



Press Release
Ganpati Agri Business Private Limited
December 18, 2023
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	53.50	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	5.50	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	59.00	-	-

Rating Rationale

ACUITE has reaffirmed long term rating of '**ACUITE BBB-**' (read as **ACUITE Triple B minus**) and short term rating of '**Acuite A3**' (read as **ACUITE A three**) on the Rs. 59.00 Cr bank facilities of Ganpati Agri Business Private Limited (GABPL). The Outlook is '**Stable**'.

Rationale for rating reaffirmation

The rating reaffirmation takes into account the stable operating and financial performance of GABPL marked by improved operating income, profitability margins and financial risk profile. The operating income of the company stood at Rs. 262.50 Cr in FY23 as against Rs.232 Cr in FY22. The operating profitability margin stood at 4.31 percent for FY2023 as against 3.14 percent in FY2022. In H1FY2024, operating income stood at Rs.143.16 Cr. The improvement is driven by increased constitution of higher value generating products mainly Refined Rice Bran oil. However, the net profitability margins continue to remain thin. The PAT stood at 0.80 percent in FY2023 as against 0.78 percent in FY2022. The financial risk profile is average marked by moderate net worth, gearing and average debt protection metrics. Further, the moderate customer concentration risk also constrain the rating. Going forward, the company's ability to sustain the improving operating performance while improving its capital structure and maintaining its working capital cycle will remain key rating monitorables.

About the Company

Ganpati Agri Business Private Limited was incorporated in 2011 by Atul Kumar Singh and his wife Anjali Singh, who are both directors, located at Barabanki (UP). The company manufactures rice bran oil and its by-products, de-oiled rice bran cake along with allied products such as mustard cake, de-oiled mustard cake, among others for poultry and cattle feed. Company has also installed menthol unit with 1500 MT per annum capacity. Menthol has several medicinal properties and is used in flavors, fragrances and for other pharmaceuticals products.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Ganpati Agri Business Private Limited to arrive at this rating.

Key Rating Drivers

Increasing trend in scale of operations

The company generated revenue of Rs. 262.50 Cr in FY2023 as against Rs. 232 Cr in FY2022. In H1FY2024 the company has generated Rs.143.16 Cr and expects to close the year in the range of Rs. 350-380 Cr by year end. Overall company has achieved CAGR of 17% in the last 3 fiscals. The improvement in scale of operations was a result of increased constitution of higher value generating products mainly Refined Rice Bran oil, addition of new customers and increased production. The focus on higher value added products is also expected to improve operating profitability of the company.

Working Capital Management

The company's operations are comfortable in terms of working capital intensity as evident by GCA days of 81 in FY2023 as against 77 in FY2022. The GCA days are driven by inventory and debtor days which stood at 42 and 30 days respectively in FY2023 as against 32 and 41 days respectively in FY2022. Creditor days stood between 4-2 days from FY 2021-2023. Bank limit utilization remained moderately high with 88.49% average for the twelve months ended August, 2023.

Weaknesses

Thin profitability margins

The operating profitability of the company improved during the year as it stood at 4.31 percent in FY2023 as against 3.14 percent in FY2022, driven by increased constitution of higher value generating products. However, net profitability continues to remain thin. The PAT stood at 0.80 percent in FY2023 as against 0.78 percent in FY2022.

Average financial risk profile

The Company's financial risk profile is average marked by moderate net worth, gearing and average debt protection metrics. Tangible Net Worth as on 31st March 2023 stood at Rs. 32.56 Cr as against Rs. 24.77 Cr as on 31st March 2022. The increase in net-worth is driven partly by conversion of unsecured loan from promoters-directors into equity of Rs.5.18 Cr and balance by accrual of profit to reserves. The total debt stood at Rs. 58.43 Cr as on March 31, 2023 constitutes long term debt of Rs. 11.94 Cr, short term debt of Rs. 36.64 Cr, CPLTD of Rs. 6.01 Cr and Rs.3.84 Cr of unsecured loans from shareholders. Gearing (Debt/Equity) of the company stood moderate at 1.79 times as of FY 2023 as against 2.34 times in FY 2022. Interest coverage ratio stood at 2.70 times in FY 2023 as against 2.72 times in FY 2022. DSCR stood moderate at 1.11 times in FY2023 as against 1.35 times in FY 2022. TOL/TNW stood at 2.00 times while Debt/EBITDA stood at 5.13 times in FY 2023. In the absence of any debt funded capex plan the financial risk profile is expected to remain average in the near term.

Moderate Customer concentration risk

Top 10 customers accounted for around ~65% of net sales made in FY 2023 as against ~60% in FY 2022. The company's ability to diversify its customer's portfolio and hedge the risk in future would be a key rating monitorable.

Rating Sensitivities

- > Sustaining the improvement in scale of operations and profitability margins
- > Improvement in financial risk profile and liquidity profile
- > Elongation of working capital cycle

All Covenants

Not Applicable

Liquidity Position Adequate

The company's liquidity position is adequate. Going forward liquidity position is expected to improve since company is expected to generate cash accruals in the range of Rs. 8 - 12Cr against CPLTD of Rs. 5-6 Cr in the period FY24-25. Unencumbered cash and bank position stood at Rs. 0.73 Cr as on March 31, 2023. The GCA days stood at 81 days as on March 31, 2023 and the current ratio 1.23 times as on March 31, 2023.

Outlook: Stable

Acuité believes that Ganpati Agri Business Private Limited will maintain a 'Stable' outlook and benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' if the company reports higher than expected revenues and profitability margins. Conversely, the outlook may be revised to 'Negative' in case of sharp deterioration in the working capital cycle, thereby impacting its financial risk profile, particularly its liquidity

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	262.50	232.00
PAT	Rs. Cr.	2.10	1.82
PAT Margin	(%)	0.80	0.78
Total Debt/Tangible Net Worth	Times	1.79	2.34
PBDIT/Interest	Times	2.70	2.72

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
03 Oct 2022	Term Loan	Long Term	0.30	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	4.09	ACUITE BBB- Stable (Assigned)
	Proposed Cash Credit	Long Term	12.00	ACUITE BBB- Stable (Assigned)
	Working Capital Term Loan	Long Term	4.92	ACUITE BBB- Stable (Assigned)
	Working Capital Term Loan	Long Term	3.37	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	32.00	ACUITE BBB- Stable (Assigned)
	Proposed Term Loan	Long Term	2.32	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	37.00	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.01	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Stand By Line of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.50	ACUITE A3 Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.83	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.90	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	4.99	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	1.77	ACUITE BBB- Stable Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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