

Ganesh Grains Limited

January 13, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-Term Bank Facilities	148.42 (enhanced from Rs.138.94 crore)	CARE A-; Stable (Single A Minus; Outlook: Stable)	Revised from CARE BBB+ (Triple B Plus)
Short-Term Bank Facilities	3.75 (enhanced from Rs. 2.75 crore)	CARE A2+ (A Two Plus)	Revised from CARE A2 (A Two)
Total	152.17 (Rupees One Hundred and Fifty Two crore and Seventeen lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale

The revision in the ratings assigned to the bank facilities of Ganesh Grains Limited (GGL) was on account of improvement in the capital structure of the company due to infusion of funds in the form of equity by private equity investor- Motilal Oswal Private Equity (MOPE) in October 2016.

The ratings continues to derive comfort from rich experience of the promoters with long track record, wide product portfolio under the brand “Ganesh”, strong distribution network, satisfactory financial risk profile with healthy growth in turnover and satisfactory collection period. The ratings however continue to be constrained by the working capital intensive nature of operations, vagaries of nature for raw material availability, geographical concentration risk (though moderated in FY16 [refers to the period April 01 to March 31]) and highly fragmented and competitive industry.

The ability of the company to increase its scale of operations and improve its profitability margins while maintaining the capital structure of the company would remain the key rating sensitivities.

Detailed description of the key rating drivers

Net sales of the company increased by 47.5% in FY16 vis-à-vis FY15 on the back higher sales of all the finished products in FY16 vis-à-vis FY15 coupled with first full year operation of Hyderabad plant. The operating profit of the company declined in FY16 on account of higher B2B sales.

MOPE Investment Advisors Private Limited (MOPE) through its India Business Excellence Fund – II and India Business Excellence Fund – IIA, have invested in October 2016 in GGL. The proceeds were utilized to prepay a part of its term loan and reduce working capital borrowings leading to improvement in capital structure.

The company markets all its products under the brand name “Ganesh”. The company enjoys a strong brand image in West Bengal. GGL is currently being managed by Mr Purshottam Das Mimani (son of late Shri Brij Mohan Mimani) and Mr Manish Mimani (son of the Mr Purshottam Das Mimani).

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE’s Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[CARE’s methodology for manufacturing companies](#)

About the Company

Incorporated in 1936, as a proprietorship firm by Late Shri 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

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

product categories. 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.

In FY16 (refers to the period April 01 to March 31), GGL reported PAT of Rs. 7.67 crore (FY15- Rs. 6.65 crore) on a total operating income of Rs. 468.91 crore (FY15- Rs. 316.66 crore). In H1FY17 (Prov.) (refers to the period April 01 to September 30), GGL reported PAT of Rs. 3.13 crore on a total operating income of Rs. 285.75 crore.

Status of non-cooperation with previous CRA:

Not Applicable

Any other information:

Not Applicable

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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund Based - LT-Term Loan	-	-	Sep-2022	22.17	CARE A-; Stable
Fund Based - LT-Cash Credit	-	-	-	75.00	CARE A-; Stable
Non-Fund Based - ST-Letter of credit	-	-	-	2.75	CARE A2+
Non-Fund Based - LT-Letter of credit	-	-	-	3.25	CARE A-; Stable
Fund Based - LT-Working Capital Limits	-	-	-	15.00	CARE A-; Stable
Non-Fund Based - LT-	-	-	-	23.00	CARE A-; Stable

Bank Guarantees					
Non-Fund Based - ST-Forward Contract	-	-	-	1.00	CARE A2+
Fund Based - LT-Proposed fund based limits	-	-	-	10.00	CARE A-; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Chronology of Rating history for past three years			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund Based - LT-Term Loan	LT	22.17	CARE A-; Stable	-	1)CARE BBB+ (30-03-2016)	-	-
2.	Fund Based - LT-Cash Credit	LT	75.00	CARE A-; Stable	-	1)CARE BBB+ (30-03-2016)	-	-
3.	Non-Fund Based - ST-Letter of credit	ST	2.75	CARE A2+	-	1)CARE A2 (30-03-2016)	-	-
4.	Non-Fund Based - LT-Letter of credit	LT	3.25	CARE A-; Stable	-	1)CARE BBB+ (30-03-2016)	-	-
5.	Fund Based - LT-Working Capital Limits	LT	15.00	CARE A-; Stable	-	1)CARE BBB+ (30-03-2016)	-	-
6.	Non-Fund Based - LT-Bank Guarantees	LT	23.00	CARE A-; Stable	-	1)CARE BBB+ (30-03-2016)	-	-
7.	Non-Fund Based - ST-Forward Contract	ST	1.00	CARE A2+				
8.	Fund Based - LT-Proposed fund based limits	LT	10.00	CARE A-; Stable				

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