

German Polymers and Coatings Private Limited: Assigned

Name of the Instruments	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	5.00	SMERA B/Stable (Assigned)
Bank Guarantee	0.35	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B**' (read as **SMERA B**) and '**SMERA A4**' (read as **SMERA A four**) to the Rs.5.35 crore bank facilities of German Polymers and Coatings Private Limited (GPCPL). The outlook is '**Stable**'.

The ratings are constrained by the weak financial risk profile, uneven scale of operations and working capital intensive business. However, the ratings derive comfort from the experienced management and long track record of operations.

GPCPL, incorporated in 1992 is engaged in the manufacture of paints for industrial use. The company is headed by Mr. Selvaraj, Managing Director who has more than two decades of experience in the same line of business. The company's financial risk profile is weak marked by high gearing of 39.37 times and low tangible net worth of Rs.0.31 crore as on March 31, 2015. Further, the interest coverage ratio stands at 1.30 times as on March 31, 2015. GPCPL operates on a moderate scale, marked by moderate revenues of Rs.10.83 crore for FY2015. The operations are working capital intensive with high working capital days of 239 as on March 31, 2015.

Rating Sensitivity Factors

- Scaling up operations and profitability
- Efficient working capital management

Outlook-Stable

SMERA believes GPCPL will maintain a stable business risk profile over the medium term owing to the extensive experience of the promoter. The outlook may be revised to 'Positive' in case of significant improvement in profitability, accruals and working capital management. Conversely, the outlook may be revised to 'Negative' if the company registers significant decline in profitability as well as accruals.

Criteria applied to arrive at the ratings

- Manufacturing Entities

About the Company

The Tamil Nadu-based GPCPL, incorporated in 1992 by Shri R. Selvaraj is engaged in the manufacture of paints including specialty varnishes and thinners for industrial use. The company targets the domestic as well as international markets. The company reported sales of Rs.10.82 crore for FY2014-15 and profit after tax (PAT) of Rs.0.07 crore.

Contacts:

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

ABOUT SMERA

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