



Press Release

Ganesh Benzoplast Limited (GBL) September 19, 2024

Ratings:

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term fund-based bank facilities – Term Loan	Rs.0.00 crore (Reduced from Rs 5.97 to 0) *	-	IVR BBB+/ RWDI (IVR Triple B Plus with Rating watch with developing implications Outlook)	-	Simple
Long Term/ Short term non-fund-based bank Facilities – Bank Guarantee	Rs.5.20 crore (Reduced from Rs 8.25 crore to Rs 5.20 crore)	IVR BBB+/ Stable / IVR A2 (IVR Triple B Plus with Stable Outlook; IVR A Two)	IVR BBB+/ RWDI/ IVR A2 (IVR Triple B Plus with Rating watch with developing implications Outlook; IVR A Two)	Reaffirmed and removed from credit watch.	Simple
Short Term Bank Facilities– Proposed BG	Rs.14.80 crore (Enhanced from Rs 5.78 crore to Rs 14.80 crore)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Reaffirmed and removed from credit watch.	Simple
Total	20.00 (Twenty crore rupees)				

*Term loan has been fully repaid as on August 2024, received NDC from Union Bank.

Details of Facilities/Instruments areas in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale:

Infomerics Ratings has reaffirmed its ratings on the Bank facilities of Ganesh Benzoplast Limited (GBL). The ratings continue to derive strength from the locational advantage of tank farms with long term lease tie-up catering to reputed clientele, comfortable financial risk profile and experienced promoters and management. However, these rating strengths remain



Press Release

constrained by raw material price risk and susceptibility to foreign exchange fluctuations and regulatory risk.

The ratings are removed from RWDI (Rating watch with developing implications) as after monitoring the developments from last 5 months, the Infomerics team believes that there will not be any material impact on the company, of the fraudulent transactions involving opening of unauthorised bank account in GBL Chemical Ltd (WOS of GBL) as well as borrowings availed in this entity. The agency's view is based on the following points. 1) The company's liability is unlikely to materialize because of the very basis of availing loans and of opening the bank account were deceitful. The legal claim of the lenders/suppliers being weak is reflected in the fact that already two suppliers have withdrawn their complaint (as updated by GBL on the NSE and BSE), and others are also expected to follow. 2) Even if the balance contingent liability were to devolve, there will not be any significant impact on the credit profile of the company, considering strong net worth and negligible debt. 3) Mr. Ramakant Pilani (Main perpetrator behind the fraud) has already resigned and is no longer associated with the company and wholly owned Subsidiary and police complaint has been registered against him. The company's systems and procedures appear to be adequate and operational controls are in place as seen in the company policy of dual signatures for all critical documents.

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:

Locational advantage of tank farms 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 port in India, while Cochin and Goa are also major ports, thereby ensuring a steady flow of business for the company. GBL has well established



Press Release

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, Smart chem Technologies etc. in the LST division. The LST division contributed ~60% of GBL's revenues in FY24.

Comfortable financial risk profile

The financial risk profile of the company has improved with a gearing ratio of 0.03x as at 31st March 2024 as against 0.06x as at end FY23, with the improvement achieved on the back of increasing tangible net worth. TOL/TNW improved and stood healthy at 0.35x as on 31st March 2024 as against 0.51x as on end FY23. The continual increase in profitability has led to a strong interest coverage ratio of 22.68x in FY24.

Experienced promoters and management

Mr. Ramesh Pilani, the founder promoter and CFO of the company, has experience of more than four decades in the chemical manufacturing, trading and liquid storage industry. GBL's MD and Chairman 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.

Key Rating Weaknesses:

Raw material price risk and susceptibility to foreign exchange fluctuations

The key raw materials for GBL in the manufacturing division is toluene which is a derivative 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



Press Release

GBL'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 and joint venture, namely GBL Chemical Limited (WOS), GBL LPG Private Limited (WOS), GBL Infra Engineering Services Private Limited (WOS), GBL Clean Energy Private Limited (WOS), Infinity Confidence LPG Private Limited (WOS), Infrastructure Logistic Systems Limited (86.52%), GC Port Infra Private. Limited (JV) and GBC LPG Private. Limited (JV) 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.

Applicable Criteria:

[Criteria on assigning rating outlook](#)

[Criteria of Consolidation of companies](#)

[Rating Methodology for Manufacturing Companies](#)

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

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Strong

The liquidity profile of the group is expected to remain strong, as the company expected to generate sufficient cash accruals to meet its repayment obligations. The group is expected to generate annual cash accruals to the tune of ~Rs.97-106 crore during FY25-FY27 as against a negligible repayment obligation indicating an strong liquidity position. The liquidity is supported by current and quick ratios remained adequate at 2.01x and 1.81x respectively as on March 31, 2024. Liquidity is further supported by cash and bank balance of Rs 95 crore as on date.



Press Release

About the Company

Incorporated in 1986, Ganesh Benzoplast Ltd (GBL) is a listed entity on the BSE and NSE, 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 a 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*	31-03-2023 (Audited)	31-03-2024 (Audited)
Total Operating Income	429.14	490.56
EBITDA	95.95	109.06
PAT	55.08	61.44
Total Debt	19.21	13.25
Tangible Net worth	339.16	484.50
EBITDA Margin (%)	22.36	22.23
PAT Margin (%)	12.83	12.52
Overall Gearing Ratio (x)	0.06	0.03
Interest Coverage Ratio (x)	23.33	22.68

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable



Press Release

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 2024-25 <i>(Date: April 24, 2024)</i>	Date(s) & Rating(s) assigned in 2023-24 <i>(Date: Aug 24, 2023)</i>	Date(s) & Rating(s) assigned in 2022-23 <i>(Date: June 29, 2022)</i>
1.	Fund Based Bank Facility – Term Loan	Long Term	-	-	IVR BBB+/RWDI	IVR BBB+/Stable	IVR BBB/Stable
2.	Non-Fund Based Bank Facility – Bank Guarantee	Long Term/Short Term	5.20	IVR BBB+/Stable / IVR A2	IVR BBB+/RWDI/ IVR A2	IVR BBB+/Stable/ IVR A2	IVR BBB/Stable/ IVR A3+
3.	Non-Fund Based Bank Facility – Proposed BG	Short Term	14.80	IVR A2	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 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.



Press Release

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term/ Short term non-fund-based bank Facilities – Bank Guarantee	-	-	-	-	5.20	IVR BBB+/Stable/IVR A2
Short Term Bank Facilities– Proposed BG	-	-	-	-	14.80	IVR A2

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Ganesh-Benzoplast-sep24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: **Not Applicable**

Annexure 4: List of companies considered for consolidated/Combined analysis: **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.