

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 19.00 Crores of GNA Udyog Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (February, 2018)	Present
Fund Based					
Open Cash Credit	15.00	15.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus)	BWR B+ (Pronounced as BWR Single B Plus) Outlook : Stable Rating: Reaffirmed
ODBD (Sub limit of OCC/ODBD)	(7.50)	(7.50)			
Packing Credit Limit (Sub limit of OCC)	(0.10)	(0.10)			
FDP/FBP (Sub limit of OCC)	(0.10)	(0.10)			
Non Fund Based					
I.L.C	3.00	3.00	Short Term	BWR A4 (Pronounced as BWR Single A Four)	BWR A4 (Pronounced as BWR Single A Four) Rating : Reaffirmed
Bank Guarantee	1.00	1.00			
Total	19.00	19.00	INR Nineteen Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings : Both Long Term & Short Term Rating Reaffirmed at BWR B+ & BWR A4 for the bank loan facilities of GNA Udyog Limited..

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Company's audited financial results upto FY18, and available information and clarification provided by the Company.

The ratings draw strength from the Extensive experience of the promoters in Manufacturing of Propeller Shaft and Hydraulic Lift Business from last 30 Years, and Satisfactory current ratio. The ratings, however, is constrained by Decline in Operating Profitability Margins, Low scale of Operations, High gearing level and decline in revenues. Going Forward the ability of the Company to Improve its scale of operations by improving their revenues growth, Improvement in Operating Profitability Margins, low gearing level, would be the key rating sensitivities. However, the Company has improved its revenues from last year and achieved revenues of Rs 38.03 crores in FY19 as informed by the management, but the growth of revenues are still at constant level from last three FYs.

Description of Key Rating Drivers

Credit Strengths:

1. **Experienced Promoters & Long track record of business:** The Promoters of the company is into the manufacturing of Propeller shaft and hydraulic lift business from last 30 years. The company has a long track record of more than 30 years that helps to maintain a better relationship with their customers and suppliers. GNA Udyog limited is a part of GNA group who has other associate concerns with the name of GNA Axles Limited and GNA Gears.
2. **Satisfactory Liquidity Profile :** The company has satisfactory liquidity profile with current ratio of 1.66 Times in FY18.

Credit Weakness:

1. **Decline in Operating Profitability Margins :** There is a decline in Operating Profitability Margins from 20.79% in FY17 to 14.88% in FY18 due to increase in their operating expenses.
2. **Low Scale of Operations :** The company has low scale of operations with revenues of Rs 37.31 crores in FY18. It has declined from Rs 38.07 crores in FY17. The company has achieved revenues of Rs 38.03 crores till February 19.
3. **High Gearing Level :** The company has high gearing level with TOL/TNW of 2.23 Times and TD/TNW of 4.63 Times in FY18.

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).

Support from Holding/Subsidiary Company:

The Company has Associate concern with the name of GNA Axles Limited and GNA Gears Limited but there is no Operational Linkages between them.



Liquidity

The Company has Current Investments of Rs 1.00 Crores from FDR and Cash & Bank Balances of Rs 0.23 crores in FY18. Current ratio was at 1.66 times in FY18. Average working capital utilization for the six months period (September 2018 to February 2019) is 99.14%. The conversion cycle has been 21 days in FY18. The Company has nil long term debt. The Company ISCR at 1.23 times and Debt Service Coverage Ratio of 0.55 Times as on March 31 2018.

Rating Outlook: *Stable*

BWR believes the **GNA Udyog limited** 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

Jalandhar based company, GNA Udyog Ltd was incorporated in the year 1990 by promoters Mr.Rupinder Singh Sehra, Megha Sehra and Mr Kirpal Singh Saund. The company is engaged in the business of manufacturing of propeller shafts, hydraulic lift assemblies, and other automotive components.

Company Financial Performance

Total operating income (TOI) of the Company has declined from Rs 38.07 Cr in FY17 to Rs 37.31 Cr. in FY18. PAT has improved from Rs (0.10) Cr in FY17 to Rs. 0.36 Cr in FY18.

Key Financial Indicators

Key Parameters	Units	FY18 (A)	FY17 (A)
Result Type			
Operating Revenue	₹ Cr	37.31	38.07
EBITDA	₹ Cr	7.92	5.55
PAT	₹ Cr	-0.10	0.36
Tangible Net worth	₹ Cr	17.98	17.62
TOL:TNW	Times	2.23	5.51
Current Ratio	Times	1.66	1.13



Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)				Rating History		
		Type (Long Term/ Short Term)	Current Amount (₹ Crs)	Previous Amount (₹ Crs)	Rating	2018	2017	2016
1	Fund Based Open Cash Credit ODBD (Sub limit of OCC/ODBD) Packing Credit Limit (Sub Limit of OCC) FDP/FBP (Sub Limit of OCC)	Long Term	15.00 (7.50) (0.10) (0.10)	15.00 (7.50) (0.10) (0.10)	BWR B+ (Pronounced as BWR Single B Plus) Outlook : Stable Reaffirmed	BWR B+ (Pronounced as BWR Single B Plus)	N.A	N.A
2.	Non Fund Based I.L.C Bank Guarantee	Short Term	3.00 1.00	3.00 1.00	BWR A4 (Pronounced as BWR Single A Four) Reaffirmed	BWR A4 (Pronounced as BWR Single A Four)	N.A	N.A
Total			19.00	19.00	Nineteen Crores ₹ Only			

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

Any other information : Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

For any other criteria obtain hyperlinks from website



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For print and digital media

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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.

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