

## Goel Food Product

April 15, 2021

Rating	Amount	Rating <sup>1</sup>	Rating Action
Facilities	(Rs. crore)		
Long-term Bank Facilities	7.45	<b>CARE B-; Stable, ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)</b>	<b>Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable (Single B; Outlook: Stable)</b>
<b>Total Bank Facilities</b>	<b>7.45</b> <b>(Rupees Seven crore and Forty-Five Lakhs only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated December 26, 2017, placed the rating of Goel Food Product (GFP) under the 'issuer non-cooperating' category as GFP had failed to provide information for monitoring of the rating. GFP continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 01, 2021, March 10, 2021, and March 08, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.***

### Detailed description of the key rating drivers

The long term rating has been revised by taking into account non-cooperation by GFP with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. The rating assigned to GFP continues to remain constrained by susceptibility to fluctuation in raw material prices and monsoon dependent operations, competitive and fragmented industry with high government regulation and its partnership nature of constitution. The rating, however, derives strength from the experienced partners.

#### Key Rating Weaknesses

##### ***Susceptibility to fluctuation in raw material prices and monsoon dependent operations***

Agro-based industry is characterized by its seasonality, due to its dependence on raw materials whose availability is affected directly by the vagaries of nature. Availability and prices of agro commodities are highly dependent on the climatic conditions. Adverse climatic conditions can affect their availability and leads to volatility in raw material prices. The monsoon has a bearing on crop availability which determines the prevailing rice prices. Any sudden spurt in the raw material prices may not be passed on to customers completely owing to firm's presence in highly competitive industry.

##### ***Competitive and fragmented industry with high government regulation***

The industry in which GFP operates is highly fragmented and competitive in nature marked by the presence of various large and small players. The players in the industry, especially the small players, do not have any pricing power and are exposed to competition induced pressures on profitability. Additionally, the raw material (paddy) prices are regulated by government to safeguard the interest of farmers, which in turn limits the bargaining power of the rice millers.

##### ***Partnership nature of constitution***

GFP's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partners' capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partners.

### Key Rating Strengths

#### ***Experienced partners***

Mr. Tarsem Kumar Goel has work experience of three decades which he has gained through his association with GFP and its group concern- Ravi Prakash Tareem Kumar. However, Ms. Anita Rani, Ms. Mamta Rani, and Ms. Neelam Rani have an industry experience of 3 years only through their association with GFP only. The partners have adequate acumen about various aspects of business which is likely to benefit GFP in the long run. Furthermore, the partners are supported by a team of experienced and qualified professionals having varied experience in the technical, finance and marketing fields.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

**Analytical approach:** Standalone

**Applicable Criteria**

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Liquidity analysis of Non-financial sector entities](#)

[Financial ratios –Non-Financial Sector](#)

[CARE's methodology for manufacturing companies](#)

**About the firm**

Goel Food Product (GFP) was established in July 2014 as a partnership firm by Mr. Tarsem Kumar Goel, Ms. Anita Rani, Ms. Mamta Rani, and Ms. Neelam Rani as its partners, sharing profit and losses equally. The firm is engaged in processing of paddy at its manufacturing facility located in Kaithal, Haryana with an installed capacity of processing 32400 metric tonne of paddy per annum as on December 31, 2018. Besides this, Mr. Tarsem Kumar Goel is also associated with another group concern namely Ravi Prakash Tarem Kumar.

**Covenants of rated instrument / facility:** Not Applicable

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	66.14	51.53
PBILDT	1.64	1.34
PAT	0.05	0.05
Overall gearing (times)	6.12	6.86
Interest coverage (times)	1.81	1.94

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	6.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	January, 2022	1.45	CARE B-; Stable; ISSUER NOT COOPERATING*

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

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	6.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (17-Feb-20)	1)CARE B+; Stable (24-Jan-19) 2)CARE B+; Stable (11-Apr-18)
2.	Fund-based - LT-Term Loan	LT	1.45	CARE B-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (17-Feb-20)	1)CARE B+; Stable (24-Jan-19) 2)CARE B+; Stable (11-Apr-18)

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

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

**Annexure 4: Complexity level of various instruments rated for this firm**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**