

MARCH 30, 2016

CARE ASSIGNS 'CARE BBB+' AND 'CARE A2' RATING TO THE SHORT TERM BANK FACILITIES OF GANESH GRAINS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-Term Bank Facilities	138.94	CARE BBB+ (Triple B Plus)	Assigned
Short-Term Bank Facilities	2.75	CARE A2 (A Two)	Assigned
Total Facilities	141.69 (Rupees One Hundred Forty One crore and Sixty Nine lakh only)		

Rating Rationale

The aforesaid ratings assigned to the bank facilities of Ganesh Grains Limited (GGL) derives strength from the rich experience of the promoters with long track record, wide product portfolio under the brand "Ganesh", strong distribution network, moderate financial risk profile with healthy growth in turnover and efficient collection period. The ratings are, however, constrained by the working capital intensive nature of operations reflected by high working capital utilisation, geographical concentration risk, exposed to the vagaries of nature for raw material availability as well as highly fragmented and competitive industry.

The ability of the company to sustain its revenue growth while maintaining its profitability and effective management of its working capital remain the key rating sensitivities.

Background

Incorporated in 1936, as a proprietorship firm by Late Mr Brij Mohan Mimani, Ganesh Flour Mills commenced operations by trading of variety of wheat products. Over the years of operations, the company gradually started manufacturing and widened its product portfolio by adding various product categories. The company has six manufacturing units, five located in West Bengal and one in Andhra Pradesh along with two warehouses in West Bengal. In FY16 (refers to the period April 01 to March 31), the company has also completely taken over manufacturing facilities of Gobardhan Agri Flour Mills Private Limited (in Agra) on September 15, 2015 and Venkatesh Agro Foods Private Limited (in Varanasi) on July 29, 2015.

During H1FY16, the company further invested Rs. 2.29 crore and Rs. 3.53 crore to increase its stake to 100% in Gobardhan Agri Flour Mills Private Limited and Venkatesh Agro Foods Private Limited respectively.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Gobardhan Agri Flour Mills Private Limited has entered into a long-term collaboration with ITC Ltd (ITC) for manufacturing of “Ashirwaad” brand atta under the technical assistance and guidance of ITC since inception and the collaboration will end on October, 2016.

The company markets all its products under the brand name “Ganesh”. The company has been registered an approved ASC Atta Contractor for supply of Wheat Atta Whole meal to Army and supply to Eastern Command for 30 locations.

Currently, GGL is an ISO/TS 22002-1, ISO 22000:2005, FSSC 2000 certified company and is registered with Food Safety and Standard Authority of India (FSSAI).

GGL is a closely-held company and is currently being managed by Mr Purshottam Das Mimani and Mr Manish Mimani. They are being supported by a team of qualified personals to look after the day-to-day operations of the company.

During FY15, the company reported PAT of Rs.6.65 crore on a total operating income of Rs.316.66 crore as against a PAT of Rs.5.11 crore on a total operating income of Rs.258.27 crore in FY14. Furthermore, the company has recorded total operating income of Rs.342.90 crore and PBT of Rs.10.02 crore during the nine month period ended as on December 31, 2015.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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