

## Press Release

20 March, 2017

### Gopal Enterprises

#### Rating Assigned

<b>Total Bank Facilities Rated *</b>	Rs. 20.00 Cr.
<b>Short Term Rating</b>	SMERA A3

\* Refer Annexure for details

#### Rating Rationale

SMERA has assigned short term rating of 'SMERA A3' (read as SMERA A three) on the Rs. 20.00 crore bank facilities of Gopal Enterprises.

Gopal Enterprises (GE), a proprietorship concern was established in 1978 by Mr. Gopal Talreja. The firm imports industrial chemicals from USA, France, China and other countries and sells the same in the domestic market.

#### Key Rating Drivers

##### Strengths

- **Long track record of operations and experienced management**

Mr. Gopal Talreja, the promoter of the firm has over three decades of experience in the trading of chemicals. Thus, the firm has been able to forge long term relationships with its customers and suppliers.

- **Healthy financial risk profile**

Gopal Enterprises has a healthy financial risk profile marked by low debt to equity ratio of 0.33 times as on 31st March 2016 as compared to 0.34 times as on 31st March 2015. The Interest coverage ratio stood at 2.93 times for FY2015-16 as compared to 4.07 times for FY2014-15. The networth of GE is healthy at Rs.18.38 cr as on 31st March 2016 as compared to Rs.17.21 cr as on 31st March 2015.

- **Reputed clientele base**

Gopal Enterprises caters to reputed clients including Coca-Cola, Asian Paints, Godrej among others.

##### Weaknesses

- **Foreign exchange fluctuation risk**

GE imports 100% of its purchases from USA, France, China to name a few. The purchases are against LC of 120 days. Thus, the firm is exposed to foreign exchange fluctuation risk. However, the firm has not incurred any forex loss.

- **Margins are susceptible to fluctuations in raw material prices**

The margins are susceptible to fluctuations in raw material prices. The operating margins of the firm stood at 4.65 percent in FY2015-16 as compared to 6.21 percent in FY2014-15. The decline in margins

is on account of fall in the crude oil prices in the international market.

### **Analytical Approach**

SMERA has considered the standalone financial and business risk profiles of the firm.

### **About the Rated Entity - Key Financials**

For FY2015-16, the firm registered net profit after tax (PAT) of Rs.2.23 cr on operating income of Rs.73.35 cr as compared to net profit after tax of Rs.3.47 cr on operating income of Rs.72.96 cr in FY2014-15. The networth of the firm stood at Rs.18.38 cr as on 31st March 2016 as compared to Rs.17.21 cr as on 31st March 2015.

### **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>
- Trading Entities - <https://www.smera.in/criteria-trading.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)**

Not Applicable

### **\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Letter of credit	Not Applicable	Not Applicable	Not Applicable	20.00	SMERA A3

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## ABOUT SMERA

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