

July 15, 2015

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

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.

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