



Press Release

Kute Sons Dairys Limited (KSDL)

November 13, 2024

Ratings:

Instrument / Facility	Amount (INR Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	269.17	IVR D; ISSUER NOT COOPERATING* (IVR D; ISSUER NOT COOPERATING)*	IVR BB/ Negative; ISSUER NOT COOPERATING* (IVR Double B with Negative Outlook; Issuer Not Cooperating)*	Downgraded and continued under Issuer Not Cooperating category	Simple
Total	269.17 (Rupees Two Hundred Sixty Nine Crore and Seventeen Lakh only)				

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

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics ratings has downgraded the rating at IVR D and has continued under 'ISSUER NOT COOPERATING' category. The downgrade is on account of banker feedback stating that the account being classified as NPA. The rating is continued under 'ISSUER NOT COOPERATING' category due to 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.

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.

Key Rating Sensitivities: Not applicable as the rating is continued under 'ISSUER NOT COOPERATING' category.



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Weaknesses

Default/Delays in bank facilities:

As per the banker feedback the account being classified as NPA.

Analytical Approach: Consolidated

Applicable Criteria:

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

[Policy on issuer not cooperating](#)

[Rating Methodology for Manufacturing Companies.](#)

[Criteria of Rating Outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Consolidation of Companies](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity: Poor

The liquidity position of the company appears to be poor as the account being classified as NPA by the lender.

About the Company

KSDL

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".

Kute Sons Fresh Dairy Private Limited (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



Press Release

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
Tangible Net Worth	223.13	367.42
EBITDA Margin (%)	6.63	8.27
PAT Margin (%)	2.09	3.73
Overall Gearing Ratio (x)	1.43	1.44
Interest Coverage (x)	2.35	3.13

*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 July 10, 2024, due to non-submission of the relevant information.

Any other information: Nil

Rating History for last three years:

S. No	Name of Security/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
						December 20, 2022	October 13, 2021
1.	Term Loans	Long Term	36.82	IVR D; Issuer Not Cooperating*	IVR BB/ Negative; Issuer Not Cooperating*	IVR A-/ Positive	IVR A-/ Positive



Press Release

					(January 8, 2024) IVR BBB/ RWNI # (October 30, 2023)		
2.	Cash Credit	Long Term	230.00	IVR D; Issuer Not Cooperating*	IVR BB/ Negative; Issuer Not Cooperating* (January 8, 2024) IVR BBB/ RWNI # (October 30, 2023)	IVR A-/ Positive	IVR A-/ Positive
3.	Proposed Long Term bank facilities	Long Term	2.35	IVR D; Issuer Not Cooperating*	IVR BB/ Negative; Issuer Not Cooperating* (January 8, 2024) IVR BBB/ RWNI # (October 30, 2023)	IVR A-/ Positive	IVR A-/ Positive

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

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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

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	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Term Loans	-	-	-	Upto 2028	36.82	IVR D; Issuer Not Cooperating*
Cash Credit	-	-	-	-	230.00	IVR D; Issuer Not Cooperating*
Proposed Long Term bank facilities	-	-	-	-	2.35	IVR D; Issuer Not Cooperating*

* Issuer did not cooperate; based on best available information

Annexure 2: Facility wise lender details: Not Available

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

Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the company	Consolidated Approach
Kute Sons Dairys Limited	Full Consolidation
Kute Sons Fresh Dairy Private Limited	Full Consolidation



Press Release

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.