

## Karimnagar Milk Producer Company Limited

September 24, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	9.13	CARE B+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BB-; Stable

Details of instruments/facilities in Annexure-1.

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

### Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated July 27, 2023, placed the rating(s) of Karimnagar Milk Producer Company Limited (KMPCL) under the 'issuer non-cooperating' category as KMPCL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. KMPCL continues to be non-cooperative despite repeated requests for submission of information through e-mails dated June 11, 2024, June 21, 2024, July 01, 2024 among others.

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 KMPCL have been revised on account of non-availability of requisite information. The ratings also factored in decline in overall profitability and deterioration in debt coverage indicators in FY23 over FY22.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of the key rating drivers:

Please refer to PR dated [July 27, 2023](#)

### Applicable criteria

[CARE Rating's criteria on information adequacy risk and issuer non-cooperation](#)

[Policy on Default Recognition](#)

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

### About the company

Karimnagar Milk Producer Company Limited (KMPCL) was initially started as a union in 1997 under Andhra Pradesh Cooperative Societies Act 1964. In 1998, it was handed over to milk producer committee and then in 2003 it was converted into Mutually Aided Cooperative Society under 1995 Andhra Pradesh Cooperative Societies Act. However, in 2012 it was converted into Producers Company by acceding with Part IXA of the companies Act, 1956 (No. 1 of 1956) in the state of erstwhile United Andhra Pradesh. The company is involved in purchasing of milk directly from its members who are shareholders of the company through milk pooling institutes (MPI's) and then it is processed for sale. About 70% of the procured milk in KMPCL is processed and sold as liquid milk and remaining 30% is converted into value added products. The value-added products of milk that dairy offers are ice cream, butter milk, cream, curd, doodhpada, milk cake, malailaddu, ghee, paneer, plain khoa, lassi, basundi and rasgulla. The company has a milk processing unit at Karimnagar, Telangana with a capacity of 1.5 Lakh Litres Per Day (LLPD).

Brief Financials (Rs. crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	418.92	439.59
PBILDT	5.12	7.02
PAT	1.72	0.22
Overall gearing (times)	1.12	1.42
Interest coverage (times)	4.54	3.28

A: Audited; Note: 'the above results are latest financial results available'

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

**Any other information:** Not Applicable

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

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

**Covenants of the rated instruments/facilities:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	9.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	November 2022	0.13	CARE B+; Stable; ISSUER NOT COOPERATING*

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

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument / Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	0.13	CARE B+; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (27-Jul-23)	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (30-Jun-22)	1)CARE BB; Stable; ISSUER NOT COOPERATING * (30-Apr-21)
2	Fund-based - LT-Cash Credit	LT	9.00	CARE B+; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (27-Jul-23)	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (30-Jun-22)	1)CARE BB; Stable; ISSUER NOT COOPERATING * (30-Apr-21)

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

LT: Long term

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

**Annexure-4: Complexity level of instruments rated**

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

**Annexure-5: Lender details**

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

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

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### About us:

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