

**Industrial Progressive (India) Limited**  
**March 23, 2017**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term Bank Facilities	<b>55.00</b>	<b>CARE B-; ISSUER NOT COOPERATING (Single B Minus; ISSUER NOT COOPERATING)</b>	Issuer not cooperating; Revised from CARE BBB-; (Triple B Minus) on the basis of best available information
<b>Total</b>	<b>55.00</b> <b>(Rs. Fifty five crore only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking information from Industrial Progressive (India) Limited to monitor the rating(s) vide e-mail communications dated Feb 25, 2017, March 8, 2017, March 15, 2017 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. **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 Industrial Progressive (India) Limited's bank facilities will now be denoted as **CARE B-; ISSUER NOT COOPERATING**.

***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 rating is revised considering the subdued demand scenario for Skimmed Milk Powder (SMP) in domestic as well as export market which resulted in decline in the prices of SMP industry wide. With decline in prices of SMP (Contributed 24% to total sales in FY15) it is likely that total operating revenue and consequently profitability, debt coverage indicators of Industrial Progressive (India) Limited would have been affected. In addition, ratings are marked by seasonal nature of operations, sensitivity to changes in government policies and competition from players in the organized sector. The rating however, draws strengths from experienced promoters well-recognized brand and northern region, established procurement and marketing arrangements

**Detailed description of the key rating drivers****Key Rating Weaknesses**

***Seasonal nature of operations:*** India being a tropical country renders a hot and humid climate for the animals and thus there is a fluctuation in the milk production. There is a flush season in the cooler parts of the year whereas the production goes down in the warmer months. IPIL converts the surplus milk during November-April (flush season) into ghee, skimmed milk powder, Casein whey powder leading to high inventory/finished goods so as to maintain the continuous supply of milk products round the year.

***Sensitivity to changes in government policies:*** The dairy industry has low profitability margins as raw material costs (milk) form significant portion of the total costs. Milk supply and its prices are exposed to several external risks like government policies, cattle diseases, yield etc.

***Competition from players in the organized sector:*** IPIL faces stiff competition in the dairy segment from established brands in the organized market and independent milk vendors in unorganized market. On the liquid milk front, competition gets fiercer with presence of unorganized players and independent milk vendors leading to pricing pressures.

**Key Rating Strengths**

<sup>2</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

**Experienced promoters in dairy industry:** Mr. Rajesh Gandhi, Managing Director of IPIL has a marketing and finance experience of over 15 years and he is assisted by his brother Mr Ramesh Jain, who looks after procurement and production.

**Well-recognized brand in Northern Region:** The Company markets its products under the brand name "Doaba" and "Milk Country". Doaba caters to North India especially Haryana and Rajasthan whereas Milk Country caters to the demand of Andhra Pradesh, Tamil Nadu and Kerala

**Established procurement and marketing arrangements:** The Company procures milk from Uttar Pradesh, Haryana and Rajasthan through independent contractors and 60 village-level centers (VLCs) as on March 31, 2015. IPIL customers include several large dairy companies.

**Financial risk profile:** The Company's total income has increased by 14.7% in FY15 on account increased capacity utilization. The PBILDT margin improved from 4% in FY14 to 4.20% in FY15 on account of increase in sales of value-added products.

**Analytical approach:** Standalone

#### Applicable Criteria

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

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

[Rating Methodology-Manufacturing Companies](#)

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

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

#### About the Company

Industrial Progressive (India) Limited (IPIL), promoted by Mr. Subash Goel and his associates, was incorporated on 19th November 1984 as a public limited company. However, the company started its operations from 1992 onwards with initial capacity of 2 lakh litres per day (LLPD). Mr. Rajesh Gandhi, MD looks after the operations of the company. The original promoter Mr. Goel had sold his stake to Mr. Gandhi in Sept 2010.

The company is engaged in the manufacturing of various Milk products under the brand name "Doaba" and "Milk Country". "Doaba" caters to North India especially Haryana and Rajasthan whereas "Milk Country" caters to the demand of Andhra Pradesh, Kerala and Tamil Nadu. The manufacturing products range of the company includes Ghee, Skimmed Milk Powder (SMP), Butter, Casein, Whey Powder and Liquid Milk.

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

**Any other information:** Not Applicable

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

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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

#### About CARE Ratings:

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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.

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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
Term Loan-Long Term	-	-	March-2019	3.84	CARE B-; ISSUER NOT COOPERATING
Fund-based-Long Term	-	-	-	51.16	CARE B-; 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 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Term Loan-Long Term	LT	3.84	CARE B-; ISSUER NOT COOPERATING	1)CARE BBB- (18-Apr-16)	-	1)CARE BB+ (09-Dec-14)	1)CARE BB+ (24-Sep-13)
2.	Fund-based-Long Term	LT	51.16	CARE B-; ISSUER NOT COOPERATING	1)CARE BBB- (18-Apr-16)	-	1)CARE BB+ (09-Dec-14)	1)CARE BB+ (24-Sep-13)
3.	Fund-based-Short Term	ST	-	-	1)Withdrawn (18-Apr-16)	-	1)CARE A4+ (09-Dec-14)	1)CARE A4+ (24-Sep-13)
4.	Non-fund-based - ST-Forward Contract	ST	-	-	1)Withdrawn (18-Apr-16)	-	1)CARE A4+ (09-Dec-14)	1)CARE A4+ (24-Sep-13)

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