

Kota Dall Mill

April 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	74.00	CARE BBB-; Stable / CARE A3; ISSUER NOT COOPERATING*	Downgraded from CARE BBB; Stable / CARE A3+ and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	60.00	CARE A3; ISSUER NOT COOPERATING*	Downgraded from CARE A3+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Kota Dall Mill (KDM) to monitor the ratings vide email communications dated January 09, 2025, March 07, 2025, March 13, 2025, and numerous phone calls. However, despite our repeated requests, KDM has not provided the requisite information for monitoring of ratings. 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. The rating on KDM's bank facilities will now be denoted as CARE BBB-; Stable; ISSUER NOT COOPERATING / CARE A3; ISSUER NOT COOPERATING. The ratings have been revised on account of non-availability of requisite information due to non-cooperation by KDM. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk.

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

The ratings assigned to the bank facilities of Kota Dall Mill (KDM) continues to derive strength from vast business experience and resourceful promoter group, comfortable capital structure and adequate liquidity. The ratings also takes into account growth in scale of operations in FY24 (FY refers to the period April 01 to March 31) on account of increase in revenue from the energy food division along with healthy orderbook under the Integrated Child Development Schemes (ICDS) from three states i.e. Jharkhand, Maharashtra and Rajasthan providing medium term revenue visibility to the firm. The above strengths are partially offset by tender-driven nature of its energy food business having a fixed sales price with no price escalation clause and its constitution as a partnership firm limiting its financial flexibility along with inherent risk of withdrawal of capital.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects the entity is likely to sustain its stable operating performance and financial risk profile in absence of any large debt funded capex in the medium term with a moderate operating cycle, nil term debt repayment obligations and adequate liquidity.

Detailed description of key rating drivers:

At the time of last rating on March 07, 2024 the following were the rating strengths and weaknesses (updated for the information available from the audited financials for FY23-24 received from the client)

Key strengths

Vast experience of the promoters and resourceful promoter group: KDM belongs to Kota, Rajasthan-based Agarwal family group which has a presence in various businesses like real estate, stone mining, ready-to eat food, furniture etc. through its group entities. The entire operations of the firm are looked after by Mr. Ajay Agrawal & Mr. Shambhu Agrawal. The partners of the firm are financially resourceful, and they have infused funds in past, either in the form of capital or unsecured loans to support incremental working capital requirements as well as capex requirements.

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

Growth in scale of operations along with improvement in profitability: KDM caters largely to the demand under Integrated Child Development Schemes (ICDS) for different states. During FY24, the total operating income of KDM grew by 8% to Rs. 814.74 crore (PY:Rs. 750.17 crore) on account of successful execution of contracts for supply of energy food i.e ready to eat food items under The Integrated Child Development Services (ICDS) Scheme (ICDS) for Rajasthan and Jharkhand. With higher TOI especially from the revenue from energy food business which derives around 10-12% of operating margin, the profitability of the firm improved by 268 bps to 12.84% in FY24 as compared to 6.73% in FY23. Consequently, the PAT margin of the company also improved by 121 bps to 6.73% in FY24 (PY: 5.52% in FY23).

Moderate leverage position: The capital structure of KDM albeit moderated remained stable marked by overall gearing of at 0.94 times as on March 31, 2024 (0.60 times as on March 31, 2023). The moderation in gearing level is on account of increase in unsecured loans to fund the working capital requirement of the firm. The firm does not have any exposure to the long-term debt and the total debt comprises of fund based working capital borrowing and unsecured loans from related parties of Rs. 164.48 crore in FY24 (PY: Rs. 53.43 crore). Owing to increase in total debt level, the debt coverage indicators deteriorated albeit remained moderate marked by marked by PBILDT interest coverage of 7.45x (PY: 9.24x) and total debt to GCA of 3.26x (PY: 2.59x) in FY24.

Key weaknesses

Tender driven nature of its energy food business with no price escalation clause: KDM enters into contract with various state governments to supply supplementary nutrition food (energy foods) under ICDS for women and child welfare at a fixed price for the initial term of the agreement. Furthermore, instead of entering into a new agreement at the time of expiry, the term gets extended for some period ranging from few months to years without any escalation in prices. Consequently, KDM's profitability is susceptible to any adverse movement in the raw material prices like sugar, ghee, edible oil etc. However, this risk gets mitigated to a certain extent in few cases where state government has agreed to supply wheat (major raw material) at subsidized rates either entirely or as per availability. Scaling up of KDM's energy food business remains crucial from the credit perspective.

Constitution as a partnership firm: The credit risk profile of KDM is constrained by its partnership constitution wherein there is an inherent risk of withdrawal of the capital. Any significant withdrawals from the capital account will affect its capital structure. During FY24, the partners have withdrawn profit of Rs. 10.40 crore. Going forward, any disproportionate withdrawal of partners' capital shall remain a key rating sensitivity

Liquidity: Not Applicable

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Other Food Products

Kota (Rajasthan) based Kota Dall Mill (KDM) was formed as a proprietorship firm in 1984 and later in 1996 the constitution was changed to partnership. Current operations of KDM are managed by Mr Ajay Agrawal and Mr Shambhu Agrawal having 30% share each in the partnership. The firm is engaged in production of wheat flour (Atta, Maida and Sooji) which it sells under the

brand 'Swastik' and energy foods which is primarily supplied under nutritional food programmes of government. The firm is also engaged in trading of agro commodities. KDM's manufacturing units are in Kota, Rajasthan and Bokaro, Jharkhand with a total processing capacity of 3.05 lakh MTPA as on March 31, 2023.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	750.17	814.74
PBILDT	76.20	104.63
PAT	41.40	54.81
Overall gearing (times)	0.60	0.94
Interest coverage (times)	9.24	7.45

A: Audited, Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Cash Credit		-	-	-	74.00	CARE BBB-; Stable / CARE A3; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	60.00	CARE A3; 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 2025-2026	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
1	Fund-based - LT/ST-Cash Credit	LT/ST	74.00	CARE BBB-; Stable / CARE A3; ISSUER NOT COOPERATING *	-	-	1)CARE BBB; Stable / CARE A3+ (07-Mar-24) 2)CARE BBB; Stable / CARE A3+ (06-Apr-23)	1)CARE BBB-; Stable / CARE A3 (07-Apr-22)
2	Fund-based - ST-Bill Discounting/Bills Purchasing	ST	-	-	-	-	1)Withdrawn (06-Apr-23)	1)CARE A3 (07-Apr-22)
3	Non-fund-based - ST-Bank Guarantee	ST	60.00	CARE A3; ISSUER NOT COOPERATING *	-	-	1)CARE A3+ (07-Mar-24) 2)CARE A3+ (06-Apr-23)	1)CARE A3 (07-Apr-22)

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

LT: Long term; ST: Short term; LT/ST: Long term/Short 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/ ST-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	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.

Contact us

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About us:

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Disclaimer:

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