

Press Release

Global Technocrats Private Limited

May 10, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 10.50 Cr.
Long Term Rating	SMERA BB / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (**read as SMERA BB**) on the Rs.10.50 crore bank facilities of Global Technocrats Private Limited. The outlook is '**Stable**'.

Global Technocrats Private Limited (GTPL) was established in 1998 for manufacturing and installation of punched tape concertina coils, flat wrap weldmesh, spool plastic with punched tape and concertina flatwrap. The manufacturing facility is located in Bhiwadi (Rajasthan). The products are supplied to various units of Border Security Force, CRPF, SSB and ITBP under ministry of Home Affairs.

Key Rating Drivers

Strengths:

- **Experienced management**

The company is promoted by Mr. Atul Aggarwal and Mr. Amrit Rai Aggarwal having experience of two decades in the industry. On account of their long standing in the market and strong background, the company enjoys robust relationship with many large and midsized players supplying their products to various Central and State Government Organizations all over India.

- **Comfortable working capital cycle**

The Gross Current Assets days are comfortable at 88 as on March 31, 2017 from 113 as on March 31, 2016 mainly on account of low inventory holding at 41 days as on March 31, 2017 compared to 50 days as on March 31, 2016. The debtor days stood at 30 for FY2017 as compared to 53 for FY2016. SMERA believes that the working capital will remain in similar line over the medium term.

Weaknesses:

- **Susceptibility to volatility in raw material**

The margins are susceptible to volatility in steel prices, which is the major raw material for the company. The prices of steel have been picking up over the recent past and subsequently the company is expected to grow its topline. However, the margins of the company continue to remain low over the last three years.

- **Moderate financial risk profile**

The company reported tangible networth of Rs.2.69 crore as on March 31, 2017 as compared to Rs.2.50 crore as on March 31, 2016. Total debt stood at Rs.9.04 crore as on March 31, 2017 as compared to Rs.10.00 crore as on March 31, 2016. The debt comprises of short term borrowings of Rs.4.35 crore, unsecured loan of Rs.2.52 crore and term loan of Rs.2.17 crore. The gearing stood at 3.36 times as on March 31, 2017 compared to 3.99 ending March 31, 2016. Interest Coverage Ratio stood moderate at 1.35 times and DSCR is at 1.12 times as on March 31, 2017.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of GTPL to arrive at the rating.

Outlook: Stable

SMERA believes that the outlook on GTPL will remain 'Stable' over the medium term on account of the experienced management. The outlook may be revised to 'Positive' in case of more than expected growth while maintaining the margins. Conversely, the outlook may be revised to 'Negative' in case of adverse business scenario impacting the revenues or profitability.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	47.26	46.95	40.96
EBITDA	Rs. Cr.	1.62	1.61	1.59
PAT	Rs. Cr.	0.18	0.19	0.13
EBITDA Margin	(%)	3.43	3.42	3.87
PAT Margin	(%)	0.39	0.41	0.32
ROCE	(%)	12.35	12.32	24.39
Total Debt/Tangible Net Worth	Times	3.36	3.99	3.72
PBDIT/Interest	Times	1.35	1.40	1.41
Total Debt/PBDIT	Times	5.48	6.17	5.39
Gross Current Assets (Days)	Days	88	113	89

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument
<https://www.smera.in/criteria-complexity-levels.htm>
Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA BB / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	1.50	SMERA BB / Stable

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ABOUT SMERA

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