

Gita Devi Flour Mills Private Limited

February 21, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	4.00	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	6.11	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Total Bank Facilities	10.11 (Rs. Ten Crore and Eleven Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd has been seeking information from Gita Devi Flour Mills Private Limited (GFMPL) to monitor the ratings vide e-mail communications/letters dated January 07, 2022, February 02, 2022, February 04, 2022, February 07, 2022 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the ratings on the basis of the best available information which however, in CARE Ratings Ltd's opinion is not sufficient to arrive at a fair rating. The rating on GDFMPL's bank facilities will now be denoted as **CARE B; Stable / CARE A4; ISSUER NOT COOPERATING***.

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

The ratings assigned to the bank facilities of Gita Devi Flour Mills Private Limited (GDFMPL) factored in small scale of operation with low profitability margins, volatile agro-commodity (flour) prices with linkages to vagaries of the monsoon and regulated nature of the industry and intensely competitive nature of the industry with presence of many unorganized players. The ratings, however, derive comfort from experienced promoters along with satisfactory track record of operations and proximity to raw material sources and satisfactory demand outlook for the products.

Detailed description of the key rating drivers

At the time of last rating on December 07, 2020 the following were the rating strengths and weaknesses(updated from information available from registrar of companies):

Key Rating Weaknesses

Small scale of operations with low profit margins

The scale of operation of the company remained small marked by its total operating income of Rs.25.20 crore in FY21(Audited, refers to period April 01 to March 31) against Rs.25.85 crore in FY20. The small size restricts the financial flexibility of the company in times of stress. The profitability margins of the company also remained on the lower side as reflected by its PBILDT margin of 3.89% (FY20: 4.73%) and PAT margin of 2.47% (FY20: 1.27%).

Volatile agro-commodity (flour) prices with linkages to vagaries of the monsoon and regulated nature of the industry

Gita Devi Flour Mills is engaged in the processing of wheat products. Wheat, being an agricultural produce and staple food, its price is subject to intervention by the government. In the past, the prices of wheat have remained volatile mainly on account of the government policies in respect of minimum support price and control of its export. The MSP for wheat for 2020-21 is Rs.1925 per quintal increased from Rs.1840 per quintal in 2019-20. Further to be noted, the prices of wheat are also sensitive to seasonality, which is highly dependent on monsoon. Any volatility in wheat prices will have an adverse effect on performance of the flour mill.

Intensely competitive nature of the industry with presence of many unorganized players

Flour Mill Industry is highly fragmented and competitive due to presence of many players operating in this sector owing to its low entry barriers, due to low capital and technological improvements. High competition restricts the pricing flexibility of the industry participants and has a negative bearing on the profitability.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key Rating Strengths

Experienced promoters along with satisfactory track record of operations

GDFMPL is into flour milling business since its inception and accordingly has satisfactory track record of operations. Being long presence in the same industry, the promoters has established satisfactory relationship with their customers and suppliers. Mr. Ankur Mazumdar has around a decade of experience in food products industry, looks after the day to day operations of the company supported by other directors.

Proximity to raw material sources and satisfactory demand outlook for the products

Wheat based products, viz. Maida, Suji and Atta have large consumption across the country in the form of bakery products, cakes, biscuits and different types of food dishes in homes and restaurants. The demand has been driven by the rapidly changing food habits of the average Indian consumer, dictated by the lifestyle changes in the urban and semi-urban regions of the country. The milling unit of the company is located at Alipurduar, West Bengal which is in the close proximity to local grain markets and major raw material procurement destinations. Further, Northern Part of West Bengal and nearby states are one of the major wheat producing area in India. Accordingly, it has locational advantage in terms of proximity to raw material.

Analytical Approach: Standalone

Applicable Criteria

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

[Policy on default recognition](#)

[Criteria on assigning Outlook and Credit Watch to Credit Ratings](#)

[Rating Methodology-Manufacturing Companies](#)

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

[Criteria for Short Term Instruments](#)

About the Company

Gita Devi Flour Mills Private Limited (GDFMPL) was incorporated in April 2012 and currently it is being managed by Mr. Ankur Mazumdar, Mrs. Usha Agarwal, and Mrs. Sudipta Mazumdar based out of Alipurduar, West Bengal. The company has been engaged in milling and processing of flour. The processing plant of the company is located at Alipurduar, West Bengal with an installed capacity of 100 metric tons per day.

Brief Financials (Rs. crore)	FY 31-03-2020 (A)	FY 31-03-2021 (A)	9MFY22(Prov.)
Total operating income	25.85	25.20	NA
PBILDT	1.22	0.98	NA
PAT	0.33	0.62	NA
Overall gearing (times)	1.12	1.36	NA
Interest coverage (times)	2.60	7.60	NA

A; Audited; Prov.; Provisional; NA: Not Available

Status of non-cooperation with previous CRA: ACUTE has continued the ratings assigned to the bank facilities of GDFMPL into 'Issuer Not-cooperating' category vide press release dated November 30, 2021 on account of non-availability of requisite information from the company.

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Covenants of rated instrument/facility: Please refer Annexure-3

Complexity level of various instruments rated for this company: Please refer Annexure-4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	4.00	CARE B; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	6.11	CARE A4; ISSUER NOT COOPERATING*

*Issuer Not co-operating; 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	4.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable (07-Dec-20)	1)CARE B; Stable (25-Oct-19)	-
2	Non-fund-based - ST-Bank Guarantee	ST	6.11	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (07-Dec-20)	1)CARE A4 (25-Oct-19)	-

*Issuer Not co-operating; based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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