

## Press Release

Gnet Tradelinks Private Limited

December 18, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 12.00 Cr.
<b>Long Term Rating</b>	ACUITE B+ / Outlook: Stable
<b>Short Term Rating</b>	ACUITE A4

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 12.00 crore bank facilities of Gnet Tradelinks Private Limited (GTPL). The outlook is '**Stable**'.

The Maharashtra-based, GTPL was incorporated in 2000 and is engaged in trading of medium density fiber (MDF) board, timber granules and decorative boards to name a few. The company is led by Mr. Manoj Sharma, Mr. Satish Kulkarni and Mr. Mohd Ali Zaidi.

### Analytical Approach

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

## Key Rating Drivers

### Strengths

- **Established track record and experienced management**

GTPL was incorporated in 2000. The Director, Mr. Manoj Sharma has experience of more than three decades in the said industry. The company is also supported by Mr. Satish Kulkarni and Mr. Mohd Ali Zaidi with experience of more than two decades in the construction material industry.

- **Improved scale of operation and profitability**

GTPL reported revenues of Rs.59.99 crore as against Rs.35.81 crore in FY2017 and Rs.30.13 crore in FY2016. The growth is mainly due to addition of new products. The company has reported revenues of Rs.37.29 crore for the period April to November 2018 (Provisional). Further, the profitability has improved with operating profit of Rs.1.89 crore in FY2018 as against an operating loss of Rs.1.52 crore in FY2017. Acuité expects that the revenues will improve in the medium term backed by improved clientele and supplier base.

### Weaknesses

- **Moderate liquidity position**

The company's liquidity position is stretched mainly due to slow moving debtor profile and limited funding cushion given by fully utilised bank limits. The company over the years has shown efficiency in managing its working capital, however, remains intensive. The Gross Current Assets (GCA) improved to 133 days in FY2018 as compared to 160 days in 2017 and 267 days in FY2016. This is mainly due to reduced inventory holding days to 27 in 2018 (PY: 43 days). The debtors stood at 83 days in FY2018 as against 68 days in FY2017. The working capital limit has been almost fully utilised in the past six months ended October 30, 2018. Acuité believes that an improvement in the company's liquidity position coupled with traction in debtor profile will remain a key rating monitorable.

### Outlook: Stable

Acuite believes that the outlook on GTPL's rated facilities will remain 'Stable' over the medium term on account of the extensive experience of its promoters and established presence in the industry. The outlook may be revised to 'Positive' in case of sustainable growth in revenue and profitability while effectively maintaining its working capital. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues or profitability resulting in deterioration in the financial risk profile or in case of elongation in working capital requirements.

### About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	59.99	35.81	30.13
EBITDA	Rs. Cr.	1.89	-1.52	-1.79
PAT	Rs. Cr.	1.77	-1.74	-1.91
EBITDA Margin	(%)	3.14	-4.24	-5.93
PAT Margin	(%)	2.95	-4.85	-6.33
ROCE	(%)	31.27	-26.15	-24.37
Total Debt/Tangible Net Worth	Times	1.34	1.08	0.20
PBDIT/Interest	Times	4.91	-3.17	-4.46
Total Debt/PBDIT	Times	2.39	-2.10	-0.57
Gross Current Assets (Days)	Days	133	160	267

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

None

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE B+ / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	10.00*	ACUITE A4

\*Interchangeable with CC for upto 60 percent of LC limit

## Contacts

Analytical	Rating Desk
<p>Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 <a href="mailto:aditya.gupta@acuите.in">aditya.gupta@acuите.in</a></p> <p>Leena Gupta Analyst - Rating Operations Tel: 022-49294035 <a href="mailto:leena.gupta@acuiteratings.in">leena.gupta@acuiteratings.in</a></p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:rating.desk@acuите.in">rating.desk@acuите.in</a></p>

### About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité.