

## Karimnagar Milk Producer Company Limited

June 30, 2022

### Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	9.13	<b>CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)</b>	<b>Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB; Stable; (Double B; Outlook: Stable)</b>
<b>Total Facilities</b>	<b>9.13 (Rs. Nine Crore and Thirteen Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated April 30, 2021, 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 and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. KMPCL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated March 16, 2022, March 26, 2022, April 05, 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 KMPCL have been revised on account of non-availability of requisite information. The ratings also factored in increase in debt levels during FY21 over FY20.

### Detailed description of the key rating drivers

Please refer to PR dated [April 30, 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

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, doodhpeda, 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)	FY20(A)	FY21(A)	FY22 (Prov.)
Total operating income	347.59	364.50	NA
PBILD	7.21	5.96	NA
PAT	1.09	1.69	NA
Overall gearing (times)	0.99	1.13	NA
Interest coverage (times)	18.03	6.50	NA

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

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

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

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

**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	IS IN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	November 2022	0.13	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	9.00	CARE BB-; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; 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) 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	0.13	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable; ISSUER NOT COOPERATING * (30-Apr-21)	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (07-Feb-20)
2	Fund-based - LT-Cash Credit	LT	9.00	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable; ISSUER NOT COOPERATING * (30-Apr-21)	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (07-Feb-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

**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 Ratings Ltd. 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 Limited:

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