

May 06, 2015

Facility	Amount (Rs. Crore)	Rating
Bank Guarantee	19.80	SMERA A4+ (Assigned)

SMERA has assigned a rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.19.80 crore bank facility of Goel Minerals & Chemicals (GMC). The rating is supported by the firm's comfortable financial risk profile and efficient working capital management. The rating also draws comfort from the firm's experienced management. However, the rating is constrained by the firm's exposure to supplier concentration risk and intense competitive pressures.

GMC, established in 1976, is a Delhi-based proprietorship firm engaged in trading of polymers. GMC's comfortable financial risk profile is reflected in low gearing (debt-equity ratio) of 0.27 times as on March 31, 2014 and strong interest coverage ratio of 9.09 times in FY2013-14 (refers to financial year, April 01 to March 31). The firm reported moderate operating profit margin of 2.79 per cent in FY2013-14. GMC has a comfortable working capital cycle of ~27 days. The firm benefits from its experienced management. Mr. S. K. Goel, promoter of GMC, has around three decades of experience in the firm's line of business.

GMC is exposed to supplier concentration risk as purchases from a single supplier (Dow India Private Limited) account for a significant portion (~70 per cent) of the total procurement. The firm faces intense competition from several players in the polymers trading business.

#### **About the firm**

GMC, established in 1976, is a Delhi-based proprietorship firm promoted by Mr. S. K. Goel. GMC is engaged in trading of polymers.

For FY2013-14, GMC reported net profit of Rs.2.80 crore on total income of Rs.105.31 crore, as compared with net profit of Rs.2.82 crore on total income of Rs.101.69 crore in FY2012-13. The firm's net worth stood at Rs.11.43 crore as on March 31, 2014, as compared with Rs.8.73 crore a year earlier. GMC registered revenue of Rs.204.31 crore (provisional) in FY2014-15.

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SMERA RATINGS LIMITED

## Goel Minerals & Chemicals (GMC)

*Rating  
Rationale*

### Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email : <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Parimal Thakker Manager – Operations Tel: +91-11-41806663 Email: <a href="mailto:parimal.thakker@smera.in">parimal.thakker@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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