

April 04, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA B-/Stable (Assigned)
Cash Credit (Proposed)	1.40	SMERA B-/Stable (Assigned)
Term Loan	8.99	SMERA B-/Stable (Assigned)
Term Loan (Proposed)	1.78	SMERA B-/Stable (Assigned)
Packing Credit	2.60	SMERA B-/Stable (Assigned)
Bank Guarantee	0.09	SMERA A4 (Assigned)
Letter of Credit	0.60	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B-**' (read as **SMERA B minus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the above mentioned bank facilities of Gencor Pacific Auto Engineering Private Limited (Gencor). The outlook is '**Stable**'. The ratings are constrained by the company's small scale of operations; below average financial risk profile marked by weak coverage indicators and stretched liquidity. The ratings also factor in the company's exposure to customer concentration risks amidst intense competition in the auto ancillary industry. However, the ratings draw support from the experienced management and financial support from the promoter in the form of compulsory convertible debenture.

Outlook: Stable

SMERA believes that the outlook on Gencor will remain 'Stable' over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case of further improvement in its scale of operations while maintaining profitability and efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

Rating Sensitivity Factors

- Scaling up of operations and improvement in profitability margins
- Improvement in the financial risk profile
- Debt funded capex

About the Company:

Gencor, incorporated in 2009, commenced operations in 2011. The company is engaged in the manufacture of aluminium castings for the automobile industry. The product portfolio of the company includes steering and starter motor brackets, end plates, alternator brackets (for four wheelers), gear box among others.

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SMERA RATINGS LIMITED

Gencor Pacific Auto Engineering Private Limited (Gencor)

*Rating
Rationale*

For FY2014-15, Gencor reported profit after tax (PAT) of Rs.0.17 crore on operating income of Rs.23.06 crore as compared with PAT of Rs.0.08 crore on operating income of Rs.18.21 crore for FY2013-14.

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