

Ganesh Grains Limited

March 14, 2024

Facilities	Amount (₹ crore)	Ratings ¹	Rating Action
Long-term bank facilities	86.18	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Short-term bank facilities	3.75	CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Detailed rationale and key rating drivers

CARE Ratings Limited (CARE) had, vide its press release dated June 10, 2020, placed the ratings 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 letter/email dated November 14, 2023 and February 20, 2024. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of 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 in FY23 (refers to the period April 1 to March 31) albeit moderation in margins and comfortable capital structure and debt protection metrics.

Analytical approach: Standalone.

GGL earlier had two wholly owned subsidiaries; Gobardhan Agri Flour Mills Private Limited (GAFMPL) and Shree Venkatesh Agro Foods Private Limited, whose financials had been consolidated in view of financial linkages between the companies and same line of business. However, as per FY20 Audited financials, both these companies were merged into GGL pursuant to NCLT order dated January 01, 2020. Accordingly, the approach has been revised from Consolidated to Standalone.

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on December 19, 2022, the following were the rating strengths and weaknesses (updated for information available from Registrar of Companies):

Key weaknesses

Moderate geographical concentration risk

In FY17, the contribution of revenue of GGL from WB had declined to 68.1% from 75.4% of gross sales in FY16. The company had 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.

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

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 with total operating income witnessing y-o-y growth of 34% in FY23 compared with FY22. However, the operating margin witnessed decline from 10.48% in FY22 to 9.19% in FY23. With decline in operating margin, PAT margin also witnessed decline from 5.96% in FY22 to 4.44% in FY23.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Other Agricultural Products

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 (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	455.00	610.75
PBILDT	47.70	56.14
PAT	27.10	27.10
Overall gearing (times)	0.36	0.51
Interest coverage (times)	17.08	8.44

A: Audited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: ACUITE continues to place the rating under Issuer Not Cooperating category vide its Press Release dated August 07, 2023.

Any other information: Not Applicable

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

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

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/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		-	-	Sept, 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 Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	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
1	Fund-based - LT-Term Loan	LT	14.93	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (19-Dec-22)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (01-Jul-20)
2	Fund-based - LT-Cash Credit	LT	45.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (19-Dec-22)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (01-Jul-20)
3	Non-fund-based - ST-Letter of credit	ST	2.75	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (19-Dec-22)	1)CARE A4; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE A4+; ISSUER NOT COOPERATING* (01-Jul-20)
4	Non-fund-based - LT-Letter of credit	LT	3.25	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (19-Dec-22)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (01-Jul-20)
5	Non-fund-based - LT-Bank Guarantee	LT	23.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (19-Dec-22)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (01-Jul-20)
6	Non-fund-based - ST-Forward Contract	ST	1.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (19-Dec-22)	1)CARE A4; ISSUER NOT COOPERATING* (24-Sep-21)	1)CARE A4+; ISSUER NOT COOPERATING* (01-Jul-20)

*Issuer did not cooperate; based on best available information.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the 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: Lender details

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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