

## Corporate Credit Rating

New  Update

**Sector:** Construction & Contracting

**Publishing Date:** 24/11/2025

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	BBB+ (tr)	J2 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Affirmed by JCR on September 1, 2025

## AL-KA İnşaat Nakliyat Taahhüt Ticaret Anonim Şirketi

JCR Eurasia Rating, has evaluated "AL-KA İnşaat Nakliyat Taahhüt Ticaret Anonim Şirketi" in the investment grade category and revised the Long-Term National Issuer Credit Rating from 'A- (tr)' to 'BBB+ (tr)' and affirmed the Short-Term National Issuer Credit Rating at 'J2 (tr)' and with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed at 'BB/Stable' as parallel to sovereign ratings and outlooks of Republic of Türkiye.

**AL-KA İnşaat Nakliyat Taahhüt Ticaret Anonim Şirketi** (hereinafter referred to as 'AL-KA İnşaat or 'the Company') was established in 1996 in Diyarbakır. Operating in the construction and contracting industry, the Company carries out a wide range of projects, from superstructure works such as schools, public institution buildings, and telecommunication facilities to infrastructure projects including sewerage systems, agricultural irrigation and pond constructions. A substantial portion of the Company's project portfolio consists of public sector contracts obtained through tender processes, reflecting its long-standing experience in public works. As of the rating report date, AL-KA İnşaat has 19 ongoing projects, all contracted with public authorities.

The Company's sole shareholder is Mehmet Kaya who is also the founder and the only board member as of the rating report date.

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

### Strengths

- Increase in sales in FY2024 and foreseeable revenue structure based on the progress payments within the framework of contracted works and considerable backlog value from the ongoing projects
- Low level of bank borrowings compared to the business size and cash surplus position as of FYE2024 despite increase in financial indebtedness as of the rating report date
- Paid-in capital increase in August 2025 from the payables to the shareholders account despite decreasing equity to total assets ratio as of FYE2024
- Ability of collecting receivables thanks to the construction works undertaken through tenders from governmental institutions
- Experience in construction projects with wide array of types including buildings for public authorities

### Constraints

- Losses in core profitability metrics resulted in FY2024 despite improvement in bottom-line profitability owing to net monetary gains
- Limited explanatory content and inconsistencies in the independent audit report
- Volatile cash flow performance attributable to budgetary constraints imposed by public institutions for certain projects and high upfront costs outriding the progress payments in line with the phased nature of the construction works
- Improvement needs in the corporate governance practices framework along with key-person risk stemming from the ownership and management of the Company by one individual
- As actions for a global soft landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'A- (tr)' to 'BBB+ (tr)'. The Company's revenue generation capacity considering the backlog value arising from the ongoing construction projects from public authorities despite the hike in borrowings as of the rating report date and uncertainties related to the tender-based business along with the operational and structural risks of the construction sector embedded to the macro-economic outlook 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 backlog portfolio, revenue and profitability performance, liquidity level and leverage profile will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national, as well as market conditions and legal framework about the sector will be monitored as well.

