

## G & L Profile and Equipment Private Limited

January 15, 2020

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long Term Bank Facilities	13.00	<b>CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook: Stable; ISSUER NOT COOPERATING)</b>	Issuer not cooperating; Based on best available information
Short Term Bank Facilities	2.00	<b>CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING)</b>	Issuer not cooperating; Based on best available information
<b>Total</b>	<b>15.00 (Rupees Fifteen crore only)</b>		
Issuer Rating*	-	<b>CARE BB (Is); Stable; ISSUER NOT CO-OPERATING* (Double B (Issuer Rating); Outlook: Stable; Issuer not co-operating)</b>	Issuer not co-operating Based on best available information

\* The rating is subject to the company maintaining overall gearing not exceeding 1.79 times.

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from G & L Profile and Equipment Private Limited (G & L) to monitor the ratings vide e-mail communications/letters dated June 14, 2019, July 17, 2019, August 27, 2019, September 03, 2019, September 19, 2019, September 23, 2019, November 04, 2019, November 05, 2019, December 04, 2019, December 17, 2019, December 26, 2019, December 31, 2019, January 01, 2020, January 02, 2020 and various telephonic interactions. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings on G & L's bank facilities will now be denoted as **CARE BB; Stable/ CARE A4; ISSUER NOT COOPERATING \***

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.**

### Detailed description of the key rating drivers

At the time of last rating on October 10, 2018 the following were the rating strengths and weaknesses

### Detailed description of key rating drivers

#### Key Rating Weaknesses

#### **Financial risk profile marked by moderate profitability, capital structure and debt coverage indicators**

During FY18, PBILDT margin of G&L remained moderate at 5.60% as against 7.49% during FY17. The PBILDT margin has been declining over the past 3 years primarily due to fluctuation in raw material cost over the years. Also, during FY18, PAT margin of G&L declined to 1.82% as against 5.56% during FY17. The capital structure of G&L remained moderate marked by overall gearing ratio at 1.78 times as on March 31, 2018 (1.25 times as on March 31, 2017) owing to an increase in overall debt level as on March 31, 2018. The debt coverage indicators as marked by total debt to GCA also remained moderate at 10.32 times as on March 31, 2018 while the interest coverage stood moderate at 1.92 times during FY18 as against 1.51 times during FY17.

#### **Susceptibility of profit margins to volatility in raw material prices and foreign exchange fluctuation risk**

The key raw materials required for manufacturing aluminum profiles, equipment and dies include steel bars and aluminium billets or ingots which are metal commodities and purchased domestically as well as imported. Also, in absence of any active hedging policy the company is exposed to foreign exchange fluctuation risk.

<sup>1</sup> Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

**Presence in highly fragmented and competitive aluminum industry**

The aluminum industry is highly fragmented and unorganized in nature thereby putting pressure on profitability margins. Further, due to low entry barriers the competition gets intensified, which might put pressure on profitability of the existing as well as new players.

**Key Rating Strengths****Vast experience of promoters**

G & L was incorporated in 2007 by Mr. Giriya-pura Shivakumara Halappa and Mr. Bansoor Thammiah Latha, both having an experience of more than two decades in the aluminum industry.

**Increasing (albeit moderate) scale of operations**

The Total Operating Income (TOI) of G&L has exhibited an increasing trend for the period FY16-FY18 on account of increase in demand of its product. However, it remained moderate at Rs.55.23 crore in FY18.

**Liquidity position: Stretched**

The liquidity position remained stretched marked by current ratio at 1.48 times and operating cycle at 76 days during FY18. Average working capital limits utilization remained high at 95% during past twelve months period ended July, 2018. Cash and bank balance remained low at Rs.0.04 crore, while net cash flow from operations remained negative at Rs.2.61 crore during FY18.

**Analytical Approach:** Standalone

**Applicable Criteria**

[Criteria on assigning 'outlook' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology - Manufacturing Companies](#)

[Financial ratios – Non-Financial Sector](#)

[Rating for Short Term Instruments](#)

[CARE's Issuer Rating](#)

**About the Company**

Vadodara-based (Gujarat) 'G & L Profile and Equipment Private Limited' (G & L) was incorporated as a Private Limited company by Mr. Giriya-pura Shivakumara Halappa and Mr. Bansoor Thammiah Latha in February 2007. The company is engaged into manufacturing of aluminium extrusion profiles, equipment, dies and tools. The manufacturing facility of G & L is located at Savli, Vadodara having installed capacity of 400 metric tonnes per annum (MTPA) as on March 31, 2018. The products manufactured by G & L are primarily used in the construction and hardware industry. G & L imports as well as purchases the raw materials domestically, while it sells its final products to various states pan-India.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History (Last three years):** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	July, 2022	2.22	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	7.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-ILC/FLC	-	-	-	2.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based-Long Term	-	-	-	3.78	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Issuer Rating-Issuer Ratings	-	-	-	0.00	CARE BB (Is); Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	2.22	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; Stable (10-Oct-18)	-	-
2.	Issuer Rating-Issuer Ratings	Issuer rating	0.00	CARE BB (Is); Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB (Is); Stable (10-Oct-18)	-	-
3.	Fund-based - LT-Cash Credit	LT	7.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; Stable (10-Oct-18)	-	-
4.	Non-fund-based - ST-ILC/FLC	ST	2.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based	-	1)CARE A4; Stable (10-Oct-18)	-	-

				on best available information				
5.	Fund-based-Long Term	LT	3.78	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; Stable (10-Oct-18)	-	-

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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#### About CARE Ratings:

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#### Disclaimer

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**