

February 20, 2014

Facilities	Amount (Rs. Crore)	Rating
Letter of Credit	30.00	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA A4**' (**read as SMERA A four**) to the Rs.30.00 crore bank facilities of G.K. Proteins Private Limited (GPPL), 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.

GPPL's rating is mainly constrained by the company'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.

GPPL, established in 2012, is a Punjab-based company engaged in trading of imported edible oils. GPPL has a weak financial profile marked by negative net worth of Rs.(0.02) crore as on March 31, 2013 and low net profit margin of 0.50 per cent in FY2012-13 (refers to financial year, April 01 to March 31). GPPL's operations are working capital-intensive. The company's payable period is stretched at around 60 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.

GPPL benefits from its experienced management. The company's promoters have 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 company

GPPL, established in 2012, is a Punjab-based company promoted by Ms. Anu Garg and Ankit Jain. GPPL is engaged in trading of edible oils.

For FY2012-13, GPPL reported PAT of Rs.0.003 crore on operating income of Rs. 0.56 crore. GPPL's net worth stood at Rs. -0.02 crore as on March 31, 2013.

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

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