M R Dairy Products Private Limited

October 08, 2026

Facilities	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	100.86 (Reduced from 102.34)	CARE BBB+; Stable	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to the bank facilities of M R Dairy Products Private Limited (MRDPPL) reflects the company's stable financial performance in FY26 (refers to April 1 to March 31) and Q1FY27, supported by the sustained profitability margins. Growth in business performance was primarily driven by improved realizations and higher demand, resulting in a higher scale of operations. The rating also factors in the promoters' extensive experience in the dairy industry and the company's established operational track record. MRDPPL continues to benefit from its long-standing relationships with customers and suppliers, despite exposure to moderate customer concentration risk. Further, the company has a satisfactory capital structure and debt protection metrics.

However, the rating remains constrained with concentrated product profile and geographical concentration risk, commodity price fluctuation risk, low profitability margin due to trading nature of business and working capital intensive operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations as marked by TOI of above ₹1,000 crore and significant product and geographical diversification on a sustained basis.
- Sustenance of profitability margins and improvement in working capital cycle from the current levels on a sustained basis.

Negative factors

- Deterioration in capital structure as marked by overall gearing of above 1.50x on a sustained basis.
- Deterioration in debt protection metrics as marked by total debt to gross cash accruals (TD/GCA) and interest coverage ratio of above 7.00x and below 4.00x respectively on a sustained basis.

Analytical approach: Standalone.

Outlook: Stable

The 'Stable' outlook assigned to the long-term rating is based on the company's ability to sustain its financial and operational performance considering long-established relationship with customers and suppliers under the guidance of experienced promoters in the medium term.

Detailed description of key rating drivers

Key strengths

Extensive experience of promoters and company's satisfactory operational track record

Extensive experience of promoters and company's satisfactory operational track record MRDPPL started off as a sole proprietorship concern in the 1940s by Madan Mohan Dey and later adopted the present form of private limited company. It has a long track record of operation of around eight decades in the dairy industry. The company is engaged in trading dairy products such as skimmed milk powder (SMP), whole milk powder (WMP), dairy whitener, dairy creamer, ghee, and butter, among others and sells these products in West Bengal and Orissa. The company's directors Moni Mohan Dey and his wife Ruma Dey have experience of over four decades in the dairy industry. The company's overall management and day-to-day operations are jointly looked by Moni Mohan Dey, his wife Ruma Dey and their son Michael Dey.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Long-established relationship with customer and suppliers despite moderate customer concentration

The company caters to demand of renowned players in the dairy industry including Pragati Milk Products Private Limited and Red Cow Dairy Private Limited. The company has long-term relations with its clients and has been receiving repeat orders from them every year. Top 10 customers contributed ~35% (PY: 41%) of the company's overall sales in FY26, exposing it to moderate customer concentration risk. However, the company has been growing its customer base through venturing in Tamil Nadu, Karnataka, and Maharashtra, among others through direct trading, which is expected to reduce customer concentration risk in the near future. The company also built long-term relationship with its suppliers. Most suppliers are from western or central India, having the highest milk output in the country, ensuring steady supply to the company.

Stable financial performance with sustained profitability margins

The total operating income (TOI) grew by 10% y-o-y to ₹883.95 crore in FY26 against ₹ 805.04 crore in FY25 majorly on account of improvement in sales realisation. The skimmed milk powder (SMP) prices which moderated during FY25, recovered in FY26 and further increased during Q1FY27. Additionally, the overall sales volume also increased by 2% on y-o-y in FY26. Due to trading nature of business, PBILDT margin remained within the range of 2-3% in the past three years ended FY26. It stood at 2.92% during FY26, largely in line with previous year of 2.82%.

In Q1FY27, the company reported TOI of ₹ 215.42 crore in Q1FY27 with PBILDT margin of 3.36%. Going forward, scale of operations is expected to grow on account of expected improvement in demand and improving sales realisation.

Satisfactory capital structure and debt protection metrices

Company's capital structure continues to remain satisfactory with overall gearing of 0.73x as on March 31, 2026 as against 0.85x as on March 31, 2025. With no further addition of major term loan planned, gearing is expected to improve in coming years.

Further, with stable operating profitability, the debt coverage indicators improved and remained satisfactory marked by interest coverage ratio of 4.40x in FY26 as compared to 3.09x in FY25. With improved GCA levels, company's TD/GCA levels also improved but remains high at 5.63x as on March 31, 2026 (P.Y. 7.79x). Capital structure and debt protection indicators are expected to improve gradually in the near-to-midterm with expected improvement in margins.

Key weaknesses

Concentrated product profile and geographical concentration risk

The company continue to derive ~80%-90% of its revenue from trading SMP. Some institutional clients, to which the company sells its dairy products are based in Orissa, Jharkhand, and Bihar but most sales are made to institutional clients and resellers based in West Bengal, resulting in geographical concentration. Geographical diversification remained broadly in line with the previous year, with West Bengal contributing around 70% of revenue in FY26 as against 68% in FY25, while the balance revenue was derived from other operating regions. The company is making attempts to diversify in other part of the country, which will remain monitorable in the medium term.

Commodity price fluctuation risk

MRDPPL is exposed to inherent risk of commodity price fluctuation associated with trading business. The company maintains sizeable amount of SMP as inventory. Given the volatility in SMP prices, the company does remain exposed to pricing risk. Although the company benefitted from favourable movement of prices in the last few fiscals, sharp change in prices in presence of sizeable inventory will continue to pose risk to profitability.

Low profitability margin due to trading nature of business

The company operate at a low operating margin due to trading nature of operations, where margins are modest considering absence of value addition. MRDPPL faces highly competitive pressure from unorganised players and from established organised players in the dairy business.

Working capital intensive operations

The company's operations are working capital intensive, as it must maintain an inventory of ~60-70 days, largely owing to 75+ varieties of SMP catered to customers, maintaining adequate buffer in each of these variety so at to provide on time order delivery. Procurements are largely made in flush seasons, owing to which, the company carries higher inventory in non-flush period. MRDPPL provides moderate credit period of 10-30 days to its customers. However, credit period allowed by its suppliers is minimal and further in case of larger suppliers, the payment is at times made in advance leading to moderate working capital cycle of ~70 days (PY:72 days) in FY26. Working capital cycle is expected to sustain at current levels in the near future.

Liquidity: Adequate

The company's liquidity is marked adequate by sufficient cushion in accruals of ₹ 7.31 crore during FY26 against repayment obligation of ₹ 2.56 crore and is expected to continue in FY27 against repayment obligations of ₹ 2.18 crore in FY27. The fund-based bank limits have an average utilisation of ~70% for 12 months ended July 2026. The company's operating cycle remained stable and stood at 70 days in FY26 against 72 days in FY25. Going forward, the company's liquidity position is expected to remain adequate considering healthy GCA against low debt repayment obligation and no debt funded capex plans.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Wholesale Trading

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

MRDPPL was incorporated on December 09, 1997, and is engaged in trading and distributing (wholesale and retail) dairy products including SMP, WMP, dairy whitener, dairy creamer, ghee and butter, among others The company started off as a sole proprietorship concern in 1940s by late Madan Mohan Dey, primarily focused on wholesale distribution of milk powder in local markets.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)	Q1FY27 (UA)
Total operating income	805.04	883.95	215.42
PBILDT*	22.73	25.79	7.24
Profit after tax (PAT)	11.81	15.94	4.63
Overall gearing (x)	0.85	0.73	NA
Interest coverage (x)	3.09	4.40	4.44

A: Audited; UA: Unaudited; NA: Not Available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation, and tax.

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	NA	-		-	-	100.00	CARE BBB+; Stable
Fund-based - LT-Term Loan	RBI	NA	-		-	March 2027	0.86	CARE BBB+; Stable

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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	0.86	CARE BBB+; Stable	-	1)CARE BBB+; Stable (27-Feb-26) 2)CARE BBB+; Stable (06-Oct-25)	1)CARE BBB+; Stable (11-Sep-24)	1)CARE BBB+; Stable (03-Aug-23)
2	Fund-based - LT-Cash Credit	LT	100.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (27-Feb-26) 2)CARE BBB+; Stable (06-Oct-25)	1)CARE BBB+; Stable (11-Sep-24)	1)CARE BBB+; Stable (03-Aug-23)

LT: Long term.

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

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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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