

May 18, 2021

Gits Food Products Pvt. Ltd.: Moved to Non-Cooperating category, Ratings downgraded based on best available information

Summary of rating action

| Instrument [^] | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|---|-----------------------------------|----------------------------------|--|
| Long-Term / Short-Term Working Capital Limits | 30.00 | 30.00 | [ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB(Stable)/[ICRA]A3+ and moved to the 'Issuer Not Cooperating' category |
| Total | 30.00 | 30.00 | |

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

The rating downgrade considers the lack of adequate information regarding Gits Food Products Private Limited's (GFPL) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with GFPL, ICRA has been trying to seek information from the entity to monitor its performance but despite repeated requests by ICRA, the entity's management has remained non-cooperative. ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. However, despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|---|
| Applicable Rating Methodologies | Corporate Credit Rating Methodology Policy in respect of Non-cooperation by the Rated Entity |
| Parent/Group Support | NA |
| Consolidation/Standalone | For arriving at the ratings, ICRA has considered the standalone financials of GFPL. |

About the company

Established in 1963, Gits Food Products Private Limited manufactures vegetarian ready-to-cook (RTC) and ready-to-eat (RTE) food products. The company supplies its products under its in-house brand, 'Gits', which enjoys healthy recognition in the domestic market. GFPL is believed to be a pioneer of the RTC concept in the domestic market, which was launched in 1971

with its first product, the medu vada mix. The company subsequently diversified into the RTE segment in 2004 and added traditional dishes like dal makhani, pav bhaji, biryani, etc. The company has also undertaken distributorship of dairy products like clarified butter (ghee) under its same 'Gits' brand, exclusively for its group company.

Key financial indicators

| GFPPPL Standalone | FY2018(A) | FY2019(P) |
|--|-----------|-----------|
| Operating Income (Rs. crore) | 178.3 | 190.0 |
| PAT (Rs. crore) | 10.7 | 12.0 |
| OPBDIT/OI (%) | 10.5% | 9.9% |
| PAT/OI (%) | 6.0% | 6.3% |
| Total Outside Liabilities/Tangible Net Worth (times) | 0.9 | 0.8 |
| Total Debt/OPBDIT (times) | 0.8 | 1.5 |
| Interest Coverage (times) | 11.2 | 11.3 |

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; A -Audited; P – Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| | Instrument | Current Rating (FY2022) | | | | Chronology of Rating History for the past 3 years | | | |
|---|------------------------|-------------------------|--------------------------|--------------------------------|--|---|---|-------------------------|--|
| | | Type | Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Date & Rating in FY2022 | Date & Rating in FY2021 | Date & Rating in FY2020 | Date & Rating in FY2019 | |
| 1 | Working capital limits | Long-term/ Short-term | 30.00 | - | May 18, 2021 [ICRA]BB+ (Stable)/ [ICRA]A4+ ISSUER NOT COOPERATING | - | Nov 27, 2019 [ICRA]BBB (Stable)/ [ICRA]A3+ | - | |

Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|------------------------|----------------------|
| Working capital limits | Simple |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's 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 | NA | NA | NA | 30.00 | [ICRA]BB+(Stable)/ [ICRA]A4+ ISSUER NOT COOPERATING |

Source: Company

Annexure-2: List of entities considered for consolidated analysis – Not applicable

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About ICRA Limited:

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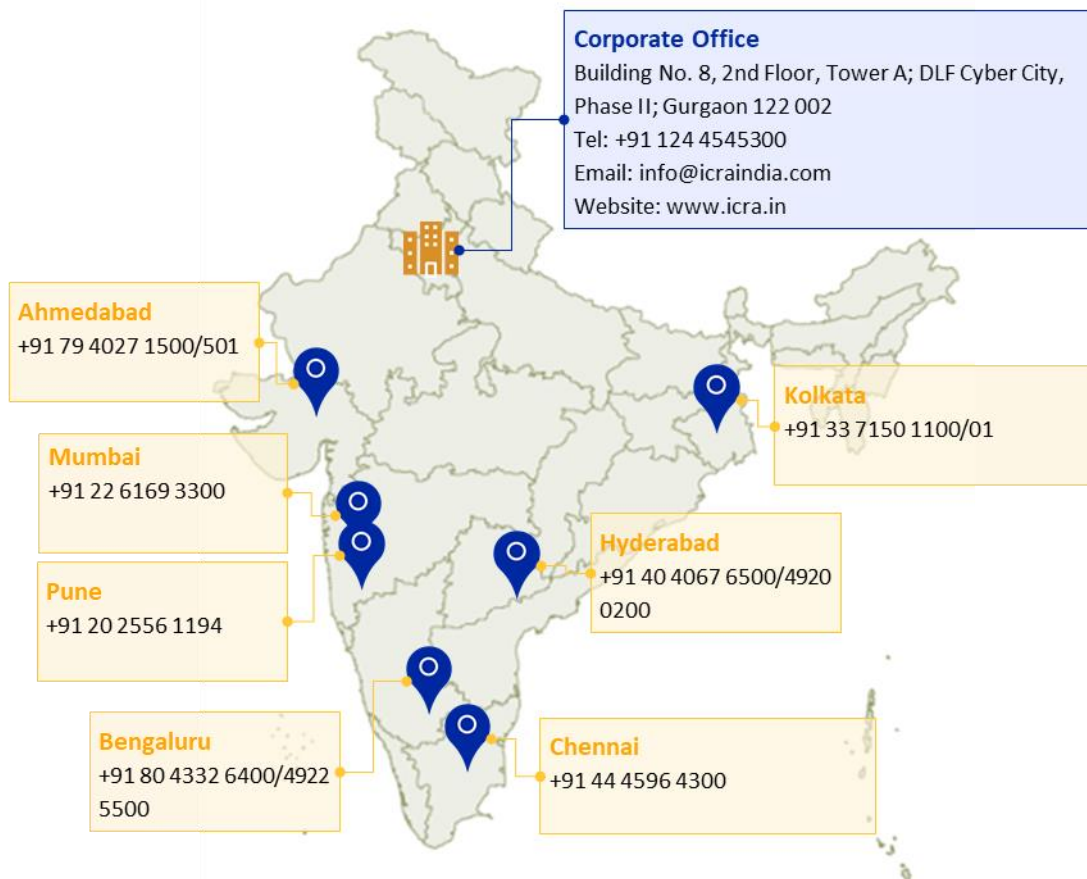
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