

## Corporate Credit Rating

New  Update

**Sector:** Construction & Contracting  
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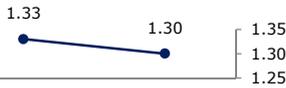
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
*Sovereign	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

### Current Ratio (x)



### NWC/Assets (%)



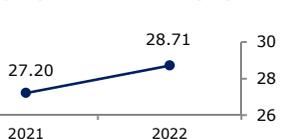
### Debt Ratio (%)



### Short-Term to Total Resources (%)



### Equity/Total Assets (%)



## Serra Mühendislik Taahhüt İnşaat Sanayi Ticaret Limited Şirketi

JCR Eurasia Rating, has evaluated **Serra Mühendislik Taahhüt İnşaat Sanayi Ticaret Limited Şirketi** in the investment grade category with high credit quality on the national scales and affirmed the Long-Term National Issuer Credit Rating at '**A+ (tr)**' and the Short-Term National Issuer Credit Rating at '**J1+ (tr)**' with '**Stable**' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as '**BB/Stable**' as parallel to international ratings and outlooks of Republic of Türkiye.

**Serra Mühendislik Taahhüt İnşaat Sanayi Ticaret Limited Şirketi** ("Serra Mühendislik" or "the Company") was established in 1998 and started active operations in 2012. It has been participating in public tenders since 2019. The main activity of the Company is the construction and contracting. The Company mainly engages in the contracting of infrastructure and superstructure projects including houses, school, dormitory and offices. Since its foundation, Serra Mühendislik has completed 9 projects total amounting to TRY 2.7bn. As of July 2024, the Company's backlog level amounted to TRY 1.6bn, with 6 projects currently in progress. The Company serves the state-owned institutions such as TOKİ and Emlak Konut GYO.

As of the reporting date, the management of the Company belongs to Zübeyr Hasan Turgut. The Company has 100 employees as of FYE2022 (FYE2021: 15).

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

### Strengths

- Net cash position as of FYE2022 and FYE2023 financials, and maintaining limited financial borrowings over the analyzed period
- Operating with net working capital surplus, which continued as of FYE2023 according to Corporate Tax Return
- Project undertaking capacity from state agencies supporting collection capacity and asset quality
- Backlog business model as well as the increase in progress costs and progress payments in FY2023 corporate tax return providing earnings predictability for the future income
- Escalation clauses in contracting business supporting the profitability to some extent

### Constraints

- Absence of audited financial statements for the previous periods limiting the trend analysis
- Fluctuations in construction costs may put pressure on profitability margins
- Potential operational and management risks due to nature of construction business
- Improvement needs in the level of compliance with corporate governance practices
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at '**A+ (tr)**'. Net cash position, net working capital surplus, project undertaking capacity from the state agencies, backlog business model, escalation clauses, as well as absence of audited financial statements, potential cost increases and operational risks along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions 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 revenue and profitability performance, financial leverage indicators, liquidity position, debt structure and asset quality will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.