



Press Release
GMP Technical Solutions Private Limited
January 03, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	21.00	ACUITE BBB+ Stable Reaffirmed	-
Bank Loan Ratings	32.00	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	53.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of 'ACUITE BBB+' (read as ACUITE triple B plus) and short term rating of 'ACUITE A2' (read as ACUITE A two) to the Rs.53 Cr. bank facilities of GMP Technical Solutions Private Limited (GTSPL). The Outlook is 'Stable'.

Rationale for rating reaffirmation

The rating action reflects the recent management change and acquisition of GTSPL by Shinryo Corporation. This transition is expected to benefit GTSPL, as Shinryo Corporation, which operates in the same industry with a global presence, views the acquisition as part of its broader strategy to expand internationally. GTSPL is anticipated to maintain its established position in the pharmaceutical sector, ensuring a steady stream of orders, while also enhancing its footprint in rapidly growing industries such as microelectronics and semiconductors. Additionally, based on year-to-date data (YTD), GTSPL has stabilized its operations and improved its EBITDA margins compared to FY24. The rating is further supported by a healthy financial risk profile and a healthy order book, indicating strong revenue visibility. However, the rating is constrained by moderate working capital management and the company's vulnerability to fluctuations in raw material prices, which could impact profitability margins.

About the Company

GMP Technical Solutions Private Limited (GTSPL) was incorporated in 2003. The company is engaged in manufactures clean room partitions and panels, and pharmaceutical equipment. The present directors of the company are Mr. Ajay Mehta, Mr. Tatsuji Yoshimura, Mr. Koichi Kaji, Mr. Yukiyasu Shibata and Mr. Koki Itakura. The registered office of the company is in Mumbai.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered standalone business and financial risk profile of GTSPL.

Key Rating Drivers

Strengths

Experienced management and long track record of operations

GMP Technical Solutions Private Limited (GTSPL) was recently acquired by Shinryo Corporation (SC) from Vascon Engineers in October 2024. SC, a Japanese company based in Tokyo, specializes in heating, ventilation, and air conditioning (HVAC) systems and offers a comprehensive range of services. The company has expanded its

global footprint through strategic acquisitions, including the acquisition of Suvidha Engineers India Pvt Ltd in 2018, which strengthened its operations in India. SC's clientele includes large-scale facilities, medical institutions, energy plants, and research centers. Acuité believes that GTPL may benefit from the recent management change over the medium term.

Growth in Scale of Operations Supported by Consistent Order Flow

GTSP reported a revenue of Rs.293.89 crore in FY24, compared to Rs.254.55 crore in FY23. For FY2025, the company has recorded revenue of ₹160.67 crore as of September 2024. This revenue growth is attributed to a steady influx of orders from the pharmaceutical and other industries. As of November 2024, GTSP's order book stood at Rs.326.52 crore, with Rs.134.35 crore related to HVAC projects and Rs.192.17 crore for clean room partitions, equipment, and door manufacturing. The company's order book is expected to be executed over the next 12 to 18 months, providing a strong revenue visibility for the medium term.

Healthy financial risk profile

The financial risk profile of the company is healthy marked by healthy capital structure and debt protection metrics. The networth of the company stood at Rs.89.46 Cr. as on March 31st 2024 as against Rs.83.17 Cr. as on March 31st 2023. The improvement in networth is due to accretion of profits to reserves. The gearing of company remained healthy under unity over the last 3 years, during FY24 GTSP's gearing stood at 0.32 times against 0.10 times of previous years FY2023 and 0.41 times for FY2022. Debt protection metrics – Interest coverage ratio and debt service coverage ratio stood at 8.83 times and 7.50 times for FY2024 respectively. Healthy networth along with Low debt levels has led to improvement in TOL/TNW at 1.72 times and Debt /EBITDA at 1.39 times as on March 31, 2024 against 1.30 times of TOL/TNW and 0.33 times Debt/ EBITDA of previous year. Going forward financial risk profile of the group is expected to remain healthy on account of low debt levels.

Weaknesses

Moderately working capital intensive nature of operations

The working capital operations of the company are moderately intensive, as reflected by its gross current asset (GCA) days of 221 days in FY2024 as against 182 days in FY23 and 213 days in FY22. GCA days are majorly dominated by debtor days of 118 days in FY24 as against 109 days in FY23 and 137 days in FY22. The inventory days of the company stood at 63 days in FY24 as against 51 days in FY23 and 48 days in FY22. In order to support the working capital requirement, the company has stretched its creditor days to 80 days in FY24 as against 70 days in FY23 and 121 days in FY22. Further, the average working capital utilization stood high at 71 percent in the past 12 months ending October 2024.

Moderately competitive industry

Cleanroom industry is characterized by few small players competing amongst each other. However, the company majorly caters to reputed players in the pharmaceutical industry wherein the companies need to adhere with prescribed standards to maintain the aseptic and sterile environment. As the company is providing unique solution and operating in niche segment, the number of players providing such technology services are limited. Further, with established track record of about two decades combined with technical support from parent company Shinryo Corporation, the company's technical strength has further bolstered, and it is well placed in the industry.

Rating Sensitivities

- Any elongation in working capital cycle leading to stretch in liquidity.
- Company's ability to scale up the operations while maintaining the profitability.

Liquidity Position: Adequate

GTSP's liquidity is adequate, marked by comfortable cash accruals to its debt obligations. It reported cash accruals of Rs. 15.27 Cr. in FY2024 as against Rs. 18.72 Cr. in FY23; its accruals are expected in the range of Rs 20.5 to 22 Cr. in FY2025-26 against no major repayment obligations during the same period. The current ratio of the company stands at 1.34 times, and cash and bank balances stood at Rs. 3.77 crore as of March 31, 2024. Average bank limit utilization stood at 71 percent over the last 12 months ending October 2024. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of adequate cash

accrual and no major debt capex plans over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	293.89	254.55
PAT	Rs. Cr.	7.05	12.87
PAT Margin	(%)	2.40	5.06
Total Debt/Tangible Net Worth	Times	0.32	0.10
PBDIT/Interest	Times	8.83	9.26

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
14 Nov 2023	Bank Guarantee (BLR)	Short Term	22.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	11.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
25 Feb 2023	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	11.00	ACUITE BBB Stable (Reaffirmed)
21 Feb 2022	Bank Guarantee/Letter of Guarantee	Short Term	5.00	ACUITE A3+ (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	5.00	ACUITE A3+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	17.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	8.00	ACUITE BBB Stable (Assigned)
	Proposed Cash Credit	Long Term	13.00	ACUITE BBB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A2 Reaffirmed
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.00	Simple	ACUITE A2 Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB+ Stable Reaffirmed
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.00	Simple	ACUITE BBB+ Stable Reaffirmed

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About Acuité Ratings & Research

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