

February 20, 2014

Facilities	Amount (Rs. Crore)	Rating
Letter of Credit	20.00	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA A4**' (**read as SMERA A four**) to the Rs.20.00 crore bank facilities of Gurdas Exports (GE), a GG Group entity. SMERA has taken a consolidated view on the GG Group to assign the rating. The consolidation is in view of the common management and strong operational linkages shared by the group entities.

GE's rating is mainly constrained by the firm's weak financial profile and working capital-intensive operations. The rating is further constrained by the susceptibility of the group's profit margins to intense competition prevalent in the edible oil trading industry, volatility in edible oil prices and fluctuations in foreign exchange rates. However, the rating is supported by the group's experienced management, long-standing relationships with customers and suppliers and healthy net worth.

GE, established in 2010, is a Punjab-based proprietorship firm engaged in trading of imported edible oils. GE has a weak financial profile marked by high leverage at 369.74 times as on March 31, 2013 and low net profit margin of 0.39 per cent in FY2012-13 (refers to financial year, April 01 to March 31). GE's operations are working capital-intensive. The firm's receivable period is stretched at ~317 days in FY2012-13. The GG Group faces intense competition from a large number of players in the unorganized sector of the edible oil trading industry. The group's profit margins are susceptible to volatility in edible oil prices and fluctuations in foreign exchange rates.

GE benefits from its experienced management. Mr. Gurdas Garg, proprietor of GE, has around ten years of experience in the edible oil trading industry.

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About the group

The GG Group (based in Bhathinda, Punjab) is engaged in trading of edible oils since 2009. The group's net worth stood at ~Rs.40.07 crore as on December 31, 2013.

About the firm

GE, established in 2010, is a Punjab-based firm promoted by Mr. Gurdas Garg. GE is engaged in trading of edible oils.

For FY2011-12, GE reported PAT of Rs.0.10 crore on operating income of Rs.190.16 crore, as compared with PAT of Rs.0.11 crore on operating income of Rs.28.28 crore for FY2012-13. GE's net worth stood at Rs.0.07 crore as on March 31, 2013, as compared with Rs.0.73 crore a year earlier.

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