August 04, 2017

Mishtann Foods Limited

Summary of rated instruments

Instrument^	**Rated Amount (in Rs. crore)**	**Rating Action**
Fund-based Limits –Term Loan	7.38	[ICRA]B(Stable) ISSUER NOT COOPERATING*; Rating moved to the 'Issuer Not Cooperating' category
Fund-based Limits –Cash Credit	22.00	[ICRA]B(Stable) ISSUER NOT COOPERATING*; Rating moved to the 'Issuer Not Cooperating' category
Total	**29.38**	

*****Issuer did not co-operate; based on best available information.
^Instrument Details captured under Annexure-1

Rating action
ICRA has moved the ratings for the Rs. 29.38 crore bank facilities of Mishtann Foods Limited ('MFL' or 'the company') to the 'Issuer Not Cooperating' category. The rating is now denoted as: "[ICRA]B(Stable) ISSUER NOT COOPERATING".

Rationale
The rating action is based on limited information on the entity's performance since the time it was last rated in February 2016. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating does not adequately reflect the credit risk profile of the entity. The entity's credit profile may have changed since the time it was last reviewed by ICRA; however, in the absence of requisite information, ICRA is unable to take a definitive rating action.

As part of its process and in accordance with its rating agreement with MFL, ICRA has been trying to seek information from the entity so as to monitor its performance and had also sent repeated reminders to the company for payment of surveillance fee that became overdue, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information, and in line with SEBI's *Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016*, ICRA's Rating Committee has taken a rating view based on the best available information.

Key rating drivers

Credit strengths
- **Long experience of the key management personnel in the agro industry –** The promoters of the company have more than a decade of industry experience in the agriculture sector and are engaged in processing/cleaning/grading of agriculture products such as rice, wheat and pulses, among others.

Credit weaknesses
- **Intense competition owing to fragmented industry structure –** The agro industry is highly fragmented with a large number of organised and unorganised players that limits its pricing flexibility and bargaining power.
- **Vulnerability of profitability towards regulatory and agro-climatic risks –** Inherent vulnerability to agro-climatic risks as well as to changes in Government policies, which impact the availability and prices that in turn affect the profitability of the company.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:
Corporate Credit Ratings: A Note on Methodology

About the company:
Mishtann Foods Limited is a closely held public limited company incorporated on February 27, 1981, as "HICS Cements Limited". It was managed by Mr. Duleray Prabhudas Vyas, Mr. Vinodbhai Mohnalal Buch, Mr. Shashin Vindonbhai Buch and Mr.Chandubhai Vallabhai Patel for manufacturing cement. Subsequently, in February 2015, Mr. Navinchandra Dahyalal Patel, Mr. Hiteshkumar Patel, Mr. Ravikumar Patel, and Mr. Jatinkumar Patel took over the management of the listed company from the erstwhile directors with the change in name as "Mishtann Foods Limited". This was undertaken because the company decided to change its core business from manufacturing cement to processing/cleaning/grading rice, wheat, pulses and other grains at its manufacturing plant in Sabarkantha (Gujarat).

In FY2016, the company reported a net profit of Rs. 0.39 crore on an operating income of Rs. 115.67 crore, as compared to a net profit of Rs. 0.04 crore on an operating income of Rs. 0.23 crore in the previous year FY2015(3M).

Key Financial Indicators

	FY2015(3M)	FY2016
Operating Income (Rs. crore)	0.23	115.67
PAT (Rs. crore)	0.04	0.39
OPBDIT/ OI (%)	24.06%	2.05%
RoCE (%)	-	5.96%
Total Debt/ TNW (times)	0.46	2.84
Total Debt/ OPBDIT (times)	13.98	12.50
Interest coverage (times)	4853.03	2.79
NWC/ OI (%)	593%	26%

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress);
NWC: Net Working Capital

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years:

Table

S. No.	**Instrument**	**Current Rating (FY2018)**				**Chronology of Rating History for the past 3 years**		
		Type	**Amount Rated (Rs. crore)**	**Amount Outstanding (Rs. crore)**	**Date & Rating**	**Date & Rating in FY2017**	**Date & Rating in FY2016**	**Date & Rating in FY2015**
					August 2017	**-**	**February2016**	**-**
1	Term Loan	Long Term	7.38	**NA**	**[ICRA]B(Stable)** ISSUER NOT COOPERATING*	**-**	**[ICRA]B**	**-**
2	Cash Credit	Long Term	22.00	**NA**	**[ICRA]B(Stable)** ISSUER NOT COOPERATING*	**-**	**[ICRA]B**	**-**

*Issuer did not cooperate; based on best available information

NA - Not available

Complexity level of the rated instrument:
ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1

Instrument Details

Instrument	**Date of Issuance / Sanction**	**Coupon Rate**	**Maturity Date**	**Amount Rated (Rs. crore)**	**Current Rating and Outlook**
Term Loan	FY2016	-	FY2021	7.38	**[ICRA]B(Stable)** ISSUER NOT COOPERATING*
Cash Credit	-	-	-	22.00	**[ICRA]B(Stable)** ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information

Source: MFL

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About ICRA Limited:
ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.
Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.
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