

December 14, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	50.00	SMERA BB+/Stable (Assigned)
Packing Credit/Packing Credit Foreign Currency	241.00	SMERA BB+/Stable (Assigned)
Letter of Credit	24.00	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB+** (read as SMERA double B plus) to the Rs.291.00 crore fund-based bank loan facilities and short term rating of '**SMERA A4+** (read as SMERA A four plus) to the Rs.24.00 crore non-fund based bank facilities of Goel International Private Limited (GIPL). The outlook is '**Stable**'.

To arrive at the rating, SMERA has consolidated the business and financial risk profiles of GIPL and Goel Overseas (GO) together referred to as the 'Goel Group'. The consolidation is in view of the common ownership and operational linkages within the group.

The ratings are supported by the group's established operations, as reflected in the consolidated operating income of Rs.964.96 crore in FY2014-15 (refer to from April 2014 to March 2015). The ratings also draw comfort from the company's established brand presence, experienced management and strategic location of the group's processing units. However, the ratings are constrained by the high leverage (debt-to-equity ratio), moderate coverage indicators, exposure to agro-climatic risk and intense market competition.

Outlook: Stable

SMERA believes that the group will maintain its stable business risk profile owing to the management's extensive experience in the rice milling business and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining the working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

Rating Sensitivity Factors

- Management of working capital funds
- Improvement in the financial risk profile

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About the Group

The Goel Group is engaged in the milling and processing of basmati rice and selling the same in the domestic and export market. The group comprises two entities namely Goel International Private Limited (GIPL) and Goel Overseas (GO) managed by Mr. Vinod Goel and family.

About the Company

GIPL, established in 1998, is a Haryana-based company engaged in the milling and processing of basmati rice. The company was promoted by Mr. Vinod Goel and family.

For FY2014–15, the group reported net profit of Rs.4.11 crore on operating income of Rs.964.96 crore as compared to net profit of Rs.6.27 crore on operating income of Rs.1287.02 crore in FY2013–14. The company's net worth stood at Rs.225.51 crore (including unsecured loan of Rs.160.00 crore) as on March 31, 2015, as compared with Rs.202.06 crore (including unsecured loan of Rs.140.82 crore) a year earlier.

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