



## Press Release

### Milkfood Limited

August 19, 2025

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	78.90	IVR BBB- /Negative (IVR Triple B Minus with Negative Outlook)	IVR BBB/ Negative (IVR Triple B with Negative Outlook)	Rating Downgraded	<a href="#">Simple</a>
Short Term Bank Facilities	15.50	IVR A3 (IVR A Three)	IVR A3+ (IVR A Three Plus)	Rating Downgraded	<a href="#">Simple</a>
Proposed Short Term Bank Facilities	5.6	IVR A3 (IVR A Three)	IVR A3+ (IVR A Three Plus)	Rating Downgraded	<a href="#">Simple</a>
<b>Total</b>	<b>100.00</b> <b>(Rupees Hundred Crore Only)</b>				

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 its rating assigned to the bank facilities of Milkfood Limited (ML). The downgrade in ratings takes into account the decline in revenues and profitability in Q1FY26 (FY refers to 1<sup>st</sup> April to 31<sup>st</sup> March). The ratings continue to derive strength from extensive experience of the promoters in the dairy industry, and strong brand name and healthy relationship with customers. However, the rating strengths are remain constrained by moderate debt protection metrics, strong competition from organized co- operatives, large private sector, and unorganised players and vulnerability to external factors such as adverse weather conditions and disease outbreaks.



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The negative outlook reflects working capital intensive operations resulting in increased debt level in near term.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Sustained improvement in the operating income and profitability.
- Sustained improvement in debt protection metrics

#### **Downward Factors**

- Any decline in scale of operations and/or profitability, leading to significant deterioration of debt protection metrics.
- Any large capex leading to a deterioration in the solvency parameters.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Extensive experience of promoters in the dairy industry**

ML was founded by Mr. Karamjit Jaiswal in 1973. With over five decades of experience in business and administration within the dairy and alcoholic beverages sectors, he has played a key role in the company's growth. Over time, ML has successfully built a strong presence in Northern India through its established brand, "Milkfood."

##### **Strong brand name and healthy relationship with customers**

ML sells its Desi Ghee and Milk Powder under the brand name "Milkfood," which has a strong presence in Delhi, Punjab, Rajasthan, and surrounding regions. The brand's wide recognition is a result of its long-standing presence in the market. The company has a strong customer base, with established distribution network and institutional buyers.

#### **Key Rating Weakness**

##### **Decline in revenues and profitability**

After registering a year-on-year decline of 6.52% in FY24(FY refers to 1<sup>st</sup> April to 31<sup>st</sup> March) compared to FY23, the company's total operating income (TOI) witnessed a marginal recovery in FY25, increasing by 2.48% to Rs. 447.76 crore. This improvement was primarily supported by higher sales volumes of milk powder and other value-added dairy



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products, which helped offset the impact of price fluctuations and pressure on margins. However, in QIFY26 the company has registered a decline in TOI to Rs. 73.66 crore from Rs. 96.05 crore in Q1FY25.

Further ML's profitability has been declining over the years; PAT declined from Rs. 9.75 crore in FY23 to Rs. 7.12 crore in FY24, and further to Rs. 4.52 crore in FY25. The PAT for FY24 included other income of Rs. 6.43 crore from the write-back of security deposits, while in FY25 other income was lower at Rs. 1.88 crore. After adjusting for this, the profitability in FY25 shows some improvement. However, in Q1FY26, PAT turned into a loss of Rs. 0.69 crore compared to a profit of Rs. 0.59 crore in Q1FY25, mainly due to raw material shortages leading to higher procurement costs.

### **Moderate debt protection metrics**

The overall gearing and debt coverage indicators of the company remain moderate. The overall gearing ratio improved from 1.49x as on March 31, 2023, to 1.27x as on March 31, 2024, primarily due to an increase in tangible networth from Rs 81.20 crore to Rs 90.07 crore during the same period, driven by profit accretion. The ratio further improved marginally to 1.25x as on March 31, 2025. The interest coverage ratio declined from 2.46x as on 31<sup>st</sup> March 2023, to 1.45x as on 31<sup>st</sup> March 2024, primarily due to a rise in interest and finance costs during FY24. However, it improved to 2.18x as of March 31, 2025, driven by higher EBITDA and lower interest expenses in FY25. DSCR remained marginally around unity in FY25 primarily due to higher debt repayments during the year. Nevertheless, cash flow was supported by GST refund received by the company.

### **Strong competition from organized co-operatives, large private sector, and unorganised players**

ML operates in a highly competitive market, facing strong competition from organized cooperatives, large private players, and unorganized sector participants. In regions dominated by major cooperatives, the company has limited pricing power. It competes with well-established brands such as Amul, Country Delight, among others.



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### **Vulnerability to external factors such as adverse weather conditions and disease outbreaks**

ML's revenues and profitability are vulnerable to agro-climatic factors like droughts and cattle diseases, which can negatively affect milk production. Additionally, its profit margins are sensitive to weather conditions, as lower milk availability during peak (flush) seasons can lead to higher procurement costs.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

### **Liquidity – Adequate**

The liquidity position of the company remains adequate marked by expectation of sufficient cushion in cash accruals. The company maintains adequate cash and bank balance to meet its liquidity requirement, and the current ratio also remained comfortable at 1.19x as on 31<sup>st</sup> March 2025. The overall working capital utilisation of the company for the last 12 months ending June 2025 stood moderate at 76.27%.

### **About the Company**

Milkfood Limited (ML) incorporated in 1973, located in Patiala, Punjab is promoted by Mr. Karamjit Jaiswal. It is a part of the Jagatjit Group of Industries, with its base at Hamira in Jalandhar (Punjab) and its corporate office in the National Capital, Delhi. The Desi Ghee and Milk Powder are core products of the company. It sells its product under the brand name of "Milkfood". The manufacturing unit at Patiala has installed capacity to manufacture ghee of 11700 MTPA. The other unit at Moradabad has installed capacity to produce butter 5400 MTPA and skimmed milk powder 12240 MTPA. The company carries out job work for Rajasthan Cooperative Dairy Federation Limited at Patiala plant and Mother Dairy Fruit and



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Vegetable Private Limited at Moradabad plant.

### Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	436.93	447.76
EBITDA	19.68	23.65
PAT	7.12	4.52
Total Debt	114.60	112.99
^Tangible Net Worth	90.07	90.64
EBITDA Margin (%)	4.50	5.28
PAT Margin (%)	1.60	1.01
Overall Gearing Ratio (x)	1.27	1.25
Interest Coverage (x)	1.45	2.18

\* Classification as per Infomerics' standards.

^ Adjusted Tangible network

### Note:

Overall gearing ratio and adjusted tangible network as on 31<sup>st</sup> March 2023 has been changed in comparison to the previous press release of May 17<sup>th</sup>, 2024, as the revaluation reserve has been adjusted from network over the years.

**Status of non-cooperation with previous CRA:** None

**Any other information:** Nil

### Rating History for last three years:

S r . N o .	Name of Security/Facilities	Current Ratings (2025-2026)				Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating		Date(s) & Rating(s) ) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					Date 17 <sup>th</sup> July 2025	Date 17 <sup>th</sup> May 2024	Date 3 <sup>rd</sup> April 2023	
					Rating	Rating	Rating	
1	Fund based Bank Facilities	Long Term	78.90	IVR BBB-/ Negative (IVR Triple B Minus With Negative Outlook)	IVR BBB/ Negative (IVR Triple B with Negative outlook)	IVR BBB/St able (IVR Triple B with Stable outlook)	IVR BBB/Stabl e (IVR Triple B with Stable outlook)	-





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S r . N o .	Name of Security/Faciliti es	Current Ratings (2025-2026)				Rating History for the past 3 years		
		Type (Long Term/S hort Term)	Amou nt outsta nding (Rs. Crore)	Rating		Date(s) & Rating(s) ) assigne d in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in in 2022-23
					Date 17 <sup>th</sup> July 2025	Date 17 <sup>th</sup> May 2024	Date 3 <sup>rd</sup> April 2023	
2	Non-Fund based Bank Facilities	Short Term	15.50	IVR A3 (IVR A Three)	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	-
3	Proposed Non- Fund based Bank Facilities	Short Term	5.6	IVR A3 (IVR A Three)	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	-

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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) (previously Infomerics Valuation and Rating Private Limited) 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.



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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 and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coup on Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund based Bank Facilities - Term Loan	-	-	-	June 2029	13.90	IVR BBB- /Negative (IVR Triple B Minus with Negative Outlook)
Fund based Bank Facilities - Cash Credit	-	-	-	-	65.00	IVR BBB- /Negative (IVR Triple B Minus with Negative Outlook)
Non-Fund based Bank Facilities –	-	-	-	-	15.50	IVR A3 (IVR A Three)



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Bank Guarantee						
Non-Fund based Bank Facilities Proposed	-	-	-	-	5.60	IVR A3 (IVR A Three)

**Annexure 2: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-milkfood-19aug25.pdf>

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

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