

### 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.

**Contacts:**

Analytical	Media
Mr. Mohit Jain Vice President – Ratings Operation, Tel: +91-22-6714 1105 Cell: 9619911017 Email: <a href="mailto:mohit.jain@smera.in">mohit.jain@smera.in</a>	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>

**ABOUT SMERA**

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit [www.smera.in](http://www.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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.