

DECEMBER 23, 2016

CARE ASSIGNS 'CARE BB+' AND 'CARE A4+' RATINGS TO THE BANK FACILITIES OF GTV ENGINEERING LIMITED

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long- term Bank Facilities	5.00	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Assigned
Short- term Bank Facilities	14.00	CARE A4+ (A Four Plus)	Assigned
Total Facilities	19.00 (Rupees Nineteen crore only)		

Rating Rationale

The ratings assigned to the bank facilities of GTV Engineering Limited (GTV) are primarily constrained on account of its fluctuating total operating income (TOI) in last three financial years ended FY16 (refers to the period April 01 to March 31) and moderate profitability in a cyclical as well as fragmented and competitive capital goods industry. The ratings are, further, constrained on account of its working capital intensive nature of operations and vulnerability of margins to fluctuations in the raw material prices.

The ratings, however, derive strength from the experienced and qualified management with established track record of operations and established client base with healthy order book position. The ratings, further, derive strength from modern in-house facilities and comfortable solvency position.

The ability of the company to increase its Increase in scale of operations with maintaining the profitability margins and better management of working capital is the key rating sensitivities.

Background

GTV was incorporated in 1990 by Mr Mahesh Agrawal along with other family members in the name of Gwalior Tanks & Vessels Private Limited (GTVPL). In 1994, the company was listed in BSE and CSE and the name was changed from GTVPL to Gwalior Tanks & Vessels Limited. Furthermore, in 2006, the name of the company was again changed to its current name.

GTV is a Hi-Tech heavy steel fabrication and machining company working as a sub-contractor for various engineering companies and undertakes steelwork and technological fabrication work of plants for the cement, steel, railways, power and heavy industries. The company is engaged in the business of fabrication and machining of metal and primarily caters to the demand of Public Sector Units (PSUs) and private companies, located in domestic as well as in overseas market. It has two manufacturing facilities located at Gwalior and Bhopal having installed capacity of 3060 Metric Tonnes Per Annum (MTPA) as on March 31, 2016, and has utilized 94% of its installed capacity in FY16.

Furthermore, the company has invested in Chirchind Hydro Power Limited (CHPL), where it held 31.48 % as on March 31, 2016. CHPL is engaged in the business of Hydro-power generation and steel fabrication. It has a manufacturing unit in Bhopal for steel fabrication and other unit for power generation in Himachal Pradesh (5MW), where it has a Purchase Power Agreement with Himachal Electrical Board. However, in FY17, the company sold part of its holding in CHPL, and currently GTV holds 12.96% as on September 30, 2016.

During FY16, Audited (refers to the period April 1 to March 31), GTV reported a total operating income of Rs.27.90 crore (FY15: Rs.33.44 crore) with a PAT of Rs.0.32 crore (FY15: Rs.0.27 crore). Furthermore, the company registered a TOI of Rs.19.28 crore with PBT of Rs.0.14 crore in H1FY17.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Analyst Contact

Name: Mr Abhishek Jain

Tel: 0141-4020213/214

Cell: +91 9251265875

Email: abhishek.jain@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT

Head Office Mumbai

Mr. Amod Khanorkar

Mobile: + 91 98190 84000

 E-mail: amod.khanorkar@careratings.com
Mr. Saikat Roy

Mobile: + 91 98209 98779

 E-mail: saikat.roy@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com
AHMEDABAD
Mr. Mehul Pandya

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

 E-mail: mehul.pandya@careratings.com

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

 E-mail: nikhil.soni@careratings.com
BENGALURU
Mr. Deepak Prajapati

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

 E-mail: deepak.prajapati@careratings.com
KOLKATA
Ms. Priti Agarwal

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

 E-mail: priti.agarwal@careratings.com
CHANDIGARH
Mr. Sajan Goyal

SCF No. 54-55,

First Floor, Phase 11,

Sector 65, Mohali - 160062

Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

 Email: sajan.goyal@careratings.com
NEW DELHI
Ms. Swati Agrawal

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

 E-mail: swati.agrawal@careratings.com
CHENNAI
Mr. V Pradeep Kumar

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

 Email: pradeep.kumar@careratings.com
PUNE
Mr. Pratim Banerjee

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

 E-mail: pratim.banerjee@careratings.com
COIMBATORE
Mr. V Pradeep Kumar

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

 Email: pradeep.kumar@careratings.com

CIN - L67190MH1993PLC071691

HYDERABAD
Mr. Ramesh Bob

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

 E-mail: ramesh.bob@careratings.com
JAIPUR
Mr. Nikhil Soni