

Goel International Private Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit - Pledge (Advance against warehouse receipt)	100.00 (Enhanced from 50.00)	SMERA BB+/Stable (Reaffirmed)
Cash Credit (H)	40.00	SMERA BB+/Stable (Assigned)
Packing Credit/Packing Credit Foreign Currency	300.00 (Enhanced from 241.00)	SMERA BB+/Stable (Reaffirmed)
Letter of Credit	0.89 (Reduced from 24.00 crore)	SMERA A4+ (Reaffirmed)
Proposed Long Term & Short Term	4.11	SMERA BB+/Stable/SMERA A4+ (Assigned)

SMERA has reaffirmed the long term rating on the Rs.400 crore bank facilities of Goel International Private Limited (GIPL) at '**SMERA BB+**' (read as **SMERA double B plus**) and the short- term rating on the Rs.0.89 crore non-fund based facility at '**SMERA A4+**' (read as **SMERA A four plus**). SMERA has also assigned long rating of '**SMERA BB+**' (read as **SMERA double B plus**) on the Rs.44.11 crore fund based facilities. The outlook is '**Stable**'.

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

The ratings continue to draw support from the group's experienced management, established operations and brand name and strategic location of the processing unit. SMERA also notes the moderate financial risk profile. However, the ratings are constrained by the exposure to agro-climatic risk, working capital intensive operations and intense market competition.

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 with experience of more than three decades in the aforementioned line of business. The company sells its product under the 'Galaxy' brand name. Further, SMERA also notes that the group's processing unit is located in Taraori- Haryana, in close proximity to raw material sources.

Update

The group comprises two entities namely Goel International Private Limited (GIPL) and Goel Overseas (GO) managed by Mr. Vinod Goel and family. The group has reported profit after tax (PAT) of Rs.2.75 crore on operating income of Rs.947.70 crore in FY2015-16 as compared to PAT of Rs.4.11 crore on operating income of Rs.964.96 crore a year earlier. The interest coverage ratio stands moderately at 1.42 per cent in FY2015-16 as compared to 1.53 per cent a year earlier. The gearing stands high at 3.34 times in FY2015-16 as compared to 3.94 times in FY2014-15. The net worth stood at Rs.135.36 crore in FY2015-16 as against Rs.148.38 crore in the previous year.

However, the group is exposed to agro climatic risks. The GCA days stand at 220 evident from the inventory days of 214 in FY2015-16. The group faces intense competition in the rice industry.

Outlook- Stable

SMERA believes that the group will maintain a stable outlook owing to its management's extensive experience in the rice milling business, established brand name and strategic location of the plant. 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

- Scaling up operations while maintaining profitability margins
- Management of working capital cycle

Criteria applied to arrive at the ratings:

- Trading Entities
- Manufacturing Entity
- Consolidation

About the Group

The Goel Group is engaged in the milling and processing of basmati rice. The company sells its products in the domestic market as also exports to Dubai and Belgium.

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 FY2015-16, the group reported net profit of Rs.2.75 crore on operating income of Rs.947.70 crore as compared to net profit of Rs.4.11 crore on operating income of Rs.964.96 crore in FY2014-15. The net worth stood at Rs.135.36 crore (including unsecured loan of Rs.61.09 crore) as on March 31, 2016.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Outlook
			Long Term	Short Term	
14 December, 2015	Cash Credit	50.00	SMERA BB+ (Assigned)	-	Stable
	Packing Credit/Packing Credit Foreign Currency	241.00	SMERA BB+ (Assigned)	-	Stable
	Letter of Credit	24.00	-	SMERA A4+ (Assigned)	-

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.