



Press Release

Kute Sons Dairys Limited **October 30, 2023**

Ratings:

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Term Loans	36.82	IVR BBB/ RWNI (IVR Triple B, rating watch with Negative Implications)	IVR A-/ Positive (IVR Single A Minus with Positive outlook)	Rating revised & placed on rating watch with negative implications	Simple
Long Term Working Capital Facilities – Cash Credit	230.00	IVR BBB/ RWNI (IVR Triple B, rating watch with Negative Implications)	IVR A-/ Stable (IVR Single A Minus with Positive outlook)	Rating revised & placed on rating watch with negative implications	Simple
Proposed Long Term bank facilities	2.35	IVR BBB/ RWNI (IVR Triple B, rating watch with Negative Implications)	IVR A-/ Stable (IVR Single A Minus with Positive outlook)	Rating revised & placed on rating watch with negative implications	Simple
Total	269.17	(Rupees Two Hundred Sixty Nine crore and Seventeen lakhs only)			

Details of Facilities are in Annexure 1

Detailed Rationale:

The ratings have been revised and placed under rating watch with negative implications owing to the recent Income Tax raid conducted at the premises of Tirumalla / Kute Group and IVR expects Income Tax raid could impact the operational, financial performance and the liquidity of the company. Infomerics will continue to monitor the overall performance of the company.

Key Rating Sensitivities:



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The rating watch will be resolved upon clarity on implications of Income tax raid on the Tirumalla and Kute Group and its overall impact on the operating performance and liquidity of Kute Sons Dairys Limited.

Link to the last Press Release published on Infomerics website:

<https://www.infomerics.com/admin/uploads/pr-KuteSons-FreshDairy-20dec22.pdf>

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Sr. No	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating assigned in 2022-23 (December 20, 2022)	Date(s) & Rating assigned in 2021-22 (Oct 13, 2021)	Date(s) & Rating assigned in 2021-22 (Apr 5, 2021)
1.	Long Term Fund Based Facility – Term Loans	Long Term	36.82	IVR BBB/ RWNI*	IVR A- /Positive	IVR A- /Positive	-
2.	Long Term Fund Based Facility – Cash Credit	Long Term	230.00	IVR BBB/ RWNI*	IVR A- /Positive	IVR A- /Positive	-
3.	Proposed Long Term Fund Based Facility	Long Term	2.35	IVR BBB/ RWNI*	IVR A- /Positive	IVR A- /Positive	-

*Rating Watch with Negative Implications

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About Infomerics:



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Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Term Loan	--	--	Upto 2028	36.82	IVR BBB/RWNI*
Cash Credit	--	--	Revolving	230.00	IVR BBB/RWNI*
Proposed Long Term Facilities	--	--	--	2.35	IVR BBB/RWNI*

*RWNI- Rating watch with Negative Implications

Annexure 2: List of companies considered for consolidated analysis:

Name of the Entity	Extent of consolidation
Kute Sons Dairys Limited	Full*
Kute Sons Fresh Dairy Private Limited	Full*

*Intercompany transaction has been adjusted as per Infomerics standard.

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-ksdl-oct23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at <https://www.infomerics.com/>.