

December 03, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.00	SMERA BB-/Stable (Assigned)
Letter of Credit	3.00	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and a short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.7.00 crore bank facilities of G S Exim Private Limited (GS Exim). The outlook is '**Stable**'. The ratings draw comfort from the promoter's extensive experience in the agro commodities industry. However, the ratings are constrained by the company's average financial risk profile, susceptibility of the operating margins to volatility in raw material prices and intense competition in the highly fragmented agro commodity trading industry.

Rating Sensitivity Factors

- Substantial and sustainable growth in revenues or operating margins
- Working capital management
- Future capital expenditure plans

Outlook: Stable

SMERA believes that GS Exim will continue to benefit over the medium term from its promoters extensive industry experience and funding support. The outlook may be revised to 'Positive' in case of increase in the scale of operations and profitability leading to improvement in the financial risk profile. Conversely, the outlook may be revised to 'Negative' if the financial risk profile deteriorates on account of low profitability/revenue or if any debt-funded capital expenditure is undertaken. Also, substantial increase in the working capital requirement resulting in weakening of the liquidity profile may also entail a 'Negative' outlook.

About the Company

Incorporated in 1995, GS Exim is promoted by Mr. Ram Kumar Agrawal and family. The company is part of Merchant Agri Global Private Limited, its group company incorporated in 2006 and is engaged in the trading and export of agricultural commodities mainly animal feed raw materials, de-oiled rice bran, millet, maize, wheat and rice among others. The day-to-day operations are managed by Mr. Ram Kumar Agrawal (Managing Director).

The company reported profit after tax (PAT) of Rs.0.36 crore on operating revenues of Rs.27.72 crore for FY2014-15, as compared with PAT of Rs.0.51 crore on operating revenues of Rs.30.36 crore in the previous year.

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About the Group

Merchant Agri Global Private Limited, is an Indore-based company engaged in the trading and export of agricultural commodities mainly animal feed raw materials, de-oiled rice bran, millet, maize, wheat and rice among others.

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