



## Press Release

### Ganesh Benzoplast Limited (GBL)

April 24, 2024

#### Ratings:

Instrument / Facility	Amount (Rs crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long term fund based bank. facilities – Term Loan	5.97	IVR BBB+/ RWDI (IVR Triple B Plus with rating watch with developing implications Outlook)	Long term rating placed under watch with developing implications	Simple
Long Term/ Short term non-fund based bank facilities – Bank Guarantee	8.25	IVR BBB+/ RWDI/ IVR A2 (IVR Triple B Plus with rating watch with developing implications Outlook; IVR A Two)		Simple
Short Term Bank Facilities – Proposed	5.78	IVR A2 (IVR A Two)		Simple
<b>Total</b>	<b>20.00 (Rupees Twenty crore only )</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale:

The ratings to the bank facility of Ganesh Benzoplast Limited (GBL) continue to derive strength from the experienced promoters and management, locational advantage with long term lease tie-up catering to reputed clientele and comfortable financial risk profile. However, these rating strengths remain constrained by raw material price risk and susceptibility to foreign exchange fluctuations and regulatory Risk.

The rating is placed under RWDI (Rating watch with developing implications) on account of the reports about fraud which has taken place in GBL Chemical Limited (GCL) which is wholly owned subsidiary of GBL. It has been reported that an unauthorized bank account was opened in the name of company's wholly-owned subsidiary i.e. GBL Chemical Limited and certain unauthorised borrowings were observed in the said unauthorised bank. As per GBL, they had taken requisite steps including filing police complaints as well as civil suits against those which the Company believes are the persons who were primarily involved in these fraudulent transactions. Since these transactions are unauthorised and fraudulent in nature, the



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Company is formally contesting these transactions and therefore, the Company believes that there is no financial liability that will devolve upon the Company and/or GCL. Infomerics will continue to monitor the developments in this regard and will resolve the watch once further clarity emerges on this event.

### **Key Rating Sensitivities:**

#### **Upward Factors:**

- Substantial & sustained improvement in revenue backed by volume growth while maintaining the Profitability & debt protection metrics.

#### **Downward Factors:**

- Any decline in revenue & profitability leading to deterioration in debt protection metrics.
- Deterioration in working capital cycle and liquidity profile of the company.

### **Key Rating Drivers with detailed description:**

#### **Key Rating Strengths:**

##### **Experienced promoters and management**

Mr. Ramesh Pilani, the founder promoter and CFO of the company, has an experience of more than four decades in the chemical manufacturing, trading and liquid storage industry. GBL's MD & CEO is Mr. Rishi Pilani, second generation entrepreneur, who is a chemical engineer by qualification and has prior experience of working with General Electric Company, USA in the past. The promoters are assisted in the day-to-day operations by a team of experienced professionals having relevant industry experience.

##### **Locational advantage with long term lease tie-up catering to reputed clientele**

The company has three Liquid Storage Terminal (LST) facilities located at Goa, Cochin and JNPT in Mumbai. JNPT is the biggest handling port in India, handling around 55% of the country's containerized cargo while Cochin and Goa are also major ports in India, ensuring a steady flow of business for the company. The company has well established relations with various reputed companies like Asian Paints Ltd, BPCL, Jubilant Life Sciences Ltd, Lasans India Pvt Ltd. etc. Further, the company also has long term contracts of around 3-7 years in place with Golden Agri Resources Pvt Ltd, Bharat Petroleum Corporation Ltd, Smartchem Technologies etc. in the LST division.

##### **Comfortable financial risk profile**



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The financial risk profile of the company has improved with a gearing ratio of 0.06x in FY23 from 0.12x in FY22, the improvement has been on the back of equity infusion as well as continual de-leveraging of the balance sheet through internal accruals, with total debt amounting to Rs.19.21 crore majorly consisting of term loans. The continual increase in profitability has led to a strong interest coverage ratio of 23.33x in FY23, further TOL/TNW stood healthy at 0.51x in FY23.

### **Key Rating Weaknesses:**

#### **Raw material price risk and susceptibility to foreign exchange fluctuations**

The key raw materials for GBL in the manufacturing division are magnesium oxide, toluene, etc. which are derivatives of crude oil. Crude oil has exhibited considerable volatility in the past on account of various reasons. Any adverse fluctuation in crude oil prices going forward may adversely impact the profitability of GBL.

### **Regulatory Risk**

The company's product profile includes hazardous material that require dedicated containers to transport, and other remediation measures since environmental regulations are understandably becoming stricter globally. With rising concerns of environmental pollution, GBL is susceptible to increasing risk of regulatory tightening, which may necessitate additional investments for regulatory compliance.

### **Analytical Approach: Consolidated Approach**

Infomerics has taken a consolidated view on the Ganesh Benzoplast Limited (Holding Company) and its subsidiaries, namely GBL Chemical Limited, GBL LPG Private Limited, GBL Infra Engineering Services Private Limited, GBL Clean Energy Private Limited and Infrastructure Logistic Systems Limited collectively referred to as 'GBL group'. The company holds 100%, 100%, 100%, 100% & 86.52% respectively in these companies. The Consolidation is on account of the common promoters, shared brand name, significant operational and financial synergies between the companies.

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria on Rating Outlook](#)

[Criteria on Consolidation](#)



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### Liquidity – Adequate

The liquidity of the group is expected to remain Adequate in the near to medium term in view of sufficient cash accruals vis-à-vis debt repayment obligations. The group is expected to generate cash accruals to the tune of ~Rs.88-96 crore during FY24-FY26 as against a negligible repayment obligation indicating an adequate liquidity position.

### About the Company

Incorporated in 1986, Ganesh Benzoplast Ltd (GBL) is a listed entity on the BSE, promoted by Mr. Ramesh Pilani. The company commenced operation by setting up its first manufacturing plant at Tarapur, Boisar, for manufacturing of chemicals. Subsequently, in 1993, the company diversified into storage of liquid chemicals/products by setting up a facility at JNPT for clients who import their products in bulk. the company operates two main divisions: LST (Liquid storage terminal) division and chemical manufacturing and trading division.

The board of directors of the Company in their meeting held on September 01, 2021 have approved the proposition of conducting the chemical business of the company through its 100% subsidiary (WOS) -GBL Chemical Limited. Under the said arrangement, the purchase and sale in the Chemical division will be undertaken by its WOS (100% subsidiary) namely GBL Chemical Limited and Ganesh Benzoplast Limited (GBL) will continue to carry the Job work, exclusively for the WOS (GBL Chemical Limited). This arrangement will not require the transfer of any of the immovable property owned by the Company (GBL). This transaction will not have any significant impact on the financials and earning capacity of the company on consolidated basis. Rather, it would enable the company to focus on the core businesses independently.

### Financials: Consolidated

	(Rs crore)	
For the year ended/ As on*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	360.59	429.14
EBITDA	64.31	95.95
PAT	32.69	55.08
Total Debt	30.99	19.21
Tangible Networkth	262.40	339.16
EBITDA Margin (%)	17.84	22.36
PAT Margin (%)	9.07	12.83



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Overall Gearing Ratio (x)	0.12	0.06
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\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Not Applicable

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (Date: Aug 24, 2023)	Date(s) & Rating(s) assigned in 2022-23 (Date: June 29, 2022)	Date(s) & Rating(s) assigned in 2021-22 (Date: March 31, 2021)
1.	Fund Based Bank Facility – Term Loan	Long Term	5.97	IVR BBB+/RWDI	IVR BBB+/Stable	IVR BBB/Stable	IVR BBB/Stable
2.	Non-Fund Based Bank Facility – Bank Guarantee	Long Term/Short Term	8.25	IVR BBB+/RWDI/ IVR A2	IVR BBB+/Stable/ IVR A2	IVR BBB/Stable/ IVR A3+	IVR BBB/Stable/ IVR A3+
3.	Non-Fund Based Bank Facility – Proposed	Short Term	5.78	IVR A2	IVR A2	IVR A3+	-

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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 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



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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](http://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
Term Loan	-	-	-	5.97	IVR BBB+/ RWDI
Bank Guarantee	-	-	-	8.25	IVR BBB+/ RWDI/ IVR A2
Proposed Short Term Non-Fund Based Facility	-	-	-	5.78	IVR A2

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

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-Ganesh-Benzoplast-apr24.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 based on complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).