

**Press Release**

**Glass Wall Systems (India) Private Limited**

**March 14, 2019**

**Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Rating</b>	<b>Rating Action</b>
Long Term Fund Based Limits	85.00	IVR A-/Stable Outlook [IVR Single A Minus with Stable outlook]	Reaffirmed
Short Term Non - Fund Based Facilities	165.00	IVR A2+ [IVR A Two Plus]	
<b>Total</b>	<b>250.00</b>		

**Details of Facilities are in Annexure 1**

**Detailed Rationale**

The rating is reaffirmed deriving strength from long track record and established presence in façade engineering, presence of reputed private equity investors, highly experienced managerial and technical team, growth in scale of operation, comfortable debt coverage indicators, established clientele and repeat orders from clients and healthy order book. The rating however is constrained by working capital intensive operation, customer concentration risk, volatility in input prices and exposure to risk relating to cyclical in real estate industry. Growth and profitability, capital structure and working capital management are the key rating sensitivities.

**Detailed Description of Key Rating Drivers**

**Key Rating Strengths**

**Long track record & established presence in facade engineering**

Mr. Jawahar Hemrajani and Mr. Kamlesh Choudhari established Glass Wall Systems as a partnership firm in 2002 and subsequently the constitution of the firm was changed to private limited company in 2010 as Glass Wall Systems (India) Private Ltd (GWSPL). Since then the company has scaled up its operation substantially and over the years successfully completed more than 100 projects with total area of more than 1 million sq. mtrs.

## **Presence of reputed private equity investors**

During FY15, private equity fund managed by Motilal Oswal infused funds amounting to Rs.55 crore in the form of Optionally Convertible Preference Shares which were converted to equity in FY17.

## **Highly experienced managerial & technical team**

The overall operations are managed by the promoter directors, Mr. Jawahar Hemrajani and Mr. Kamlesh Choudhari, who are assisted by a large team of qualified and experienced professionals in managing various functions of GWSPL on a day-to-day and project-to-project basis.

## **Growth in scale of operation**

The total operating income increased by ~38.99% in FY18 due to pick-up in the real estate segment post demonetization and GST implementation. Smoother execution of the order book has also helped the company in improving its scale of operation in FY18 and H1FY19.

## **Comfortable debt coverage indicators**

Overall gearing ratio has remained comfortable as on March 31, 2018. Long term debt to equity ratio and long term debt to EBITDA ratio were also comfortable at 0.09x and 0.43x respectively as on March 31, 2018. The interest coverage ratio was comfortable at 3.90x in FY18.

## **Established clientele and repeat orders from clients**

The company has executed a number of contracts for established and renowned companies. The clientele include reputed names like Reliance, Indiabulls Real Estate, and L&T group etc. The company has also been contracted by the Lodha group for its best-in-class “World One” residential project which would be the tallest residential building in India. The company has also been able to get repeat orders from its clientele for their other projects.

## **Healthy order book**

The company had a strong unexecuted order book position (Rs.510.25 crore as on September 30, 2018) which is about 1.65 times of its FY18 revenue (i.e.Rs.310.15 crore). The order book is diversified among residential, corporate and commercial projects. The orders are expected

to be completed within next two to three years, indicating good revenue visibility in the medium term.

## **Key Rating Weakness**

### **Working capital intensive operation**

The business of GWSPL, by its nature, is working capital intensive and this is more so as it is executing multiple projects across varied locations. To support the working capital requirement, the company is mainly relying on bank borrowings and high credit period being availed from its suppliers based on its long presence in the sector.

### **Concentration risk**

Top ten customers accounted for around 89.54% of the total operating income in FY18 indicating customer concentration risk. The company has been executing majority of its projects in Mumbai. However, the company is increasing its presence in other geographies like Bangalore, Noida/Gurgaon, Kolkata, etc. GWSPL is also focusing on orders from better credit quality customers, which to a certain extent mitigates the concentration risk.

### **Volatility in input prices**

The cost of raw material accounts for ~55-60% of the cost of production. Major raw materials used by the company are aluminum and glass which are usually sourced from large players in vicinity of manufacturing facilities. The procurement of glass is order specific based on a pre-agreed price. In case of aluminum procurement, the company passes on the price variation beyond a pre-defined agreed level to the client, providing some comfort.

### **Exposure to risks relating to cyclicity in real estate industry**

Although the company has an order book spreading across residential, commercial and orders from companies for their corporate offices, it remains exposed to cyclicity in the real estate sector.

## **Analytical Approach & Applicable Criteria**

Standalone

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

## Liquidity

The company is earning a moderate level GCA and the same is expected to increase gradually with increase in scale of operation. Going forward, the long term debt is likely to reduce indicating lower debt servicing obligations. The company maintains sufficient cash and bank balance to meet its liquidity requirements. All these factors indicate a moderate degree of liquidity support to the company in meeting its debt obligations.

## About the Company

Mr. Jawahar Hemrajani and Mr. Kamlesh Choudhari established Glass Wall Systems as a partnership firm in 2002. The constitution of the firm was changed to a private limited company in 2010 as Glass Wall Systems (India) Private Ltd (GWSPL). Since then it scaled up its operations. During FY15, private equity fund managed by Motilal Oswal infused funds amounting to Rs.55 crore in the form of Optionally Convertible Preference Shares which were converted to equity in FY17. GWSPL is engaged in providing turnkey solutions as facade contractors. GWSPL provides solutions for all kinds of façade work which may involve architectural glass façade, ACP cladding, stone cladding or any other material. The company has dedicated production lines at Patalganga (Karjat) and Bangalore. The company has executed more than 100 projects with a total area of more than 1 million square meter. Some of the major projects include Reliance Petroleum Head Quarter at Navi Mumbai, Residence Antilia, One Indiabulls Centre at Mumbai, L&T Infotech building in Mumbai, sub-contracted façade work for Wankhede Stadium. The company has ISO 14001:2015 and ISO 9001:2015 certifications.

## **Financials (Standalone)**

**(Rs. crores)**

<b>For the year ended* / As On</b>	<b>31-03-2017 (Audited)</b>	<b>31-03-2018 (Audited)</b>
Total Operating Income	223.14	310.14
EBITDA	29.08	32.13
PAT	11.41	13.98
Total Debt	77.98	85.03
Tangible Networth	147.99	159.68
EBITDA Margin (%)	13.03	10.36
PAT Margin (%)	5.00	4.41
Overall Gearing Ratio (x)	0.53	0.53

\* Classification as per Infomerics' standards

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

**Any other information:** N.A

**Rating History for last three years:**

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Fund Based Facilities	Long Term	85.00	IVR A-/Stable Outlook	IVR A-/Stable Outlook (April 16, 2018)	--	--
2.	Non - Fund Based Facilities	Short Term	165.00	IVR A2+	IVR A2+ (April 16, 2018)	--	--

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

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**About Infomerics:**

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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## Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Limits	--	--	--	85.00	IVR A-/Stable Outlook
Short Term Non - Fund Based Facilities	--	--	--	165.00	IVR A2+