

India Dairy Feeds Private Limited

February 08, 2018

| Rating | | | |
|-------------------------|---|--|--|
| Facilities | Amount (Rs. crore) | Rating ¹ | Rating Action |
| Long-term Bank Facility | 15.00 | CARE B+; ISSUER NOT COOPERATING (Single B plus; ISSUER NOT COOPERATING) | ISSUER NOT COOPERATING; Based on best available information |
| Total | 15.00 (Rs. Fifteen Crore only) | | |

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **India Dairy Feeds Private Limited (IDPL)** to monitor the rating vide e-mail communications/ letters dated 19.06.2017, 05.10.2017, 11.10.2017, 21.11.2017, 22.12.2017 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** In line with the extant SEBI guidelines CARE's rating on India Dairy Feeds Private Limited bank facility will now be denoted as **CARE B+; ISSUER NOT COOPERATING** for long term bank facility.

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

Detailed description of the key rating drivers

At the time of last rating in December 08, 2016 the following were the rating strengths and weaknesses:

Key Rating Strengths

Experienced promoter

The promoters of IDPL are Shri Anirban Nath (ICWAI Inter), Smt. Susmita Nath (Graduate) and Shri Surajit Chakravarti (Post Graduate). Shri Anirban Nath (Managing Director) aged about 47 years has more than two decades of experience in similar line of business and is involved in the strategic planning and running the day to day operations of the company. He is being duly supported by other directors along with a team of experienced professionals.

Key Rating Weaknesses

Risk of non-renewal of agreement with Kaira District Co-operative Milk Producers' Union Ltd, referred as Amul Dairy

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. Accordingly there is a risk involved pertaining to renewal of the agreement. Further, the agreement may be terminated on violation of certain clauses.

Volatile input prices and raw material availability risks

The prices of major inputs like DORB, maize, mustered oil cake, bajra etc. are mostly agricultural products and dependent on vagaries of nature. Accordingly, any volatility in input prices due to vagaries of nature may adversely affect the profitability of the company. Moreover there may be a negative impact of adverse climate conditions on the availability of raw materials.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Highly competitive and fragmented industry with many regional unorganized players

The cattle feed industry is highly competitive and fragmented with many regional unorganized players. IDPL is expected to face severe competition from unorganized players apart from availability of cheaper substitutes (like cotton seedcake, copra etc.) exposing it to pricing and profitability pressures.

Leveraged capital structure and weak debt coverage indicator.

The capital structure of the company remained leveraged marked by long term debt equity ratio and overall gearing ratio of 6.99x and 9.34x respectively in FY17. Furthermore, the interest coverage ratio of the company was low at 1.53x in FY17.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

India Dairy Feeds Private Limited (IDPL), incorporated in the year 2014 was promoted by Shri Anirban Nath, Smt. Susmita Nath and Shri Surajit Chakravarti of Kolkata. IDPL set up a unit engaged in 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. Shri Anirban Nath, the Managing Director, looks after the day to day operations of the entity along with a team of experienced personnel.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating History (Last three years): Please refer Annexure-2

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

Name: Soumen Das

Tel: 033-40181612

Mobile: +91- 98362 30249

Email: soumen.das@careratings.com

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

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|--------------------------------|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Term Loan | - | - | December 2023 | 6.44 | CARE B+; Stable; ISSUER NOT COOPERATING* |
| Fund-based - LT-Cash Credit | - | - | - | 8.07 | CARE B+; Stable; ISSUER NOT COOPERATING* |
| Fund-based - LT-Bank Guarantee | - | - | - | 0.49 | CARE B+; Stable; ISSUER NOT COOPERATING* |

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) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 | Date(s) & Rating(s) assigned in 2014-2015 |
| 1. | Fund-based - LT-Term Loan | LT | 6.44 | CARE B+; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B+; Stable (30-Dec-16) | - | - |
| 2. | Fund-based - LT-Cash Credit | LT | 8.07 | CARE B+; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B+; Stable (30-Dec-16) | - | - |
| 3. | Fund-based - LT-Bank Guarantee | LT | 0.49 | CARE B+; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B+; Stable (30-Dec-16) | - | - |

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi

Cell: + 91 98190 09839

 E-mail: meenal.sikchi@careratings.com
Ms. Rashmi Narvankar

Cell: + 91 99675 70636

 E-mail: rashmi.narvankar@careratings.com
Mr. Ankur Sachdeva

Cell: + 91 98196 98985

 E-mail: ankur.sachdeva@careratings.com
Mr. Saikat Roy

Cell: + 91 98209 98779

 E-mail: saikat.roy@careratings.com
CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com
AHMEDABAD
Mr. Deepak Prajapati

 32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015

Cell: +91-9099028864

Tel: +91-79-4026 5656

 E-mail: deepak.prajapati@careratings.com
BENGALURU
Mr. V Pradeep Kumar

 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91 98407 54521

Tel: +91-80-4115 0445, 4165 4529

 Email: pradeep.kumar@careratings.com
CHANDIGARH
Mr. AnandJha

 SCF No. 54-55,
 First Floor, Phase 11,
 Sector 65, Mohali - 160062
 Chandigarh

Cell: +91 85111-53511/99251-42264

Tel: +91-0172-490-4000/01

 Email: anand.jha@careratings.com
CHENNAI
Mr. V Pradeep Kumar

 Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

 Email: pradeep.kumar@careratings.com
COIMBATORE
Mr. V Pradeep Kumar

 T-3, 3rd Floor, Manchester Square
 Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

 Email: pradeep.kumar@careratings.com
HYDERABAD
Mr. Ramesh Bob

 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

 E-mail: ramesh.bob@careratings.com
JAIPUR
Mr. Nikhil Soni

 304, PashupatiAkshatHeights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

 E-mail: nikhil.soni@careratings.com
KOLKATA
Ms. Priti Agarwal

 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

 E-mail: priti.agarwal@careratings.com
NEW DELHI
Ms. Swati Agrawal

 13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055

Cell: +91-98117 45677

Tel: +91-11-4533 3200

 E-mail: swati.agrawal@careratings.com
PUNE
Mr. Pratim Banerjee

 9th Floor, Pride KumarSenate
 Plot No. 970, Bhamburda, SenapatiBapat Road
 ShivajiNagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

 E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691