



SMERA RATINGS LIMITED

Goel Overseas (GO)

Rating
Rationale**December 24, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	20.00	SMERA BB+/Stable (Assigned)
Packing Credit/Foreign Bills Negotiated Under Letter Of Credit	50.00	SMERA A4+ (Assigned)
FLG DA	0.82	SMERA A4+ (Assigned)
Proposed Fund based/Non fund Based	4.18	SMERA BB+/Stable/SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the Rs.20.00 crore fund-based bank loan facilities and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to Rs.50.82 crore non-fund based bank facilities of Goel Overseas. SMERA has also assigned ratings of **SMERA BB+/Stable/SMERA A4+** to proposed fund based/non fund based facilities of Rs. 4.18 crore of Goel Overseas. SMERA The outlook is '**Stable**'.

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

The rating is 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 are also supported by the 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, the company's 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 its 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.

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.

Rating Sensitivity Factors

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

About the Group

The Goel Group is engaged in the milling, processing of basmati rice, group selling the same into 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

Goel Overseas, established in 2000, is a Haryana-based firm, engaged in the milling and processing of basmati rice. The company was promoted by Mr. Vinod Goel and family.

For FY2014–15, 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.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in Web: www.smera.in	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-11-49731312 Email: parimal.thakker@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@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.