

Press Release

Gsd Constructions Indore Private Limited

May 02, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 6.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs. 6.00 crore bank facilities of Gsd Constructions Indore Private Limited. The outlook is '**Stable**'.

GSD Constructions Indore Private Limited (GSD) is an Indore-based civil contractor and undertakes civil work for real estate developers. The company caters to Saicharan Properties Limited, Balaji Febtech Engineering Private Limited, Giriraj Enterprises to name a few.

Key Rating Drivers

Strengths

- Experienced management and established track record of operations**

GSD was established in 2005 and incorporated as a private limited company in 2011. The Directors, Mr. Swamidas Kumawat, Mr. Dayaprakash Kumawat, Mrs. Geetadevi Kumavat and Mrs. Asha Kumavat have around three decades of experience in the civil construction business.

- Moderate financial risk profile**

GSD has moderate financial risk profile marked by comfortable gearing of 0.44 times as on March 31, 2016 as compared to 0.35 times as on March 31, 2015. The interest coverage ratio (ICR) stood healthy at 5.48 times in FY2015-16. The TOL/TNW stood at 3.36 times as on March 31, 2016 and RoCE stood at 53.78 percent for FY2015-16.

- Moderate order book position**

GSD has comfortable order book position of Rs.119.10 cr as on March 20, 2017, expected to be executed by FY2017-18. The total value of tenders received in FY2015-16 stood at Rs.119.10 cr out of which the company has completed orders worth Rs. 20.60 in FY2016-17. The remaining work is expected to be completed by FY2017-18.

Weaknesses

- Modest scale of operations**

The scale of operations is modest with revenue of Rs.9.60 cr in FY2015-16 as against Rs.3.07 cr in FY2014-15 and Rs. 8.62 cr in FY2013-14. The company exhibits an uneven trend in its operating income since operations are dependent on the successful bidding of tenders.

- Intense competition from established players**

GSD is exposed to intense competition from organised and unorganised players in the construction industry. Besides, the company is exposed to geographic concentration risk since operations are limited to Indore, Madhya Pradesh.

Analytical Approach

SMERA has considered the standalone financial and business risk profiles of GSD Constructions Indore Private Limited (GSD) to arrive at the rating.

Outlook: Stable

SMERA believes that the outlook on GSD's rated facilities will remain stable over the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the company is able to successfully expand its scale of operations while maintaining a comfortable liquidity position and satisfactory capital structure. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its capital structure and liquidity position.

About the Rated Entity - Key Financials

For FY2015-16, GSD reported profit after tax (PAT) of Rs.0.56 cr on operating income of Rs.9.60 cr as against PAT of Rs.0.13 cr on operating income of Rs.3.07 cr in FY2014-15. The net worth stood at Rs.1.85 cr as on 31 March, 2016 as against Rs.0.78 cr as on 31 March, 2015.

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>
- 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	1.00	SMERA B+ / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA A4
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA A4

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in

Hina Gupta Senior Analyst - Rating Operations Tel: 02267141320 hina.gupta@smera.in	
--	--

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit 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) for the latest information on any instrument rated by SMERA.*