

Rating Rationale

Brickwork Ratings assigns Rating of 'BWR B+' & 'BWR A4' for the Bank Loan Facilities of ₹ 7 Cr of G.S. Exim Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan Facilities of G.S. Exim Pvt. Ltd (GSEPL or the 'Company'):

Name of the Bank	Facility	Tenure	Limits (₹ Cr)	Rating*
UNION BANK OF INDIA	FUND BASED Cash Credit Limit	Long Term	4.00	BWR B + (Pronounced as BWR Single B Plus) (Outlook – Stable)
	NON FUND BASED LC Inland Limit	Short Term	3.00	BWR A4 (Pronounced as BWR A Four)
Total			7.00	(INR Seven Crores only)

BWR has principally relied upon the audited financial statements up to FY14, projected financial statements of FY15, publicly available information and information/clarifications provided by the company's management.

The rating has factored, inter alia, experienced promoters; working in the same line of business since last 35 years and strong group support; Merchant Agri India Pvt Ltd having presence in India and abroad. However, the ratings are constrained by the company's small scale of operations, weak capital structure during FY15 coupled with low tangible net worth and low profitability levels will continue to result in its low cash accruals for FY15.

Background:

G.S. Exim Pvt. Ltd was incorporated in December 2009 based in Indore, Madhya Pradesh. The Company is promoted by Mr. Ram Kumar Agrawal. The Company is engaged in the trading of agri-commodities mainly in cattle feed which comprises rapeseed extraction meal, de-oiled rice bran, millet, yellow maize, wheat, indian chicks, soya DOC, cotton seed cake, rice and de-oiled mustered cake etc. The company has a godown located at Indore, M.P. having area of 11154 sq. ft. Maximum revenues are generated from the sale of De Oiled Rice Bran (DORB) which contributes almost 56 percent of the revenues generated in FY14.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The Company is supported by a group concern – Merchant Agri India Pvt. Ltd engaged in the same business activity.

Management Profile:

The business was originally started by Mr. Ram Kumar Agrawal in 1980 as a proprietorship firm. He has extensive knowledge of oil seeds, oil meals and other agri commodities. The other director is Mrs. Prema Agrawal who is not participating in day-to-day activities of the Company.

Financial Performance:

Net sales went up by 40 % from ₹ 21.74 Cr in FY13 to ₹ 30.36 Cr in FY14 and further expected to increase up to ₹ 50.74 Cr in FY15. Entire revenues for FY14 consist of domestic sales.

As per audited results of FY14, the Company has reported PAT of ₹0.51 Cr in FY14 as against ₹0.22 Cr in FY13.

Interest and finance charges will be on increasing trend owing to limits availed for the purpose of increasing its operations in FY15.

The tangible net worth stood at ₹3.02 Cr in FY14 as compared to ₹2.50 Cr in FY13.

Rating Outlook

The outlook of the company is expected to be stable for the current year. Going forward, the ability of the company to improve its profitability level vis-à-vis its revenue profile, thereby generating adequate cash accruals and improve its gearing ratio by infusing additional share capital by the promoters would be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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