

## Press Release

### GOEL INTERNATIONAL PRIVATE LIMITED

January 24, 2018

## Rating Upgraded



<b>Total Bank Facilities Rated*</b>	Rs. 445.00 Cr.
<b>Long Term Rating</b>	SMERA BBB- / Outlook: Stable
<b>Short Term Rating</b>	SMERA A3

\* Refer Annexure for details

## Rating Rationale

SMERA has upgraded long-term rating of '**SMERA BBB-**' (read as **SMERA BBB minus**) and short term rating of '**SMERA A3**' (read as **SMERA A three**) on the Rs. 130.00 crore bank facilities of GOEL INTERNATIONAL PRIVATE LIMITED. The outlook is '**Stable**'.

Goel International Private Limited (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.

## Key Rating Drivers

### Strengths

- **Extensive experience of the promoters in the rice milling business**

The promoters have experience of more than four decades in the rice milling business. The group was promoted by Mr. Sita Ram Goel in 1965, and taken over by Mr. Vinod Goel. The company has a wide distribution network that has helped increase demand for the product.

- **Proximity to raw material sources**

The manufacturing facility of the group is located at Taraori, Haryana which offers proximity to raw material source considering that Haryana is among the largest paddy growing states.

- **Established brand presence in the domestic and international markets**

GIPL has established brand presence in the domestic as well as international markets. The products are sold under the 'GALAXY' brand name. The total domestic sale stood at Rs.527.41 crore and exports at Rs.194.61 crore in FY2016-17.

- **Moderate financial risk profile**

The group has moderate financial risk profile, marked by gearing of 2.62 times as on 31 March, 2017 compared to 3.51 times as on 31 March, 2016. The coverage indicators of the group are moderate with Interest Coverage ratio of 1.41 times and DSCR of 1.37 times. Further, the company has healthy networth of Rs.115.64 crore as on 31 March, 2017 as compared to Rs.111.29 crore as on 31 March, 2016.

### Weaknesses

- **Working capital intensive operations**

The working capital cycle has marginally increased to 197 days in FY2016-17 compared to 195 days a year earlier on the back of reduction of inventory and rise in debtors. However, the company has inventory days of 196 in FY2016-17 - an industry trend required to age the rice.

- **Exposure to risks related to fluctuations in raw material prices**

The company is exposed to risks related to fluctuations in raw material prices and changes in domestic demand, international trade regulations among others.

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### Analytical Approach

SMERA has considered the standalone financial and business risk profile of the company to arrive at the rating.

### Outlook: Stable

SMERA believes that the group will maintain a stable outlook 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.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	758.68	725.95	702.98
EBITDA	Rs. Cr.	39.40	39.25	41.00
PAT	Rs. Cr.	2.47	1.78	3.11
EBITDA Margin	(%)	5.19	5.41	5.83
PAT Margin	(%)	0.33	0.24	0.44
ROCE	(%)	6.87	6.44	13.53
Total Debt/Tangible Net Worth	Times	2.62	3.51	4.14
PBDIT/Interest	Times	1.41	1.44	1.58
Total Debt/PBDIT	Times	7.66	9.78	8.82
Gross Current Assets (Days)	Days	225	274	264

### Status of non-cooperation with previous CRA (if applicable)

None

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
21-Dec-2016	Cash Credit	Long Term	INR 100	SMERA BB+ / Stable
	Cash Credit	Long Term	INR 40	SMERA BB+ / Stable
	Packing Credit	Long Term	INR 300	SMERA BB+ / Stable
	Letter of Credit	Short Term	INR 0.89	SMERA A4+
	Proposed Long Term Loan	Long Term	INR 4.11	SMERA BB+ / Stable
14-Dec-2015	Cash Credit	Long Term	INR 50	SMERA BB+ / Stable
	Packing Credit	Long Term	INR 241	SMERA BB+ / Stable

	Letter of Credit	Short Term	INR 24	SMERA A4+
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#### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit – Pledge (Against warehouse receipt)	Not Applicable	Not Applicable	Not Applicable	100.00	SMERA BBB- / Stable (Upgraded)
Cash Credit (H)	Not Applicable	Not Applicable	Not Applicable	40.00	SMERA BBB- / Stable (Upgraded)
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	300.00	SMERA A3 (Upgraded)
Proposed Long Term Facility	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA BBB- / Stable (Upgraded)

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#### ABOUT SMERA

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