

## Modern Dairies Limited

December 21, 2020

### Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	121.25	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	4.10	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Facilities</b>	<b>125.35</b> <b>(Rs. One Hundred</b> <b>Twenty-Five Crore and</b> <b>Thirty-Five Lakhs Only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 24, 2019, placed the ratings of Modern Dairies Limited (MDL) under the 'issuer non-cooperating' category as MDL failed to provide information for monitoring of the rating. MDL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated December 11, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating 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 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 the last rating on September 24, 2019 following were the rating weaknesses.

### Key Rating Weaknesses

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

**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

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	560.69	766.03
PBILDT	11.53	9.12
PAT	6.06	3.49
Overall gearing (times)	NM	NM
Interest coverage (times)	57.65	76.00

A: Audited

Status of non-cooperation with previous CRA: NA

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	-	-	-	65.25	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	56.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	4.10	CARE D; 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) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	65.25	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (24-Sep-19)	1)CARE D; ISSUER NOT COOPERATING* (06-Apr-18)	1)CARE D (28-Apr-17)
2.	Fund-based - LT-Cash Credit	LT	56.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (24-Sep-19)	1)CARE D; ISSUER NOT COOPERATING* (06-Apr-18)	1)CARE D (28-Apr-17)
3.	Non-fund-based - ST-BG/LC	ST	4.10	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (24-Sep-19)	1)CARE D; ISSUER NOT COOPERATING* (06-Apr-18)	1)CARE D (28-Apr-17)

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

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-BG/LC	Simple

**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.

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**About CARE Ratings:**

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#### Disclaimer

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