

December 29, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	30.00	SMERA BBB+/Stable (Assigned)
Bank Guarantee	6.00	SMERA A2 (Assigned)
Letter of Credit	1.00	SMERA A2 (Assigned)

SMERA has assigned ratings of '**SMERA BBB+** (read as SMERA triple B plus) and a short-term rating of '**SMERA A2**' (read as SMERA A two) to the Rs.37.00 crore bank facilities of Ganesh Grains Limited (GGL). The outlook is '**Stable**'. The ratings derive comfort from the company's long track record of operations, experienced management and strong brand of 'Ganesh' in the eastern region. The ratings also factor in the healthy revenue growth marked by stable operating margin and established distribution channel. However, the ratings are constrained by the geographical concentration in revenues and its presence in a highly fragmented and unorganised industry.

Rating Sensitivity Factors

- Ability to improve profit margins while maintaining revenue growth
- Geographical diversity in revenues

Outlook: Stable

SMERA believes that the company will continue to benefit from its established market position and strong brand image in West Bengal. The outlook may be revised to 'Positive' if the company achieves higher than expected accruals, backed mostly by increase in revenues following its foray into new territories. Conversely, the outlook may be revised to 'Negative' if the offtake from the enhanced capacities is lower than expected or if the company incurs a large debt funded capex thus affecting the financial and liquidity profile.

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About the Company

Ganesh Flour Mills started off as a small mill in 1936 at Burrabazar, Kolkata. Ganesh Grains Limited, (the erstwhile Ganesh Wheat Products Private Limited) was incorporated in March 2000. The company currently has manufacturing facilities in Kolkata and Hyderabad. The company is headed by Mr. Manish Mimani, Managing Director. The company is engaged in the manufacturing and selling of wheat based products (atta, maida, suji), besan, dalia, sattu, pulses and other value added ready to cook / instant items and snacks (bhujia & namkeen) under brand name of 'Ganesh'. GGL has six units of milling with an aggregate capacity of 1250 T.P.D of packaged food processing.

For FY2014-15, GGL reported profit after tax (PAT) of Rs.6.65 crore on net sales of Rs.314.71 crore as compared with PAT of Rs.5.11 crore on net sales of Rs.257.41 crore in FY2013-14. The net worth stood at Rs.63.26 crore as on March 31, 2015, as compared with Rs.55.58 crore a year earlier.

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