

## Modern Dairies Limited

September 24, 2019

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term bank facilities	121.25	<b>CARE D; ISSUER NOT COOPERATING* (Single D; Issuer not cooperating)</b>	Issuer not cooperating; Based on best available information
Short term bank facilities	4.10	<b>CARE D; ISSUER NOT COOPERATING* (Single D; Issuer not cooperating)</b>	Issuer not cooperating; Based on best available information
<b>Total Facilities</b>	<b>125.35 (Rupees One Hundred Twenty Five crore and Thirty Five lakhs only)</b>		

*Details of facilities in Annexure-1*

### Detailed description of the key rating drivers

CARE had, vide its press release dated April 06, 2018, placed the rating of Modern Dairies Limited (MDL) under the 'issuer non-cooperating' category as MDL had failed to provide information for monitoring of the ratings. MDL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated July 05, 2019. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

**Users of these 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 on April 06, 2018; the following were the rating weaknesses:*

#### Key Rating Weakness

**Ongoing delays in the debt servicing:** Some of the company's bank accounts continue to be classified as a Non-Performing Asset (NPA) because of the stressed liquidity position of the company.

**Analytical approach:** Standalone

#### Applicable Criteria:

[CARE's policy on default recognition](#)

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

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

[CARE's methodology for manufacturing companies](#)

[Criteria for short-term instruments](#)

#### About the Company

MDL was setup by Mr. Krishan Kumar Goyal in 1992 with an initial milk processing capacity of 3.25 lakh litre of milk per day (LLPD). For liquid milk, the company has a tie-up with Mother Dairy for complete off-take of 2 LLPD. Ghee is sold through the company's own retail channel and through bulk sales under the brand name of 'SHWETA' and 'MODERN DAIRIES'. The company supplies products like skimmed milk powder and other milk products like whole milk powder, mozzarella cheese, casein to various institutional buyers while its current focus is on sale of Fresh dairy products, cheese, ghee etc.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

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

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Brief Financials (Rs. crore)	FY18 (A)	FY19(A)
Total operating income	467.42	560.69
PBILDT	-13.16	11.53
PAT	-18.57	6.06
Overall gearing (times)	NM	NM
Interest coverage (times)	NM	57.65

A: Audited; NM: Not meaningful

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

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

#### 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	-	-	March, 2019	65.25	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	56.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	4.10	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

\*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) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	65.25	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (06-Apr-18)	1)CARE D (28-Apr-17)	1)CARE D (29-Apr-16)
2.	Fund-based - LT-Cash Credit	LT	56.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (06-Apr-18)	1)CARE D (28-Apr-17)	1)CARE D (29-Apr-16)
3.	Non-fund-based - ST-BG/LC	ST	4.10	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (06-Apr-18)	1)CARE D (28-Apr-17)	1)CARE D (29-Apr-16)

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

**Annexure-3: Detailed explanation of covenants of the rated facilities:** Not applicable

**Note on complexity levels of the rated instrument:** 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.

## Contact us

### Media Contact

Mradul Mishra

Contact no. – +91-22-6837 4424

Email ID – [mradul.mishra@careratings.com](mailto:mradul.mishra@careratings.com)

### Analyst Contact

Group Head Name – Mr. Sudeep Sanwal

Group Head Contact no.: +91-0172-4904025

Group Head Email ID- [sudeep.sanwal@careratings.com](mailto:sudeep.sanwal@careratings.com)

### Relationship Contact

Name: Mr. Anand Jha

Contact no. : +91-0172-4904000/1

Email ID: [anand.jha@careratings.com](mailto:anand.jha@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 the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.