



SMERA RATINGS LIMITED

Gala Print City Limited (GPCL)

*Rating
Rationale*

July 15, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	0.92	SMERA B+/Stable (Assigned)
Term Loan (Proposed)	1.30	SMERA B+/Stable (Assigned)
Cash Credit	4.00	SMERA B+/Stable (Assigned)

SMERA has assigned a rating of **'SMERA B+' (read as SMERA B plus)** to the abovementioned bank facilities of Gala Print City Limited (GPCL). The outlook is **'Stable'**. The rating derives comfort from the company's moderate debt-protection metrics. However, the rating is constrained by the company's limited revenues, stretched working capital cycle and short track record of operations. The rating is also constrained by the company's exposure to intense market competition in the printing industry.

GPCL, incorporated in 2010, is an Ahmedabad-based company engaged in printing services. The company has moderate debt-protection metrics with debt-to-equity ratio of 0.37 times as on March 31, 2015. The company's interest coverage ratio stood at 2.22 times and NCA/TD ratio of 0.17 times in FY2015.

GPCL has limited scale of operations marked by operating income of Rs.14.05 crore in FY2014-15. The company's business is working capital-intensive as reflected in the stretched working capital cycle of 90 days and has short track record of operations since it commenced operations only in 2010. GPCL faces intense market competition.

Outlook: Stable

SMERA believes GPCL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its management. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while maintaining steady profit margins. The outlook may be revised to 'Negative' in case of deterioration in the company's operating margins or working capital management.

About the Company

GPCL, incorporated in 2010, is an Ahmedabad-based company promoted by Mr. Vishal Gala, Director. The company offers a range of printing services including single colour, multi-colour offset, commercial printing among others.

GPCL reported profit after tax (PAT) of Rs.0.11 crore on operating income of Rs.14.05 crore for FY2014-15, as compared with PAT of Rs.0.01 crore on operating income of Rs.4.74 crore in FY2013-14. The company's net worth stood at Rs.3.62 crore as on March 31, 2015, as compared with Rs.1.55 crore a year earlier.

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.



SMERA RATINGS LIMITED

Gala Print City Limited (GPCL)

*Rating
Rationale***Contact List:**

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Antony Jose Vice President – Business Development Tel: +91-22-6714 1191 Email: antony.jose@smera.in Web: www.smera.in	Mr. Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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.