

August 27, 2019

Daawat Foods Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Working Capital Limits	353.90	353.90	[ICRA]A- (Stable) ISSUER NOT COOPERATING; withdrawn
Term Loans	31.50	31.50	[ICRA]A- (Stable) ISSUER NOT COOPERATING; withdrawn
Unallocated	125.0	125.0	[ICRA]A- (Stable) ISSUER NOT COOPERATING; withdrawn
Non-Fund Based Limits - LC/BG	7.0	7.0	[ICRA]A2+ ISSUER NOT COOPERATING; Withdrawn
Unallocated	3.0	3.0	[ICRA]A2+ ISSUER NOT COOPERATING; Withdrawn
Total	520.40	520.40	

*Instrument details are provided in Annexure-1

Rationale

The ratings have been withdrawn in accordance with ICRA's policy on withdrawal and suspension, and as desired by the company on receipt of no objection certificate provided by the bankers.

Outlook: Not applicable

Key rating drivers

Key rating drivers have not been captured as the rated instruments are being withdrawn.

Liquidity position

Liquidity position has not been captured as the rated instruments are being withdrawn.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal and Suspension of Credit Rating Rating Methodology for Issuers in the Indian Rice Industry
Parent/Group Support	Not applicable
Consolidation / Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Daawat Foods Limited (DFL) and its parent – LT Foods Limited (enlisted in Annexure-2)

About the company

Incorporated in 2007, DFL is engaged in the business of milling of basmati rice. DFL was initially a wholly owned subsidiary of LT Foods Limited (LTF). In November 2009, Rabo Equity Advisors acquired 29.5% stake in DFL, resulting in a decline in LTF's share to 70%. DFL sells its products under the well-established brands of its parent company, LTF. The company's facility is located in Mandideep, Madhya Pradesh.

Key financial indicators (Consolidated) - LTF

	FY2018	FY2019
Operating Income (Rs. crore)	3,633.7	3,890.4
PAT (Rs. crore)	146.2	137.5
OPBDITA/OI (%)	11.0%	10.2%
RoCE (%)	14.5%	12.1%
Total Debt/TNW (times)	1.3	1.2
Total Debt/OPBDITA (times)	3.9	4.2
Interest coverage (times)	2.7	2.9

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Current Rating (FY2020)					Chronology of Rating History for the past 3 years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017
				August 2019	January 2019	January 2018	January 2017
1 Working Capital Limits	Long Term	353.90	-	[ICRA]A- (Stable) ISSUER NOT COOPERATING; withdrawn	[ICRA]A- (Stable) ISSUER NOT COOPERATING	[ICRA]A- (Stable)	[ICRA]BBB (Stable)
2 Term Loans	Long Term	31.50	31.50	[ICRA]A- (Stable) ISSUER NOT COOPERATING; withdrawn	[ICRA]A- (Stable) ISSUER NOT COOPERATING	[ICRA]A- (Stable)	[ICRA]BBB (Stable)
3 Unallocated	Short Term	125.0	-	[ICRA]A2+ ISSUER NOT COOPERATING; withdrawn	[ICRA]A2+ ISSUER NOT COOPERATING	[ICRA]A2+	[ICRA]A3+
4 Non Fund-Based Limits - LC/BG	Short Term	7.0	-	[ICRA]A2+ ISSUER NOT COOPERATING; withdrawn	[ICRA]A2+ ISSUER NOT COOPERATING	[ICRA]A2+	[ICRA]A3+
5 Unallocated	Short Term	3.0	-	[ICRA]A2+ ISSUER NOT COOPERATING; withdrawn	[ICRA]A2+ ISSUER NOT COOPERATING	[ICRA]A2+	[ICRA]A3+

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

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Working Capital Limits	-	-	-	353.90	[ICRA]A- (Stable) ISSUER NOT COOPERATING; withdrawn
NA	Term Loans	-	-	-	31.50	[ICRA]A- (Stable) ISSUER NOT COOPERATING; withdrawn
NA	Unallocated	-	-	-	125.0	[ICRA]A2+ ISSUER NOT COOPERATING; withdrawn
NA	Non Fund-Based Limits - LC/BG	-	-	-	7.0	[ICRA]A2+ ISSUER NOT COOPERATING; withdrawn
NA	Unallocated	-	-	-	3.0	[ICRA]A2+ ISSUER NOT COOPERATING; withdrawn

Source: Daawat Foods Limited

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
LT Foods Limited	70%	Full Consolidation

ANALYST CONTACTS

Sabyasachi Majumdar

+91 124 4545 304

sabyasachi@icraindia.com

Harsh Jagnani

+91 124 4545 394

harshj@icraindia.com

Deepak Jotwani

+91 124 4545 870

deepak.jotwani@icraindia.com

RELATIONSHIP CONTACT

L. Shivkumar

+91-20-61143406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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.

For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore + (91 80) 2559 7401/4049
Ahmedabad+ (91 79) 2658 4924/5049/2008
Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2019 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents