

Goel Cargo Private Limited

December 23, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	16.00	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE BB; Stable (Double B; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Total Bank Facilities	16.00 (₹ Sixteen Core Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. has been seeking information from Goel Cargo Private Limited (GCPL) to monitor the rating vide e-mail communications dated September 07, 2022, November 29, 2022 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on GCPL's bank facilities will now be denoted as **CARE BB-; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The rating has been revised on account of non-availability of requisite information to conduct the review. Further, the rating continues to remain constrained due to its moderate profitability, leveraged capital structure and moderate debt coverage indicators, stretched liquidity and its presence in highly competitive and fragmented logistics and automobile dealership business with prospects of dealership business being linked to its principal. The rating also factors its moderate scale of operation which declined during FY21. The rating, however, continues to draw comfort from rich experience of promoters and its long track record of operations in logistics and dealership business and its authorized dealership of Ashok Leyland Limited (ALL).

Detailed description of the key rating drivers

At the time of last rating on PR dated December 06, 2021, the following were the rating strengths and weakness.

Key Rating Weaknesses

Leveraged capital structure and moderate debt coverage indicators

Capital structure of GCPL remained highly leveraged marked by overall gearing of 4.12x as on March 31, 2021 as compared with 3.36x as on March 31, 2020. Total debt of the company increased from Rs.49.98 crore as on March 31, 2020 to Rs.59.33 crore as on March 31, 2021, due to addition of new vehicles to its fleet and purchase of one commercial building part of which being funded through debt. GCPL has small net-worth base of Rs.14.37 crore as on March 31, 2021 which restricts its financial flexibility. Overall debt coverage indicators remained moderate marked by PBILDT int. coverage and total debt to gross cash accruals (TDGCA) remained moderate at 2.48x and 6.99x respectively during FY21 as compared with 2.96x and 5.53x respectively during FY20. Total outside liability (TOL) to Tangible net worth (TNW) remained weak at 5.24x as on March 31, 2021.

Moderate scale of operations and moderate profitability

GCPL operates on moderate scale marked by TOI of Rs.130.43 crore during FY21 as compared with TOI of Rs.198.75 crore during FY20. TOI declined during FY21 as GCPL surrendered its dealership of heavy commercial vehicle (HCV) of ALL w.e.f. April 2020 leading to decline in the revenue from automobile dealership segment from ~Rs.72 crore during FY20 to ~Rs.11 crore during FY21. However, revenues from the logistics segment largely remained stable at Rs.116.48 crore during FY21 as compared with Rs.111.44 crore during FY20 despite disruption in its operation during Q1FY21 due to Covid-19 pandemic and nationwide lockdown. GCPL reported net sales of Rs.58.84 crore during H1FY22. Furthermore, GCPL has done significant fleet addition in last 2-3 years and reduce its reliance on the hired fleet. Total own fleet size of GCPL increase from 300 as on March 31, 2020 to 385 as on September 30, 2021. Further, it also has ~500 fleet on hire basis as on September 30, 2020 and its proportion varies as per the requirement. PBILDT margin of GCPL remained moderate albeit it improved from 6.92% during FY20 to 10.69% during FY21 on the back of discontinuation of the HCV segment of its automobile dealership business. Increase in the interest and finance cost and moderate depreciation led to GCPL incurring net losses of Rs.0.51 crore during FY21 as compared with net profit of Rs.0.19 crore during FY20. However, GCA had remained stable at Rs.8.49 crore in FY21 as compared with Rs.9.03 crore in FY20.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

*Issuer did not cooperate; Based on best available information

Presence in highly competitive and fragmented logistics industry and prospects of dealership business being linked to its principal

Transportation and logistics business is a highly competitive business on account of high degree of fragmentation in the industry with presence of large number of small and mid-sized entities having regional presence with limited fleet size apart from few large, organized players having pan India presence. The high fragmentation and intense competition results in intense price competition and may lead to pressure on the company's profitability in case of adverse situations due to limited bargaining power. Further, operations are dependent on the overall economic condition of the country. GCPL largely caters to the companies in the cement sector due to which its operations remains exposed to the inherent cyclical trends in the demand and supply of cement. Automobile dealer's performance is linked to the overall industry scenario and performance of OEM. GCPL is authorized dealer of light commercial vehicle (LCV) for ALL and hence, performance and prospects of its dealership business is highly dependent on performance of ALL. Indian automobile industry is highly competitive in nature as there are large numbers of players operating in the market each having different product offering. Further, entry of the global players in the Indian market has intensified the competition. Commercial vehicle industry is going through FY20 and the same has been aggravated by Covid 19 pandemic during FY21. However, resilient demand and consumer sentiments drove the sector back on track. The ongoing semiconductor shortages is not expected to affect the CV industry and as per CARE Ratings CVs shall continue to register considerable growth due to low base effect and growing infrastructure and capex spending.

Key Rating Strengths**Experience of promoters and long track record of operations**

GCPL is promoted by Mr. Motilal Goel, Managing director, and is managed jointly by him and his son Mr. Sunny Goel who is also a director in the company. Mr. Motilal Goel (Managing Director) has an experience of over 35 years in the business through his proprietorship concern Goel Roadways which is involved in mining and transporting of Limestone to cement companies. Promoters had infused need-based support in form of unsecured loans/intercorporate deposit in past and have articulated that same would continue as per funding requirement of the company. GCPL was incorporated in the year 2006 and is since engaged in the business of logistics services and started the business of automobile dealership from the year 2011 reflecting long track record of operations.

Authorized dealership of ALL

GCPL is an authorized dealer for LCV of Ashok Leyland Limited (rated CARE AA; Negative / CARE A1+) from the year 2013. The company operates its dealership through three showrooms in the state of Madhya Pradesh.

Liquidity- Stretched

Liquidity position of GCPL remained stretched marked by high utilization of working capital limits, moderate cash accruals against high debt repayment. The operating cycle of the company elongated to 64 days during FY21 as compared with 55 days during FY20. Decrease in sales from dealership business having low debtor's results in incremental receivables from 52 days in FY20 to 81 days in FY21. The average fund-based limit utilization for the past 12 months remained high at 90-95%. Current ratio and quick ratio of GCPL remained at 0.89x and 0.83x respectively as on March 31, 2021. It had cash and bank balances of Rs.1.78 crore as on March 31, 2021. Cash flow from operation remained moderate at Rs.17.22 crore during FY21 as compared with Rs.19.87 crore during FY20.

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Service Sector Companies](#)

[Auto Dealership](#)

[Policy on Withdrawal of Ratings](#)

About the Company

Satna-based (Madhya Pradesh) GCPL (CIN: U06301MP2006PTC018512) was incorporated in March 2006, by Mr. Motilal Goel. GCPL is logistics service services provider wherein it majorly caters to the requirements of cement players. It has a fleet size of 385 vehicles as on September 30, 2021 and also hire fleet as per the requirement. GCPL is also an authorised dealer of ALL for Light commercial vehicles (LCV) since 2013 and having three showrooms in the state of Madhya Pradesh located at Satna, Rewa and Shahdol. GCPL was also an authorized dealer of Ashok Leyland for Heavy commercial vehicle (HCV) which it surrendered with effect from April 1, 2020. Mr. Motilal Goel, had also promoted M/s Goel Roadways which is also a logistic service provider for cement players and Goel Filling Station (petrol pump). Both are proprietorship concerns of Mr. Motilal Goel.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23 (UA)
Total operating income	130.43	NA	NA
PBILDT	13.94	NA	NA
PAT	-0.51	NA	NA
Overall gearing (times)	4.13	NA	NA
Interest coverage (times)	2.48	NA	NA

A: Audited; UA: Unaudited; NA: Not Available

Status of non-cooperation with previous CRA: Brickworks has reviewed the ratings of GCPL in 'Issuer Not Cooperating' category vide press release dated January 25, 2022.

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	16.00	CARE BB-; Stable; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	16.00	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable (06-Dec-21) 2)CARE BB-; Stable; ISSUER NOT COOPERATING * (11-Oct-21)	1)CARE BB; Stable (10-Aug-20)	1)CARE BB; Stable (03-Jun-19)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: None

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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