



SMERA RATINGS LIMITED

Gurind Systems Private Limited (GSPL)

**Rating
Rationale****February 13, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	6.50	SMERA B-/Stable (Assigned)
Bill Export Under Letter of Credit	2.00	SMERA A4 (Assigned)
Letter of Credit	3.50	SMERA A4 (Assigned)
Bank Guarantee	1.00	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (read as **SMERA single B minus**) and a short-term rating of '**SMERA A4**' (read as **SMERA A four**) to the abovementioned bank facilities of Gurind Systems Private Limited (GSPL). The outlook on the long-term rating is '**Stable**'. The ratings are primarily constrained by the company's weak financial profile and stretched liquidity position. The ratings are further constrained by the company's modest scale of operations in a highly competitive and fragmented segment of the construction materials industry. However, the ratings are supported by the company's experienced management.

GSPL, incorporated in 1987, is a Delhi-based company engaged in manufacturing of aluminium composite panels (ACPs). GSPL's weak financial risk profile is marked by high gearing (debt-equity ratio) of 8.31 times as on March 31, 2014 and moderate interest coverage ratio of 1.25 times in FY2013-14 (refers to financial year, April 01 to March 31). The company's stretched liquidity position is evidenced by high utilisation (97 per cent) of cash credit limit during January 2014 to July 2014. GSPL has high level of debtors (Rs.2.61 crore) outstanding for more than six months as on March 31, 2014. The company's small-scale operations are reflected in revenue of Rs.16.16 crore in FY2013-14. GSPL faces intense competition from several players in the construction materials industry.

GSPL benefits from its experienced management. The directors of the company have around two decades of experience in the construction materials industry.

Outlook: Stable

SMERA believes GSPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established track record of operations and experienced management. The outlook may be revised to 'Positive' in case the company registers significant growth in profitability and cash accruals. Conversely, the outlook may be revised to 'Negative' in case of significant decline in the company's revenues and cash accruals, or in case of stretch in the company's working capital cycle.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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Rationale*

About the company

GSPL, incorporated in 1987, is a Delhi-based company promoted by Mr. Gurmeet Singh, Mr. Karan Singh and Mrs. Arti Singh. GSPL is engaged in manufacturing of aluminium composite panels (ACPs). The company has a manufacturing unit in Kalamb, Himachal Pradesh.

For FY2013–14, GSPL reported profit after tax (PAT) of Rs.0.03 crore on operating income of Rs.16.25 crore, as compared with net loss of Rs.0.48 crore on operating income of Rs.11.13 crore in FY2012–13. The company's net worth stood at Rs.1.66 crore as on March 31, 2014, as compared with Rs.1.63 crore a year earlier.

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Virendra Goyal Vice President – SME Sales Tel: +91-22-6714 1177 Cell: +91 9930074009 Email: virendra.goyal@smera.in Web: www.smera.in	Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

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