



SMERA RATINGS LIMITED

Geetu Engineering & Constructions Private Limited (GECPL)

Rating Rationale

February 25, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	2.50	SMERA BB-/Stable (Assigned)
Proposed Bank Facilities	3.98	SMERA BB-/Stable (Assigned)
Bank Guarantee/Letter of Guarantee	3.52	SMERA A4+ (Assigned)

SMERA has assigned rating of '**SMERA BB-**' (read as **SMERA double B minus**) on the Rs.6.48 crore long-term (fund based) bank facilities and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.3.52 crore short-term (non-fund based) bank facility of Geetu Engineering & Constructions Private Limited (GECPL). The outlook is '**Stable**'. The rating is supported by the company's experienced management and comfortable financial risk profile marked by moderate profitability and return indicators. The rating also takes into account the healthy order book. However, the rating is constrained by the small scale of operations, fluctuating revenues and tender based nature of business.

Outlook: Stable

SMERA believes that the company will maintain a stable business profile in the medium term owing to the established operations and extensive experience of the promoter in the business. The outlook may be revised to 'Positive' in case of significant improvement in the scale of operations and accruals while maintaining its debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in profitability and accruals or larger than expected debt funded capex.

Rating Sensitivity Factors

- Scaling up operations and profitability
- Improving the financial risk profile

About the Company

GECPL incorporated in 2000 by Mr. S.K Pal, is engaged in the manufacturer of electrical L.T. Panels and undertakes electrical turnkey projects. Its operations are based in Noida and the company has been in the field for 16 years and

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GECPL capability for execution of contracts on turnkey basis involving but not limited to Procurement, Detailed Engineering, Supply, installation, testing and commissioning. It was incorporated for providing services to various public, private and govt. sector organisations in the field of electrical, engineering and electronics. It is an ISO Certified Group with all technical and human support

The company reported net profit of Rs.0.8 crore on total income of Rs.23.73 crore for FY2014–15, as compared with net profit of Rs.0.33 crore on total income of Rs.10.35 crore in FY2013–14. The net worth stood at Rs.2.55 crore as on March 31, 2015, as against Rs.1.74 crore a year earlier.

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