



SMERA RATINGS LIMITED

Gurdas Exports (GE)

Rating
Rationale**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.

Disclaimer: A SMERA 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. SMERA 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, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA 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. SMERA 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.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

Gurdas Exports (GE)

Rating Rationale

About the group

The GG Group (based in Bathinda, 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.

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Sanjay Kher Head – Sales, Corporate Ratings Tel : +91 22 6714 1193 Cell : +91 98191 36541 Email : sanjay.kher@smera.in Web: www.smera.in	Umesh Nihalani Head - Corporate Ratings, Tel: +91-22-6714 1106 Email: umesh.nihalani@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

Disclaimer: A SMERA 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. SMERA 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, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA 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. SMERA 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.smera.in) for the latest information on any instrument rated by SMERA.