

Goodwill Trans & Logistics Company: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
Cash Credit	8.25	SMERA B+/Stable (Assigned)
Term Loan	5.75	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (**read as SMERA B plus**) to the above mentioned bank facilities of Goodwill Trans & Logistics Company (GTLC). The outlook is '**Stable**'. The rating is constrained by customer concentration risk, high gearing and working capital intensive operations. However, the rating draws support from the experienced management.

GTLC, a Pune-based firm, established in 2000 provides logistics services to the automobile industry. The firm's revenue stands at around Rs.58.90 crore in FY2016 (provisional). However, around ~70 per cent of the revenue is earned from a single customer i.e. Mahindra & Mahindra Limited, thus exposing itself to customer concentration risk. GTLC has high gearing of around 3.92 times as on March 31, 2016 (provisional). Further, the operations are working capital intensive reflected in the gross current assets (GCA) of ~198 days in FY2016 (provisional).

However, the rating benefits from its experienced management. Mr. Sanjay Deshmukh, Promoter has an experience of around two decades in the logistics industry.

Rating Sensitivity Factors

- Customer diversification
- Improvement in the capital structure
- Efficient working capital management

Outlook-Stable

SMERA believes that GTLC will maintain a stable outlook and continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' if the firm registers significant increase in revenue and profitability with improvement in the capital structure. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue and profitability or stretch in the working capital cycle weakening the financial risk profile, particularly liquidity.

About the Firm

GTLC was established in 2000, as a proprietorship concern by Mr. Sanjay Deshmukh. The firm provides transportation services to the automobile industry and has branches in Pune (Maharashtra), Nashik (Maharashtra), Faridabad (Haryana), Rudrapur and Haridwar (Uttarakhand).

For FY2015-16, GTLC reported net profit of Rs.1.72 crore (Provisional) on operating income of Rs.58.90 crore, as compared with net profit of Rs.1.55 crore on operating income of Rs.53.72 crore in FY2014-15.

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ABOUT SMERA

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