



Press Release

Ganga Roller Flour Mills Private Limited
March 13, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	18.22	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	12.28	IVR A4+ (IVR A Four Plus)	Assigned	Simple
Total	30.50	Rupees Thirty crore and fifty lakhs only		

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has assigned long term rating of IVR BB+ with a Stable outlook and short term rating of IVR A4+ for the bank loan facilities of Ganga Roller Flour Mills Private Limited (GRFMPL).

The ratings assigned to the bank facilities of GRFMPL draw comfort from experienced management, long-standing relationships with the clients, reputed customer profile and moderate scale of operations, albeit low profitability. The ratings, however, are constrained by moderate financial risk profile, susceptibility of operations to agro-climatic risks and government policies, competitive business environment due to fragmented nature of the industry and high group exposure in terms of corporate guarantee extended to its group entity.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes the company's business and financial risk profile will be maintained over the medium term.

IVR has principally relied on the audited financial results of the company up to March 31, 2023, and projected financials for FY2024-FY2026, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Continuous growth in revenue along with healthy profitability and debt metrics



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- Improvement in management of liquidity

Downward Factors

- Fall in revenue and deterioration of debt protection metrics.
- Stretching of working capital cycle and requirements
- Any further exposure to the group company

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced management and long-standing relationships with the clients:

GRFMPL is promoted by Mr. Sunil Kumar Goyal, Mr. Prakash Arya, Mr. R. S. Jha and Mr. Ashok Mishra. promoters have rich experience of more than two decades in the wheat processing industry. Further, the longstanding presence of the promoters in the industry has helped the company to establish strong relationships with customers and suppliers and withstand industry cycles.

Reputed customer profile

GRFMPL caters its products like atta, maida, suji, bran etc. to established companies in the fast-moving consumer goods (FMCG) segment like Britannia Industries Limited, Mrs. Bectors Food Specialities Ltd. etc. reflecting good product quality.

Moderate scale of operations; albeit low profitability

Despite intense competition in the wheat processing industry, total operating income of GRFMPL increased by ~22.07% from Rs. 173.45 Crore in FY22 to Rs. 211.73 Crore in FY23 due to higher average sales realisation of its products. The profitability margins like EBITDA margin increased by ~21 bps in FY23 i.e. from 1.39% in FY22 to 1.60% in FY23 mainly due to reduction in expenses mainly conveyance and maintenance expenses and taxes etc. PAT margin also increased by ~10 bps i.e., from 0.17% in FY22 to 0.27% in FY23 in line with EBIDTA margin.

Key Rating Weaknesses



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Moderate financial risk profile

The financial risk profile of the company is moderate with the overall gearing ratio of the company as on 31-Mar-2023 at 1.72x (31-Mar-2022: 1.88x). This improved due to the increase in tangible net worth of the company from Rs. 8.32 crore in FY22 to Rs. 8.96 crore in FY23. The total indebtedness of the company as reflected by TOL/TNW has slightly improved from 2.34x as on 31-Mar-22 to 2.29x as on 31-Mar-23 on account of the increase in tangible net worth in FY23. The debt protection metrics stood moderate marked by Interest Coverage Ratio of 1.80x times in FY23 (FY22: 2.79x). Total Debt to GCA stood at 8.27 years in FY23 as against 10.16 years in FY22. Debt Service Coverage Ratio stood at 1.15x in FY23 (FY22: 1.17x).

Industry susceptible to agro-climatic risks and Government policies

The raw material (wheat) is exposed to pests and harvesting also depends upon agroclimatic conditions, which impact the raw material availability to some extent. The company also remains exposed to other risks inherent in an agro-based business, including changes in Government policies in relation to the stipulation of the minimum support price (MSP) for procurement of agro products from farmers and revision of policies on import/ export etc. The margins remain susceptible to the price movement of the agro products that are subject to climatic conditions and Government intervention.

Competitive business environment due to fragmented nature of the industry

The wheat milling industry is characterised by intense competition due to low product differentiation and consequent high fragmentation and low entry barriers, which limit the pricing flexibility of the participants.

High group exposure in terms of corporate guarantee extended to group entity

The company has high exposure in the form of corporate guarantee for the debt availed by its group entity Ganges Internationale Private Limited to the tune of Rs. 180.15 crore. The guarantee remains large and company remains exposed to any kind of financial risk if support to group company is required.



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Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

Liquidity – Adequate

The company's liquidity is adequate marked by ~75% average utilisation of fund-based working capital limits and ~75% average utilisation of non-fund based working capital limits for last 12 months ended January 2024. It expects sufficient cushion in cash accrual against its scheduled debt repayment obligation. The Current Ratio of the company stood above unity at 1.46x as on March 31, 2023, respectively. The unencumbered cash and bank balance as on March 31, 2023, is Rs. 0.06 Crore. The cash operating cycle of the company is of 29 days in FY23 (FY22: 33 days).

About the Company

Ganga Roller Flour Mills Pvt Ltd. (GRFMPL) was established in 1974 and is engaged in milling and production of wheat products like atta, maida, bran and others. The company has one manufacturing unit at Lawrence Road Industrial area, New Delhi and as on March 31, 2023, the plant has an annual production capacity of 108,000 tons. The company's operations are managed by Mr. Sunil Goyal.

Financials (Standalone):

For the year ended/As on*	30-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	173.45	211.73
EBITDA	2.41	3.39
PAT	0.29	0.58
Total Debt	15.61	15.41
Tangible Net Worth	8.32	8.96
Ratios		



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EBITDA Margin (%)	1.39	1.60
PAT Margin (%)	0.17	0.27
Overall Gearing Ratio (x)	1.88	1.72

*Classification as per infomerics' standards





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Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022- 23	Date(s) & Rating(s) assigned in 2021- 22	Date(s) & Rating(s) assigned in 2021- 20
1.	UGECL Term Loan	Long Term	0.56	IVR BB+/ Stable	-	-	-
2.	Term Loan – I	Long Term	0.23	IVR BB+/ Stable	-	-	-
3.	Term Loan – II	Long Term	0.18	IVR BB+/ Stable	-	-	-
4.	Fresh Term Loan	Long Term	1.25	IVR BB+/ Stable	-	-	-
5.	Cash Credit	Long Term	12.00	IVR BB+/ Stable	-	-	-
6.	Proposed – Cash Credit	Long Term	4.00	IVR BB+/ Stable	-	-	-
7.	Invoice Discounting	Short Term	10.00	IVR A4+	-	-	-
8.	Bank Guarantee	Short Term	2.00	IVR A4+	-	-	-
9.	Proposed – LCs/ BGs	Short Term	0.28	IVR A4+	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration



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from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facility- UGECL Term Loan	-	-	August 2024	0.56	IVR BB+/Stable



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Long Term Bank Facility- Term Loan – I	-	-	March 2025	0.23	IVR BB+/Stable
Long Term Bank Facility- Term Loan – II	-	-	July 2027	0.18	IVR BB+/Stable
Long Term Bank Facility- Fresh Term Loan (sanctioned)	-	-	-	1.25	IVR BB+/Stable
Long Term Bank Facility- Cash Credit	-	-	-	12.00	IVR BB+/Stable
Proposed Facility – Cash Credit	-	-	-	4.00	IVR BB+/Stable
Short Term Bank Facility – Invoice Discounting	-	-	-	10.00	IVR A4+
Short Term Bank Facility – Bank Guarantee	-	-	-	2.00	IVR A4+
Proposed Facility – LCs/ BGs	-	-	-	0.28	IVR A4+

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details <https://www.infomerics.com/admin/prfiles/Len-Ganga-Roller-13032024.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.