Press Release

06 March, 2017

Gunite Technomix

Rating Assigned

Total Bank Facilities Rated *	Rs.6.00 Cr
Long Term Rating	SMERA B+/Stable

**Refer Annexure for details*

Rating Rationale

SMERA has assigned long-term rating of **'SMERA B+' (read as SMERA B plus)** on the Rs. 6.00 crore bank facilities of Gunite Technomix. The outlook is **'Stable'**.

Gunite Technomix (GT), a Bangalore-based partnership firm was established in 2012 by Mr. Dinesh Kumar, Mrs. Aruna amd Mrs. Sapna. The firm is engaged in the manufacture of Ready Mix Concrete (RMC) for construction companies. GT has a batching plant at North Bangalore with installed capacity of 20000 MT per month. The firm procures raw material from local suppliers for manufacture of RMC.

Key Rating Drivers

Strengths

- **Experienced promoters**

  Mr. Dinesh Kumar, Managing Partner, possesses experience of over a decade in the cement and construction industry.

Weaknesses

- **Moderate scale of operations**

  GT's scale of operations is considered moderate marked by operating oncome of Rs.30.74 cr in FY2015-16 as against Rs.17.66 cr a year earlier. The firm reported approximate sales of Rs.24 cr till December 2016.

- **Moderate financial risk profile**

  The moderate financial risk profile is marked by high gearing of 3.42 times in FY2015-16 as against 3.14 times in FY2014-15. The operating margin of the firm stood comfortable at 5.94 per cent in FY2015-16 as against 5.55 per cent in FY2014-15. Further, the firm has moderate net profit margin of 1.04 per cent in FY2015-16 as against 0.93 per cent a year earlier. The coverage ratio stood at 2.13 times in FY2015-16 as against 1.74 times in FY2014-15. The ROCE of the firm is comfortable and stands low at 19.69 per cent in FY2015-16 as against 16.24 per cent a year earlier.

- **Competitive and fragmented nature of the cement industry**

  The cement industry is highly competitive due to low entry barriers resulting in intense competition from the organised as well as unorganised players.

Analytical Approach
SMERA has taken a standalone view of the business and financial risk profiles of Gunite Technomix.

Outlook: Stable
SMERA believes that GT will maintain a stable outlook in the medium term on the back of the experience of the promoter. The outlook may be revised to Positive in case the firm registers higher than expected growth in revenue while improving profit margins. Conversely, the outlook may be revised to Negative in case of higher than anticipated debt-funded capital expex and/or deterioration in the financial risk profile or profit margins.

About the Rated Entity - Key Financials
For FY2015-16, the firm reported PAT (profit after tax) of Rs.0.32 cr on operating income of Rs.30.74 cr, as compared with PAT of Rs.0.17 cr on operating income of Rs.17.66 cr in FY2014-15. The net worth stood at Rs.1.50 cr as on March 31, 2016 against Rs.1.28 cr a year earlier.

Status of non-cooperation with previous CRA (if applicable)
None

Any other information
None

Applicable Criteria

- Default Recognition - https://www.smera.in/criteria-default.htm
- Manufacturing Entities - https://www.smera.in/criteria-manufacturing.htm
- Financial Ratios And Adjustments - https://www.smera.in/criteria-fin-ratios.htm

Note on complexity levels of the rated instrument
https://www.smera.in/criteria-complexity-levels.htm

Rating History (Upto last three years)
Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA B+ / Stable
OBD	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA B+ / Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.80	SMERA B+ / Stable
Proposed Long Term	Not Applicable	Not Applicable	Not Applicable	0.20	SMERA B+ / Stable

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ABOUT SMERA

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