

## Rating Rationale

**Brickwork Ratings assigns ‘BWR BB-’ & ‘BWR A4’ for existing Bank Loan Facilities amounting to ₹ 19.67 Cr of Goel Cargo Private Limited.**

Brickwork Ratings has assigned **Ratings<sup>1</sup>** for the existing bank loan facilities of Rs.19.67 Cr (Rupees Nineteen Crores and Sixty Seven lakhs only) of Goel Cargo Private Limited (“GCPL” or the “Company”) as follows:

Limits	Present Amount (₹ Cr)	Tenure	Rating <sup>^</sup>
<b>Cash Credit - EDFs</b> (Fund Based)	<b>4.90</b>	<b>Long Term</b>	<b>BWR BB-</b> (Pronounced BWR Double B Minus)  <b>(Outlook: Stable)</b>
<b>Cash Credit</b> (Fund Based)	<b>10.00</b>		
<b>Term Loan*</b> (Fund Based)	<b>0.77</b>		
<b>Commercial Vehicle Inventory Funding</b> (Fund Based)	<b>2.00</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A Four )
<b>Trade Advance</b> (Fund Based)	<b>2.00</b>		
<b>Total</b>	<b>19.67</b>	<b>INR Nineteen Crores &amp; Sixty Seven Lakhs Only</b>	

\* Term loan outstanding as on 21/12/2015.

BWR has essentially relied upon the audited financial results up to FY15, and projection of FY16, publicly available information and information/clarifications provided by the company’s management.

The rating draws strength from the established track record of the Company, experienced management, long term relationship with its clientele, diversified revenue model and increase in fleet size. However, the rating is constrained by modest scale of operations, low tangible networth, strained liquidity and fragmented and competitive nature of industry

### Background

GCPL was incorporated in the year 2006 as a Private Limited Company in Satna, M.P. The company is an automobile dealer of Ashok Leyland and is also engaged in road transportation and logistics services. In transport and logistics services, GCPL is primarily catering to the transportation requirements of J.P Cement Group and Maihar Cement Group in Satna, M.P.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The Company has a fleet size of nearly 900 vehicles including owned and leased vehicles. The Company generates 75% of revenue from transport business and remaining from the Commercial Vehicle dealership business.

### Management Profile

Mr. Motilal Goel, Mrs. Rajbala Goel, Mr. Sunny Goel are the director of the Company. All the directors of the Company are well experienced and qualified.

### Financial Performance:

Total operating income has decreased to Rs.125.51 Cr in FY15 from Rs.133.72 Cr in FY14. The company has incurred a net loss of Rs.1.71 Cr in FY15 as against a net profit of Rs.0.45 Cr in FY14. However, the Company has earned cash profit of Rs.4.17 Cr in FY15 as against a cash profit of Rs.4.77 Cr in FY14. Tangible net worth of the company stood at Rs.5.87 Cr as on FY15.

### Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to increase the revenues and improve the margin levels ensure timely debt servicing, manage its liquidity, utilise the fleet efficiently and diversify the customer base would be the key rating sensitivities.

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