



## Press Release

### Ganesh Benzoplast Limited (GBL)

June 29, 2022

#### Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long term bank facility – Term Loan	18.41 (Reduced from 28.79)	IVR BBB/ Stable; (IVR Triple B with Stable Outlook)	IVR BBB/ Stable; (IVR Triple B with Stable Outlook)	Reaffirmed;	Simple
Long term/ Short term bank facility – Bank Guarantee	8.25	IVR BBB/ Stable/ IVR A3+; (IVR Triple B with Stable Outlook & IVR A Three Plus)	IVR BBB/ Stable/ IVR A3+; (IVR Triple B with Stable Outlook & IVR A Three Plus)	Reaffirmed;	Simple
Short term bank facility – Proposed	5.00	IVR A3+ (IVR A Three Plus)	-	Assigned	Simple
<b>Total</b>	<b>31.66</b>				

Details of facilities are in Annexure 1

#### Detailed Rationale

The rating reaffirmation of Ganesh Benzoplast Limited (GBL) continues to derive comfort from 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.

#### Key Rating Sensitivities:

##### Upward Factor:

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

##### Downward Factor:



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

### **Detailed Description of Key Rating Drivers**

#### **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, Lasons 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**

The financial risk profile of the company is comfortable with a gearing ratio of 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.30.99 crore majorly consisting of term loans. The continual increase in profitability has led to a strong interest coverage ratio of 17.46x in FY22, further TOL/ATNW stood healthy at 0.43x in FY22.

#### **Key Rating Weaknesses**



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### **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 and Infrastructure Logistic Systems Limited collectively referred to as 'GBL group'. The Consolidation is on account of the common promoters, shared brand name, significant operational and financial synergies between the companies.

Extent of consolidation: Full.

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria on assigning rating Outlook](#)

### **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.72-79 crore during FY23-FY25 as against a repayment obligation of ~Rs.11 crore during the aforesaid period indicating an adequate liquidity position.



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### **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)**

For the year ended* As on	INR in Crore	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	271.87	360.59
EBITDA	80.90	64.31
PAT	21.88	32.69
Total Debt	59.18	30.99
Tangible Networth	223.21	262.40
EBITDA Margin (%)	29.76	17.84
PAT Margin (%)	8.05	9.07
Overall Gearing Ratio (x)	0.22	0.12

\* Classification as per Infomerics' standards



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**Details of Non-Co-operation with any other CRA: Nil**

**Any other information: N.A.**

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21 (Dated: March 31, 2021)	Date(s) & Rating(s) assigned in 2020-21 (Dated: July 06, 2020)	Date(s) & Rating(s) assigned in 2019-20 (Dated: December 31, 2019)
1.	Fund Based Bank Facility – Term Loan	Long Term	18.41	IVR BBB/ Stable	-	IVR BBB/ Stable	IVR BBB- / Stable	IVR BBB- / Stable
2.	Non-Fund Based Bank Facility – Bank Guarantee	Short Term	8.25	IVR BBB/ Stable/IVR A3+	-	IVR BBB/ Stable/ IVR A3+	IVR BBB- / Stable/ IVR A3	IVR BBB- / Stable/ IVR A3
3.	Non-Fund Based Bank Facility – Proposed	Short Term	5.00	IVR A3+	-	-	-	-

### **Name and Contact Details of the Rating Analysts:-**

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### **About Infomerics:**

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.



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Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations. For more information visit [www.infomerics.com](http://www.infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### 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 Fund Based Facilities – Term Loan	-	-	Up to 2023	18.41	IVR BBB/ Stable
Short Term Non-Fund Based Facilities – Bank Guarantee	-	-	-	8.25	IVR BBB/ Stable/ IVR A3+
Short Term Non-Fund Based Facilities – Proposed	-	-	-	5.00	IVR A3+

### Annexure 2: List of companies considered for consolidated analysis:

Sr. No	Companies	Extent of Consolidation (%)
1.	Ganesh Benzoplast Limited	100
2.	GBL Chemical Limited	100
3.	Infrastructure Logistic Systems Limited	100





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

<https://www.infomerics.com/admin/prfiles/Len-Ganesh-Benzoplast-june22.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](http://www.infomerics.com).