



Press Release

G-One Agro Products Limited (GAPL)

January 31, 2022

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator (Simple / High / Complex)
1.	Long Term Fund Based Facility – Cash Credit	24.00	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Revised	Simple
2.	Long Term Fund Based Facility – Working Capital Demand Loan	2.10	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Revised	Simple
3.	Proposed Long Term Fund Based Facility – Term Loan	0.45 (Reduced from INR0.90 Crore)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Revised	Simple
4.	Short Term Non Fund Based Facility – Letter of Credit	142.00 (Increased from INR110.00 Crore)	IVR A2 (IVR A Two)	Revised	Simple
5.	Short Term Non Fund Based Facility – Credit Exposure Limit	4.00	IVR A2 (IVR A Two)	Revised	Simple
6.	Short Term Non Fund Based Facility – Bank Guarantee	0.75	IVR A2 (IVR A Two)	Revised	Simple
7.	Proposed Short Term Non Fund Based Facility – Letter of Credit	0.45 (Reduced from INR32.00 Crore)	IVR A2 (IVR A Two)	Revised	Simple
	Total	173.75			

Ratings

Details of Facilities are in Annexure I

Detailed Rationale

The revision in ratings to the bank facilities of G – One Group takes into account overall improvement in group's financial & operational parameters during FY21 along with H1FY22.



Press Release

Further, the aforesaid rating continues to derive comfort from G-One group's established market position under its experienced promoters & management team, healthy growth in operations accompanied with prudent working capital management, comfortable financial risk profile with comfortable capital structure and diversified product offering. However, the rating strengths are partially offset by G-One group's thin profitability; and further Agro based products are susceptible to the vagaries of the climatic conditions.

Key Rating Sensitivities

Upward Factors

- Substantial scaling up of operations in value and as well as volume terms along with sustained & significant improvement in profitability on a consolidated basis
- Substantial or sustained improvement in debt protection metrics on a consolidated basis.

Downward Factors

- Any decline in scale of operation and/or profitability leading to deterioration of debt protection metrics on a consolidated basis.

Key Rating Drivers with detailed description

Key Rating Strengths

Established market position and extensive experience of the management

The group has been engaged in the refining of crude palm oil, soya bean oil, cotton seed oil, etc. over the last three decades, with an established presence in the organized edible oil market. The group benefits from significant industry experience of its promoters, Mr. Bhagvanbhai Patel & Mr. Mavjibhai Patel, who have been associated with the edible oil industry for around three decades. The established market position of the group reflects in the consolidated top line of INR2363.31 Crore in FY21.

Healthy growth in operations along with prudent working capital management

The group has a diversified customer base spread across 15+ states, which helps them in receiving repeated orders. The company witnessed a healthy growth in operation with y-o-y increase of about ~24% in turnover to INR2363.31 Crore in FY21 (FY20: INR1907.99 Crore) The revenue increase is attributed to increase in volume coupled with increased average



Press Release

sales realization. It also witnessed improved absolute EBITDA to INR22.03Crore (INR 17.91Crore). During H1FY22, the group has achieved revenue of INR1845.69 Crore (H1FY21: INR 1117 Crore), registered EBITDA of INR16.96 Crore (INR10.65 Crore) and PAT amounted to INR9.42 Crore (INR5.42 Crore). Further, The group exhibits prudent working capital management as reflected by its modest inventory and controlled receivables. To fund its working capital requirement, the group mainly utilises non-fund based limits.

Comfortable financial risk profile with comfortable capital structure

The overall gearing remained stable and healthy at 0.29x as on March 31st, 2021 (FY20: 0.28x). The interest coverage improved and remained comfortable at 3.57x in FY21 (FY20: 2.94x) in FY20. TOL/TNW has improved and stood moderately comfortable at 2.30x as on March 31st, 2021 (FY20: 3.11x).

Diversified Product offering

The group benefits from a diversified product listing. The company undertakes refining of various crude oils like palm, soya bean, cotton seed, etc. This refined oil is sold under its own brand “Lifol”, through a Pan-India distribution network, while the group also sells in the wholesale market to other companies that package the oil and sell them under their brand names.

Key Rating Weaknesses

Thin profitability

G-one group operates with a thin margin over the years due to its less value additive nature of operations and intense competition in the operating spectrum. The EBITDA margin of the group remained thin and range bound between 0.93%-1.07% over the last three years (FY19- FY21). Driven by low EBITDA margin, the PAT margin also remained thin during the aforesaid period. Further, the profitability is also susceptible to sharp fluctuations in oil prices, and foreign exchange rates, although the risk is mitigated by low inventory holding and procurement of ~35% of requirement on high sea basis locally.



Press Release

Agro based products susceptible to the vagaries of the climatic conditions:

The edible oil business is susceptible to risks pertaining to availability of oil, which is dependent on the climatic conditions. Moreover, the raw material prices depend on international prices and demand supply situation both in the domestic and international markets. The Company is likely to remain exposed to volatility in raw material prices.

Analytical Approach: Consolidated

For arriving at the rating, Infomerics has combined the financial risk profiles G-One Agro Products Limited (GAPL) & Aryan Enterprise as both the entities are running under a common management, have strong operational and financial linkages and cash flow fungibility. Both the entities collectively referred as the G-One Group.

Applicable Criteria

Methodology for [Manufacturing](#) Companies

[Financial](#) Ratios & Interpretation (Non-financial Sector)

Liquidity – Adequate

The group's cash flow from operation also remains adequate. The group is expected to generate sufficient cash accruals on the back of steady increase in operations as against the scheduled debt repayment. The current ratio remained comfortable at 1.29x as on March 31, 2021. The average working capital utilisation for last 12 months ended December 2021 is at 18.04%. The group has adequate cash and cash equivalents to the tune of INR38.96 Crore (GAPL: INR24.51 Crore) as on March 31, 2021.

About the Group-

Established in 2003, G-One Agro Products Limited (GAPL) is a Gandhinagar, Gujarat based company. It was previously constituted as a partnership firm in 2001, as G-One Agro Industries and subsequently converted into a public limited company (Unlisted) in November 2003. It undertakes refining of various plant-based crude oils like palm, soya bean and cotton. The company markets refined edible oil under its own brand name "Lifol" and also sells the same in bulk to other retail oil packers, who further sell it under their respective brand names.



Press Release

Aryan Enterprise, established by Mrs Krupal Patel in 2008 is a proprietorship firm. The firm acts as a raw material procurement arm for GAPL. The primary activities of the firm involves importing of various kinds of edible oils namely, crude or refined Oil like Cottonseed Oil, Palm Oil, Soyabean Oil, Mustard Oil, Maize Oil, Sunflower Oil and so on. It then sells these oils to GAPL at prevailing market prices.

Financials: Consolidated

	(Rs. crore)	
For the year ended/ As On	31-03-2020	31-03-2021
	(Audited)	(Audited)
Total Operating Income	1907.99	2363.31
EBITDA	17.91	22.03
PAT	7.27	10.78
Total Debt	19.64	25.15
Tangible Net-worth	60.63	71.14
Ratios		
EBITDA Margin (%)	0.94	0.93
PAT Margin (%)	0.38	0.46
Overall Gearing Ratio (x)	0.28	0.29

* Classification as per Infomerics' standards.

Financials: Standalone (GAPL)

	(Rs. crore)	
For the year ended/ As On	31-03-2020	31-03-2021
	(Audited)	(Audited)
Total Operating Income	1910.70	2362.97
EBITDA	16.80	20.18
PAT	6.57	10.01
Total Debt	19.64	25.15
Tangible Net-worth	57.63	67.64
Ratios		
EBITDA Margin (%)	0.88	0.85
PAT Margin (%)	0.34	0.42
Overall Gearing Ratio (x)	0.49	0.59

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: None



Press Release

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (INR. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21 (February 5, 2021)	Date(s) & Rating(s) assigned in 2019-20 (November 15, 2019)	Date(s) & Rating(s) assigned in 2018-19
1.	Long Term Fund Based Facility – Cash Credit	Long Term	24.00	IVR BBB+/Stable	IVR BBB / Stable Outlook	IVR BBB / Stable Outlook	--
2.	Long Term Fund Based Facility – Working Capital Demand Loan	Long Term	2.10	IVR BBB+/Stable	IVR BBB / Stable Outlook	IVR BBB / Stable Outlook	--
3.	Proposed Long Term Fund Based Facility – Term Loan	Long Term	0.45	IVR BBB+/Stable	IVR BBB / Stable Outlook	IVR BBB / Stable Outlook	--
4.	Short Term Non Fund Based Facility – Letter of Credit	Short Term	142.00	IVR A2	IVR A3+	IVR A3+	--
5.	Short Term Non Fund Based Facility – Credit Exposure Limit	Short Term	4.00	IVR A2	IVR A3+	IVR A3+	--
6.	Short Term Non Fund Based Facility – Bank Guarantee	Short Term	0.75	IVR A2	IVR A3+	IVR A3+	--
7.	Proposed Short Term Non Fund Based Facility – Letter of Credit	Short Term	0.45	IVR A2	IVR A3+	IVR A3+	--

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Team:

Name: Jayshree Purohit

Name: Amit Bhuwania

Tel: (022) 62396023

Tel: (022) 62396023

Email: jpurohit@infomerics.com Email: abhuwania@infomerics.com



Press Release

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure I: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facility – Cash Credit	--	--	--	24.00	IVR BBB+/Stable
Long Term Fund Based Facility – Working Capital Demand Loan	--	--	--	2.10	IVR BBB+/Stable
Proposed Long Term Fund Based Facility – Term Loan	--	--	--	0.45	IVR BBB+/Stable
Short Term Non Fund Based Facility – Letter of Credit	--	--	--	142.00	IVR A2
Short Term Non Fund Based Facility – Credit Exposure Limit	--	--	--	4.00	IVR A2
Short Term Non Fund Based Facility – Bank Guarantee	--	--	--	0.75	IVR A2



Press Release

Proposed Short Term Non Fund Based Facility – Letter of Credit	--	--	--	0.45	IVR A2
--	----	----	----	------	--------

Annexure 2: List of companies considered for consolidated analysis:

Name of the Company	Consolidation Approach
G-One Agro Products Limited	Full Consolidation
Aryan Enterprise	Full Consolidation

Annexure 3: Facility wise lender details <https://www.infomerics.com/admin/prfiles/Lender-GONE-31-01-22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity level of the rated Instruments: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.