

## Kwality Feeds Limited

June 14, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	15.17	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB; Stable; (Double B; Outlook: Stable)
Short Term Bank Facilities	0.26	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>15.43</b> <b>(Rs. Fifteen Crore</b> <b>and Forty-Three</b> <b>Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated May 06, 2021, placed the rating(s) of Kwality Feeds Limited (KFL) under the 'issuer non-cooperating' category as KFL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. KFL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated March 22, 2022, April 01, 2022, April 11, 2022.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating 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.

### 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 KFL have been revised on account of non-availability of requisite information. The ratings also factored decline in scale of operations and slightly increase in debt levels during FY21.

### Detailed description of the key rating drivers

Please refer to PR dated [May 06, 2021](#)

### Analytical approach: Standalone

### Applicable Criteria

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

[Policy on default recognition](#)

[Criteria on assigning outlook and credit watch](#)

### About the Company

Kwality Feeds Limited promoted by Mr. Koganti venkata Gopala Krishna and Mr. Kaganti Anjaneyulu was incorporated in the year 1993 as a private limited company and later was converted into public limited company. Initially, KFL got its products manufactured by way of job works offered to Koganti Commercial Corporation (KCC) in which promoters of KFI are partners. KFL installed a Multi-Purpose Feed Plant to manufacture aquaculture feeds and started commercial production from April 1996. Presently, KFI manufactures lab animal feed, rabbit feed, fish feed, shrimp feed, poultry feeds and cattle feed. As on August 31, 2017 the company has an installed capacity of 57200 metric tonnes (MT). Furthermore, on April 27, 2016, the company commenced operations of its newly established 20,000 MT Shrimp feed plant. The company primarily undertakes processing job work in case of shrimp feed. KFL undertakes processing work for companies such as Goldmohur Foods and Feeds Limited, Godrej Agrovet Limited, Suguna Poultry Farms limited, Godrej Goldcoin Aqua Feed Limited among others. The company is a member of The Compound Feed Manufacturers Association (CLFMA) and The Marine Products Export Developing Authority (MPEDA) etc.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	FY22 (Prov.)
Total operating income	142.09	111.23	NA
PBILDT	4.17	4.34	NA
PAT	0.72	0.78	NA
Overall gearing (times)	0.53	0.68	NA
Interest coverage (times)	3.02	3.17	NA

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

**Status of non-cooperation with previous CRA:** India Ratings has continued the ratings assigned to the bank facilities of KFL to the 'issuer not-cooperating' category vide press release dated July 16, 2021 on account its inability to carryout review in the absence of best available information from the Company.

**Any other information:** Not Applicable

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

**Covenants of rated instrument/facility:** Annexure-3

**Complexity level of various instruments rated for this company:** 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-Term Loan		-	-	June 2026	7.42	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	7.75	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	0.26	CARE A4; ISSUER NOT COOPERATING*

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

#### Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings		Rating History				
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	7.42	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (06-May-21)	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (23-Mar-20)
2	Fund-based - LT-Cash Credit	LT	7.75	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (06-May-21)	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (23-Mar-20)
3	Non-fund-based - ST-Bank Guarantee	ST	0.26	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (06-May-21)	-	1)CARE A4; ISSUER NOT COOPERATING* (23-Mar-20)

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

**Annexure-3: Detailed explanation of the covenants of the rated instruments/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	Fund-based - LT-Term Loan	Simple
3	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](mailto: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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