

G.K. Roofings (India) Private Limited: Assigned

Name of the Instrument	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	4.10	SMERA B-/Stable (Assigned)
Proposed	0.50	SMERA B-/Stable (Assigned)
Bank guarantee	1.00	SMERA A4 (Assigned)

SMERA has assigned rating of **'SMERA B-' (read as SMERA B minus)** and **SMERA A4 (read as SMERA A four)** to the above mentioned bank facilities of G.K. Roofings (India) Private Limited (GKRIPL). The outlook is **'Stable'**.

The ratings are constrained by the weak financial risk profile, uneven revenue and working capital intensive operations. However, the ratings derive comfort from the experienced management and reputed customer base.

The ratings are constrained by the weak financial risk profile marked by low PAT margin at 0.95 percent, low interest coverage ratio of 1.64 times and moderate net worth of Rs.5.64 crore, supported by unsecured loans of Rs.3.41 crore. The revenue of the company is uneven with Rs.8.48 crore in FY2012-13, Rs. 9.51 crore in FY2013-14 and Rs.4.67 crore in FY2014-15. The operations are working capital intensive evident from the full utilisation of fund based limits. However, the ratings derive comfort from the experienced management.

Rating Sensitivity Factors

- Scaling up of operations
- Sustaining improvement in profitability

Outlook-Stable

SMERA believes that the outlook on GKRIPL's rated facilities will remain stable over the medium term on account of the company's experienced management. The outlook may be revised to 'Positive' if the company registers sustained growth in revenue while improving profit margins. Conversely, the outlook may be revised to 'Negative' in case of steep decline in operating profit margins or significant deterioration in the capital structure on account of larger than envisaged debt funded capex.

Criteria applied to arrive at the rating:

- **Manufacturing Entities**

About the Company

GKRIPL is a Chennai-based company incorporated in 2003 by Mr. G. Kannappa Mudaliar, Mr. K. Govindarajan and Mr. K. Parthiban. The company is engaged in the manufacturing and trading of steel roofing sheets.

For FY2014-15, GKRIPL registered profit after tax (PAT) of Rs.0.04 crore on operating income of Rs.4.67 crore.



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ABOUT SMERA

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