



Rating Rationale

G L Metallica Pvt. Ltd

12 June 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 10.46 Crores of G L Metallica Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2019)	Present
Fund based	8.09	10.46	Long Term	Issuer Not Cooperating BWR BB- (BWR Double B minus) Outlook: Stable	BWR BB- (BWR Double B minus) Outlook: Stable Reaffirmed
Total	8.09	10.46	INR Ten Crores and Forty Six Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results till FY18, projected financial statements till FY20, publicly available information and information/clarification provided by the client.

The ratings assigned to G L Metallica Pvt Ltd draws strength from the experience of the promoters, improved revenue and profits and the vintage of the company.

The rating is, however, constrained by small scale of operations despite the vintage of the company, low net worth, high gearing and a moderately weak financial profile. It also exposed to high fragmentation, intense competition and fluctuations in raw material prices.

Going forward, the ability of the business to increase its scale of operations, to improve profitability margins and increase their net worth would be the key rating factors.

Description of Key Rating Drivers

- **Credit Strengths:**

G L Metallica Pvt Ltd was incorporated in 1994 and has a vintage of 25 years in the industry. The promoter of the company, Mr. Kumar Agarwal, also has almost 3 decades of experience in the same line of business. A gradual increase in revenues and profits of the company has been observed. The operating income of the company increased from Rs. 41.90 Crs to Rs. 49.84 Crs and profits increased from Rs. 0.16 Crs to Rs. 0.22 Crs in FY18.

- **Credit Risks:**

The scale of operations of the company is low given the 25 year vintage the company has. The net worth of the company in FY18 is Rs. 2.31 Crs. Due to their low net worth, high gearing has been observed with a gearing ratio of 5.70 times in FY18. Moderately weak coverage ratios observed with ISCR and DSCR at 1.34 times and 1.25 times in FY18. The industry is also prone to fluctuating raw material prices and intense competition.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **G L Metallica Pvt. Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.



About the Company

Incorporated in 1994 at Jaipur, G.L Metallica P. Ltd is a Private Limited company engaged in offering a varied range of products which includes copper and copper Products, Zinc Sheet and Alloy Ingot, Brass and Brass products. The products offered are Brass sheet/Strip, Copper Sheet/Strip, Copper and Copper Alloy Ingots Parts, Copper Brass Ingots Zinc Sheet and Alloy Ingots, etc.

Company Financial Performance

The Company generated a revenue of Rs. 82.62 Crs and a profit of Rs. 2.17 Crs in FY18 where as in FY17 it generated a revenue of Rs. 49.16 Crs and a profit of Rs. 0.82 Crs. Tangible net worth of the unit increased to Rs. 3.93 Crs in FY18 from Rs. 6.11 Crs in FY17.

Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	19.03.19	07.08.18	16.09.14
	Fund Based	Long Term	10.46	BWR BB- (BWR Double B minus) Outlook: Stable Reaffirmed	Issuer Not Cooperating BWR BB- (BWR Double B minus) Outlook: Stable	Rating Not Reviewed	BWR BB (BWR Double B) Outlook: Stable
	Total		10.46	₹ Ten Crores and Forty Six Lakhs Only			

Status with previous CRA (if applicable) :-

“CRISIL BB-” assigned on 28.3.2018 by CRISIL

“CARE BB- (INC)” published on 20.2.2018 by CARE

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	49.84	41.90
EBITDA	₹ Cr	1.61	1.27
PAT	₹ Cr	0.22	0.16
Tangible Net worth	₹ Cr	2.31	2.09
Total Debt/Tangible Net worth	Times	5.70	4.04
Current Ratio	Times	1.24	1.25

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)



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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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