

Ganesh Grains Limited

December 19, 2022

Ratings

Facilities	Amount (₹ crore)	Ratings	Rating Action
Long Term Bank Facilities	86.18	CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	3.75	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	89.93 (₹ Eighty-Nine Crore and Ninety-Three Lakhs Only)		

* Issuer did not cooperate; Based on best available information
Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE had, vide its press release dated June 10, 2020, placed the rating(s) of Ganesh Grains Limited (GGL) under the 'issuer non-cooperating' category as GGL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. GGL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated August 10, 2022; August 20, 2022; August 30, 2022. In line with the extant SEBI guidelines, CARE has reviewed the rating based on the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

The ratings continue to be under issuer not cooperating category in view of lack of clarity on future growth strategy and inability to monitor the performance of the company which is critical for assessing the credit profile of the company. The ratings are constrained by its moderate geographical concentration risk, exposure to vagaries of nature for raw material availability and highly fragmented and competitive industry. The constraints are however, off-set by its experienced promoters with long track record, wide product portfolio, strong brand image, wide network of distributors, satisfactory financial performance with growth in revenue and profitability in FY22 (refers to the period April 1 to March 31) and comfortable capital structure and debt protection metrics.

Detailed description of the key rating drivers

At the time of last rating on September 24, 2021, the following were the rating strengths and weaknesses (updated for information available from Registrar of Companies):

Key Rating Weaknesses

Moderate geographical concentration risk

In FY17, the contribution of revenue of GGL from WB has declined to 68.1% from 75.4% of gross sales in FY16. The company has been able to penetrate the Southern Market and other regions, which is visible in the form of increase in the revenue share in FY17 vis-à-vis FY16. Hyderabad and the army (Eastern and Southern command) contributed around 25.3% of sales in FY17 vis-à-vis 19.5% in FY16.

Exposed to vagaries of nature for raw material availability

Wheat is a 'Rabi' crop and is cultivated between November to April. The water that has percolated in the ground during the rains is the main source of water for these crops. So, heavy rain is good for Rabi crops. The output is highly dependent on the monsoon and the availability of raw material can be impacted in case of deficit/excessive rainfall.

Highly fragmented and competitive industry

The industry segment (milling products) is characterized by presence of large number of small players competing with few organised players. Most of the wheat product processors in the country are smaller players operating in their niche areas.

Key Rating Strengths**Rich experience of the promoters with long track record**

Mr. Purshottam Das Mimani has around six decades of experience in the industry and under his stewardship, GGL has grown manifold and is currently one of the leading manufacturers of wheat products in Eastern India. Later, Mr. Manish Mimani (son of Mr Purshottam Das Mimani) continued with the organic growth and added five more manufacturing facilities, with four being in West Bengal and one in Andhra Pradesh. Motilal Oswal Private Equity Advisors Private Limited (MOPE), the new investor in GGL during FY17, is a private equity and venture capital arm of Motilal Oswal Financial Services Ltd. The day-to-day operations of the company are looked after by Mr Purshottam Das Mimani and Mr. Manish Mimani.

Wide product portfolio

Over the years of operations, the company gradually shifted to manufacturing and widened its product portfolio by adding various product categories. Currently, the product profile of the company includes Atta (Whole Wheat Flour), Besan (Gram Flour), Maida (Refined Wheat flour), Sattu (roasted Gram Flour), Sujee (Semolina), Dalia (Porridge) and others (consists of rice, instant mixes, powder and cereals). The company markets all its products under the brand name "Ganesh" and in the wholesale market it has also launched its product under the brand "Eighty-Eight".

Strong brand image

The company enjoys a strong brand image in West Bengal. It's a renowned brand in Atta, Maida and Sujee segment. The company has tied up with various online players like Amazon, Grofers, Big Basket, etc. for sale of its products.

Strong network of distributors

GGL has strong network of distributors (about 576 in number for India). The distributors supply to 33,427 retail outlets in West Bengal and 14,838 retail outlets outside West Bengal. GGL also has two warehouses in West Bengal having a total storage capacity of 86,500 MT. The company has also appointed Area Sales Manager in Odisha, Jharkhand, Bihar, North-East India, North Bengal & South Bengal, which would help the company to increase sales penetration.

Satisfactory financial performance

The financial performance of the company remained satisfactory although the total operating income of the company declined by around 7.33% in FY22 vis-à-vis FY21. The operating margin of the company declined slightly in FY22 vis-à-vis FY21 from 10.71% to 9.59%. PAT margin witnessed an increase to 6.03% in FY22 (5.97% in FY21).

Analytical approach: Consolidated. GGL has two wholly owned subsidiaries; Gobardhan Agri Flour Mills Private Limited (GAFMPL) in Agra & Shree Venkatesh Agro Foods Private Limited, whose financials has been consolidated in view of financial linkages between the companies and same line of business.

Applicable criteria

[Financial Ratios – Non financial Sector](#)

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

[Manufacturing Companies](#)

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

[Policy on default recognition](#)

[Policy on Withdrawal of Ratings](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

About the company

Incorporated in 1936, as a proprietorship firm by Late Mr Brij Mohan Mimani, Ganesh Flour Mills commenced operations by trading of varieties of wheat products. Over the years of operations, the company gradually started manufacturing and widened its product portfolio by adding various product categories. Currently, the product profile of the company includes Atta (Whole Wheat Flour), Besan (Gram Flour), Maida (Refined Wheat flour), Sattu (roasted Gram Flour), Sujee (Semolina), Dalia (Porridge) and others (consists of rice, instant mixes, powder and cereals). Further, the company also manufactures and sells packaged foods (mainly Khaman Dhokla & Mixed idli). The company has eight manufacturing units, five located in West Bengal along with two warehouses in West Bengal (total storage capacity of 86,500 MT), one in Andhra Pradesh (commenced from 2015), one being in Agra & the other being in Varanasi. The manufacturing facilities are having an aggregate capacity of around 1400 Tonne per day (TPD) for the various wheat products.

Brief Financials – standalone (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23 (UA)
Total operating income	491.01	455.00	NA
PBILDT	52.61	43.63	NA
PAT	29.30	27.42	NA
Overall gearing (times)	0.24	0.25	NA
Interest coverage (times)	29.75	31.05	NA

A: Audited; UA: Unaudited; NA: Not available.

Note: Consolidated financials are not available post FY19

Status of non-cooperation with previous CRA:

ACUITE continues to place the rating under Issuer Not Cooperating category based on best available information vide its Press Release dated May 20, 2022.

Any other information: Not Applicable

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

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

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

Annexure-1: Details of facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	45.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	September, 2022	14.93	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT-Bank Guarantee		-	-	-	23.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT-Letter of credit		-	-	-	3.25	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Forward Contract		-	-	-	1.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	2.75	CARE A4; ISSUER NOT COOPERATING*

* Issuer did not cooperate; Based on best available information

Annexure-2: Rating history for the last three years

Sr. No.	Name of the /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-Term Loan	LT	14.93	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (01-Jul-20)	1)CARE BBB-; Stable; ISSUER NOT COOPERATING* (31-Dec-19)
2	Fund-based - LT-Cash Credit	LT	45.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (01-Jul-20)	1)CARE BBB-; Stable; ISSUER NOT COOPERATING* (31-Dec-19)
3	Non-fund-based - ST-Letter of credit	ST	2.75	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE A4+; ISSUER NOT COOPERATING* (01-Jul-20)	1)CARE A3; ISSUER NOT COOPERATING* (31-Dec-19)

4	Non-fund-based - LT-Letter of credit	LT	3.25	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (01-Jul-20)	1)CARE BBB-; Stable; ISSUER NOT COOPERATING* (31-Dec-19)
5	Non-fund-based - LT-Bank Guarantee	LT	23.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (01-Jul-20)	1)CARE BBB-; Stable; ISSUER NOT COOPERATING* (31-Dec-19)
6	Non-fund-based - ST-Forward Contract	ST	1.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE A4+; ISSUER NOT COOPERATING* (01-Jul-20)	1)CARE A3; ISSUER NOT COOPERATING* (31-Dec-19)

* Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of the covenants of the rated facilities: Nil

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
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple
4	Non-fund-based - LT-Letter of credit	Simple
5	Non-fund-based - ST-Forward Contract	Simple
6	Non-fund-based - ST-Letter of 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.

Contact us**Media contact**

Name: Mradul Mishra
Phone: +91-22-6754 3596
E-mail: mradul.mishra@careedge.in

Analyst contact

Name: Richa Bagaria
Phone: + 91-033- 40181600
E-mail: richa.jain@careedge.in

Relationship contact

Name: Lalit Sikaria
Phone: + 91-033- 40181600
E-mail: lalit.sikaria@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**