



Rating Rationale

Ganesh Agro Udyog Pvt. Ltd.

20 March, 2018

Brickwork Ratings assigns ratings for the long term bank loan facilities of Ganesh Agro Udyog Pvt. Ltd.

Particulars

Facility Rated	Current Review Amount (Rs. Crs)	Tenure	*Rating Assigned
Fund Based Cash Credit	9.00	Long Term	BWR BB (pronounced as BWR Double B) Outlook :Stable
Total	Rs 9.00 Crores (INR Nine Crores Only)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

BWR has assigned Long Term rating of BWR BB for loan term facilities of Ganesh Agro Udyog Pvt. Ltd.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

While assigning the rating of Ganesh Agro Udyog Pvt. Ltd. ('the Company'), BWR has factored in the promoter's experience, gearing, ability of the Company to pay its obligations, conversion cycle, profit margins and competition. The rating derives comfort from experienced promoters, growing sales, moderate gearing and debt protection metrics along with efficient conversion cycle. The rating is, however, constrained by low profit margins, besides competition in the same industry.

Key Rating Strengths

- **Experience Promoters** : Key promoter of the Company, Mr. Ramesh Chand Jaiswal, has more than 2 decades of experience in the same line of business.
- **Moderate Gearing(TOL/TNW)** : Gearing of the Company is within the industry standards at 1.82x in FY17.
- **Moderate Debt Protection Metrics** : The Company has moderate ability to pay its



debt obligation with ISCR at 2.25x in FY17.

- **Efficient Cash conversion Cycle :** The Company has efficient operating cycle which, however, has deteriorated from 54 days in FY16 to 63 days in FY17 owing to decline in days' payable from 25 days to 18 days in FY17.
- As per confirmation received from the Company, turnover achieved till Feb 2018 is Rs 71.17 Cr and it is likely to achieve projected revenues for FY18.

Key Rating Weaknesses

- **Low profit margins :** Net profit margin is low; however it has improved from 0.37% in FY16 to 0.42% in FY17 and operating profit margins has declined from 3.28 % in FY16 to 2.98% in FY17.
- **Competition :** Competition in terms of number of service providers is a major constraint and susceptibility of paddy prices fluctuation is a major concern to obtain desired profit margin.

Analytical Approach:

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

Rating Outlook: Stable

BWR believes the *Ganesh Agro Udyog Pvt Ltd's* business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Ganesh Agro Udyog Pvt. Ltd. was established in May 2009, as has installed capacity for paddy milling at 8 MT per hour. The Company is managed by Mr. Ramesh Chand Jaiswal and his family members. It is engaged in milling and processing of non-basmati rice and has its plant located at Maharajganj, U.P.



Company's Financial Performance

Particulars	Units	FY2016 (Audited)	FY2017 (Audited)
Net Sales/Revenue	Rs. Crores	63.75	62.01
EBIDTA	Rs. Crores	2.09	1.84
PAT	Rs. Crores	0.24	0.26
Tangible Networth	Rs. Crores	6.91	7.18
TOL : TNW Ratio	Times	1.41	1.82
Current Ratio	Times	1.31	1.31

Turnover of the company has declined from Rs 63.75 Cr in FY16 to Rs 62.01 Cr in FY17 and PAT has marginally improved from Rs 0.24 Cr to Rs 0.26 Cr in FY17.

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (FY 2018)			Rating History	
		Type	Amount (Rs Crs)	Rating	FY2017	FY2016
1.	Cash Credit	Long Term	9.00	BWR BB Outlook :Stable	NA	NA
	Total	Rs 9.00 Crores (INR Nine Crores Only)				

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

Any other information - NIL

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)



Analysts	Media
Mr. Ashwini Mital Sr. G. M. analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.