



## Gujarat Guardian Limited

Instrument	Amount	Rating Action
Long-term, fund-based/ non-fund based facilities	Rs. 10.0 crore	[ICRA]AA (stable) reaffirmed
Long-term, non-fund based facilities	Rs. 30.0 crore	[ICRA]AA (stable) reaffirmed

ICRA has reaffirmed the [ICRA]AA (pronounced ICRA double A) rating assigned to the Rs. 10.0 crore<sup>\*</sup>, long-term, fund-based/ non-fund based bank facilities and the Rs. 30.0 crore, long-term, non-fund based bank facilities of Gujarat Guardian Limited (GGL)<sup>†</sup>. The outlook on the rating is stable.

The rating reaffirmation takes into account GGL's strong financial profile, as reflected in its debt-free status, robust coverage ratios and healthy liquidity; locational advantages in the procurement of raw materials; highly diversified client base; and the operational support it receives from its foreign joint venture partner, Guardian Industries Corp. (USA) (rated Baa2/ P-2/ Stable by Moody's).

ICRA notes that market share is a function of production capacities. Hence, the market share of GGL's peers, who have added new float lines has been growing, while that of GGL has been declining. However, GGL's liquidity, at present, is healthy with strong cash accruals from business over the years. Thus, the company has strong financial flexibility.

ICRA also notes the increase in fuel cost for GGL with reduced allocation of natural gas under Administered Price Mechanism (APM) with effect from September 2014 and further reduction with effect from January 2015. With sales realisation linked to demand-supply situation, it is not always possible to pass on the increased cost to customers, which has then to be largely absorbed internally. GGL's ability to pass on this increased cost to the customers would determine its profitability going forward. The rating also factors in the large investment to be potentially incurred by GGL in setting up a new float line and a coater line to improve its market share as also provide value added products, which could result in incremental borrowings. Sustaining the currently comfortable credit profile through further increase in cash accruals post the commencement of new facility would remain a key rating sensitivity.

### Company Profile

India's first float glass manufacturer, Gujarat Guardian Limited (GGL) is a joint venture between Guardian Industries Corp., USA (rated Baa2/ P-2/ Stable Outlook by Moody's), Modi Rubber Limited (part of the V. K. Modi group), Gujarat Alkalies & Chemicals Limited and Gujarat Mineral Development Corporation Limited; and commenced production in 1993. GGL currently manufactures float glass and mirror glass.

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<sup>\*</sup> 100 Lakh = 1 Crore = 10 Million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website ([www.icra.in](http://www.icra.in)) or other ICRA Rating Publications



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