

July 24, 2015

Facilities	Amount (Rs. Crore)	Rating
<b>Cash Credit</b>	<b>7.00</b>	<b>SMERA B+/Stable (Assigned)</b>
<b>IBN/FBN</b>	<b>3.00</b>	<b>SMERA B+/Stable (Assigned)</b>
<b>Term Loan</b>	<b>4.57</b>	<b>SMERA B+/Stable (Assigned)</b>
<b>Bank Guarantee</b>	<b>0.09</b>	<b>SMERA A4 (Assigned)</b>

SMERA has assigned a long term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' to the above bank facilities of G.G. Fashions (GGF). The outlook is '**Stable**'. The ratings are supported by the firm's long track record of operations, experienced management and revenue growth. However the ratings are constrained by the firm's exposure to raw material price volatility, customer concentration risk and intense competition in the cotton fabric industry.

### Outlook: Stable

SMERA believes the outlook on GGF will remain stable over the medium term on account of the firm's experienced management and established presence in the textile industry. The outlook may be revised to 'Positive' if the firm demonstrates resilient performance with improvement in liquidity profile through a comfortable working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of deterioration of capital structure and profit margins.

### About the Firm

GGF is a proprietorship firm established in 1990 by Mr. Kannan to manufacture cotton fabric. For FY2013-14, GGF reported (profit after tax) PAT of Rs.0.72 crore on operating income of Rs.37.48 crore as compared with PAT of Rs.0.80 crore on operating income of Rs.38.37 crore for FY2012-13.

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