

DECEMBER 30, 2016

CARE ASSIGNS 'CARE B+' RATING TO THE LONG-TERM BANK FACILITIES OF INDIA DAIRY FEEDS PRIVATE LIMITED

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	15	CARE B+ ; Stable (Single B Plus; Outlook: Stable)	Assigned
Total Facilities	15 (Rupees Fifteen crore only)		

Rating Rationale

The rating assigned to the bank facilities of India Dairy Feeds Private Limited (IDPL) is constrained by its project stabilization risk, risk of non-renewal of agreement with Kaira District Co-operative Milk Producers' Union Ltd, referred as Amul Dairy, volatile input prices and raw material availability risks and highly competitive and fragmented industry with many regional unorganized players. The aforesaid constraints are partially offset by experienced promoter and authorized agreement with Kaira District Co-operative Milk Producers' Union Ltd, referred as Amul Dairy.

The ability to improve its scale of operations along with profitability margins and ability to manage working capital effectively are the key rating sensitivities.

Background

IDPL, incorporated in the year 2014 was promoted by Mr Anirban Nath, Mr Susmita Nath and Mr Surajit Chakravarti of Kolkata. IDPL set up a unit engaged in the manufacturing of cattle feed at Bankura, West Bengal, with installed capacity of 30000 MTPA. IDPL has entered into authorized agreement with Kaira District Co-operative Milk Producers' Union Ltd, referred as Amul Dairy in August 2016 for a period of 5 years, whereby Amul Dairy will obtain cattle feed of different types produced by IDPL, packed in HDPE bags or in different pack sizes as decided by Amul Dairy, with the objective of marketing the cattle feed under 'Amul' brand in Kolkata and other markets in the eastern region as decided by Amul dairy.

Mr Anirban Nath, the Managing Director, looks after the day-to-day operations of the entity along with a team of experienced personnel.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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