



## Press Release

### Kute Sons Dairys Limited (KSDL)

January 8, 2024

#### Ratings:

Instrument / Facility	Amount (INR Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities – Term Loans	36.82	IVR BB/ Negative; ISSUER NOT COOPERATING * (IVR Double B with Negative Outlook; Issuer Not Cooperating) *	Rating revised and moved to Issuer Not Cooperating category	Simple
Long-Term Working Capital Facilities – Cash Credit	230.00	IVR BB/ Negative; ISSUER NOT COOPERATING * (IVR Double B with Negative Outlook; Issuer Not Cooperating) *	Rating revised and moved to Issuer Not Cooperating category	Simple
Proposed Long Term bank facilities	2.35	IVR BB/ Negative; ISSUER NOT COOPERATING * (IVR Double B with Negative Outlook; Issuer Not Cooperating) *	Rating revised and moved to Issuer Not Cooperating category	Simple
<b>Total</b>	<b>269.17 (Rupees Two Hundred Sixty Nine Crore and Seventeen Lakh only)</b>			

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

#### Details of Facility are in Annexure 1

#### Detailed Rationale

The revision in the ratings reflects lack of adequate information available, non-payment of annual surveillance fees and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.



## Press Release

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity.

### **Non-cooperation by Issuer**

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide mail communications December 4, 2023, December 11, 2023, December 14, 2023, December 18, 2023, December 27, 2023, and January 01, 2024, and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted NDS (No default statement) since October 2023 and other essential details/information.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the ratings for the bank facilities of KSDL aggregating Rs. 269.17 crore has been revised and moved to 'ISSUER NOT COOPERATING' to IVR BB/ Negative; ISSUER NOT COOPERATING category by Infomerics.

### **Analytical Approach:** Consolidated

For arriving at the rating, Infomerics has combined the business and financial risk profiles of 2 companies KSDL and Kute Sons Fresh Dairy Private Limited (KSFDPL) moving forward referred as a Kute Sons Dairy Group as they are in the same lines of business under a common management and have financial linkages & legal linkages as KSFDPL is a wholly owned subsidiary of KSDL.

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Guidelines on what constitutes Non-Cooperation by clients](#)

[Consolidation of Companies](#)

[Criteria of Rating Outlook](#)

[Policy of default recognition](#)

### **About the Company (KSDL)**



## Press Release

KSDL was incorporated in February 1996 as Swaraj India Industries Limited (SIL) by Mr. Ranjeetsingh Naik Nimbalkar (Present Member of Parliament from Madhaconstituency - Maharashtra). SIL was taken over by Kute Group through Tirumalla Oil Refinery Private Limited (TORPL) in the year July 2019 and name was changed to KSDL. KSDL is engaged in processing of milk & milk related products such as Ghee, Milk & Dahi. KSDL's manufacturing plant are located at Phaltan, Satara&Pathardi, Ahmednagar. The existing installed milk processing capacity of the company is 20 lakh Litres per day. KSDL markets and sells its products under the brand name of "Good MorninG's".

### About the Company: KSFDPL

KSFDPL was incorporated in the year 2014 as Fresh n Naturals Dairy Farms Private Limited (FNDFPL) by Phaltan based Nimbalkar family FNDFPL was subsidiary of SIL. Consequent to takeover of SIL by TORPL in July 2019; FNDFPL became step-down subsidiary of TORPL, and name was changed to KSFDPL is engaged in the milk processing and milk related products such as butter, ghee, cheese, milk-whitener, whole-milk powder, and skimmed-milk powder among others. The existing installed milk processing capacity of the company is 3.5 lakh Litres per day. The milk processing unit of the company is located in Ahmednagar, Maharashtra.

### Financials (Consolidated):

	(Rs. crore)	
For the year ended/* As On	31-03-2021	31-03-2022
	(Audited)	(Audited)
Total Operating Income	1214.79	1431.99
EBITDA	80.50	118.44
PAT	25.40	53.41
Total Debt	319.59	528.35
Adjusted Tangible Net-worth	223.13	367.42
<b>Ratios:</b>		
EBITDA Margin (%)	6.63	8.27
PAT Margin (%)	2.09	3.73
Overall Gearing Ratio (x)	1.43	1.44

\*Classification as per Infomerics' standards

### Financials (Standalone):

(Rs. crore)



## Press Release

For the year ended/* As On	31-03-2021	31-03-2022
	<b>(Audited)</b>	<b>(Audited)</b>
Total Operating Income	928.07	1105.01
EBITDA	72.86	108.86
PAT	24.29	52.14
Total Debt	289.31	491.58
Adjusted Tangible Net-worth	188.54	340.67
<b>Ratios:</b>		
EBITDA Margin (%)	7.85	9.85
PAT Margin (%)	2.62	4.72
Overall Gearing Ratio (x)	1.53	1.44

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Brickwork Ratings has continued the ratings of KSDL in the 'Issuer not cooperating' category vide its press release dated April 17, 2023, due to non-submission of the relevant information.

**Any other information:** Nil

**Rating History for last three years:**

S. No	Name of Instrument/ Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years			
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (October 30, 2023)	Date(s) & Rating(s) assigned in 2022-23 (December 20, 2022)	Date(s) & Rating(s) assigned in 2021-22 (October 13, 2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term Bank Facilities – Term Loans	Long Term	36.82	IVR BB/ Negative; ISSUER NOT COOPERATING *	IVR BBB/ RWNI #	IVR A-/ Positive	IVR A-/ Positive	-
2.	Long-Term Working Capital Facilities – Cash Credit	Long Term	230.00	IVR BB/ Negative; ISSUER NOT COOPERATING *	IVR BBB/ RWNI	IVR A-/ Positive	IVR A-/ Positive	-



## Press Release

S. No	Name of Instrument/ Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years			
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (October 30, 2023)	Date(s) & Rating(s) assigned in 2022-23 (December 20, 2022)	Date(s) & Rating(s) assigned in 2021-22 (October 13, 2021)	Date(s) & Rating(s) assigned in 2020-21
3.	Proposed Long Term bank facilities	Long Term	2.35	IVR BB/ Negative; ISSUER NOT COOPERATING *	IVR BBB/ RWNl	IVR A-/ Positive	IVR A-/ Positive	-

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

*# RWNl: Rating Watch Negative Implications*

### Name and Contact Details of the Rating Analyst:

Name: Amey Joshi

Tel: (022) 62396023

Email: [amey.joshi@infomerics.com](mailto:amey.joshi@infomerics.com)

### About Infomerics:

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.



## Press Release

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

For more information visit [www.infomerics.com](http://www.infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Instruments / Facilities

Name of Instruments / Facilities	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loans	-	-	Upto 2028	36.82	IVR BB/ Negative; ISSUER NOT COOPERATING *
Long-Term Working Capital Facilities – Cash Credit	-	-	-	230.00	IVR BB/ Negative; ISSUER NOT COOPERATING *
Proposed Long Term bank facilities	-	-	-	2.35	IVR BB/ Negative; ISSUER NOT COOPERATING *

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

### Annexure 2: List of companies considered for consolidated analysis:

Name of the Entity	Extent of consolidation
KSDL	Full*
KSFDP	Full*

\*Intercompany transaction has been adjusted as per Infomerics standard.

### Annexure 3: Facility wise lender details: Not Available





## Press Release

**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 [www.infomerics.com](http://www.infomerics.com).