIOS</b>		
Inventory Turnover	7,57	5,85
Stockholders' Equity Turnover	3,24	3,71
Asset Turnover	1,72	1,39
<b>FINANCIAL STRUCTURE</b>		
Stockholders' Equity/Total Assets	0,53	0,38
Current Liabilities/Total Assets	0,47	0,62
Financial Leverage	0,47	0,62
Gearing Percentage	0,88	1,67
<b>PROFITABILITY RATIOS</b>		
Net Profit/Stockholders' Eq.	-0,08	0,02
Operating Profit Margin	0,13	0,01
Net Profit Margin	-0,03	0,01
Interest Cover	9,00	3,88
<b>COLLECTION-PAYMENT</b>		
Average Collection Period (days)	21,93	66,55
Average Payable Period (days)	55,63	71,74
<b>WORKING CAPITAL</b>	<b>440,00</b>	<b>525,00</b>

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.28
UK Pound	1	INR 88.85
Euro	1	INR 80.05
TRY	1	INR 13.30

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

**INFORMATION DETAILS**

Analysis Done by :	VIV
Report Prepared by :	TRU

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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)