# Milkfood Limited

## July 17th , 2025

**Ratings**

| Instrument / Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|---|---|---|---|---|---|
| Long Term Bank Facilities | 78.90 (enhanced from 73.32) | IVR BBB/Negative (IVR Triple B with Negative Outlook) | IVR BBB/Stable (IVR Triple B with Stable Outlook) | Rating Reaffirmed and Outlook Revised from Stable to Negative | Simple |
| Short Term Bank Facilities | 15.50 (enhanced from 9.00) | IVR A3+ (IVR A Three Plus) | IVR A3+ (IVR A Three Plus) | Rating Reaffirmed | Simple |
| Proposed Short Term Bank Facilities | 5.6 (Reduced from 7.68) | IVR A3+ (IVR A Three Plus) | IVR A3+ (IVR A Three Plus) | Rating Reaffirmed | Simple |
| **Total** | **100.00** **(Rupees Hundred Crore Only)** | | | | |

**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 reaffirmed its rating assigned to the Bank facilities of Milkfood Limited (ML). The ratings continue to derive comfort from extensive experience of the promoters in the dairy industry, moderate scale of operations, strong brand name and healthy relationship with customers. However, these rating strengths 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.

The negative outlook has been assigned due to 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."

**Moderate scale of operations**

After y-o-y decline of 6.52% in FY24 (FY refers to 1st April to 31st March) over FY23 the total operating income increased by 2.48% in FY25, driven by higher sales volumes of milk powder and other dairy products. EBITDA also improved from Rs. 19.68 crore to Rs. 23.65 crore during the same period due to reduced manufacturing expenses. In FY25, the PAT declined to Rs. 4.52 crore from Rs. 7.12 crore in FY24. However, the PAT in FY24 included other income of Rs. 6.43 crore from the write-back of security deposits, whereas other income in FY25 stood at Rs. 1.88 crore. Therefore, after adjusting for other income, the PAT actually reflects an improvement in FY25.

**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 Weaknesses**

**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$^{st}$ March 2023, to 1.45x as on 31$^{st}$ 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.

**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 31st 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 Vegetable Private Limited at Moradabad plant.

**Financials (Standalone):** **(Rs. crore)**

| For the year ended/ As on* | 31-03-2024 | 31-03-2025 |
|---|---|---|
| | Audited | Audited |
| 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 networth*

***Note:***
Overall gearing ratio and adjusted tangible networth as on 31st March 2023 has been changed in comparison to the previous press release of May 17th, 2024, as the revaluation reserve has been adjusted from networth over the years.

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

**Any other information:** Nil

**Rating History for last three years:**

| Sr. No. | 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 in 2022-23 |
| | | | | | Date 17th May 2024 | Date 3rd April 2023 | Date |
| | | | | | Rating | Rating | Rating |
| 1 | Fund Based Bank Facilities | Long Term | 78.90 (enhanced from 73.32) | IVR BBB/Negative (IVR Triple B with Negative Outlook) | IVR BBB/Stable (IVR Triple B with Stable outlook) | IVR BBB/Stable (IVR Triple B with Stable outlook) | - |
| 2 | Non-Fund based Bank Facilities | Short Term | 15.50 (enhanced from 9.00) | IVR A3+ (IVR A Three Plus) | IVR A3+ (IVR A Three Plus) | IVR A3+ (IVR A Three Plus) | - |
| 3 | Proposed | Short Term | 5.6 (Reduced from 7.68) | 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.

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.

**Annexure 1: Instrument/Facility Details**

| Name of Facility/ /Security | ISIN | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|---|---|---|---|---|---|---|
| Fund based Bank Facilities - Term Loan | - | - | - | June 2029 | 13.90 (enhance from 11.54) | IVR BBB/Negative (IVR Triple B with Negative Outlook) |
| Fund based Bank Facilities - Cash Credit | - | - | - | - | 65.00 (enhanced from 50.00) | IVR BBB/Negative (IVR Triple B with Negative Outlook) |
| Non-Fund based Bank Facilities – Bank Guarantee | - | - | - | - | 15.50 (enhance from 9.00) | IVR A3+ (IVR A Three Plus) |
| Non-Fund based Bank Facilities Proposed | - | - | - | - | 5.60 (Reduced from 7.68) | IVR A3+ (IVR A Three Plus) |

**Annexure 2: Facility wise lender details**

**https://www.infomerics.com/admin/prfiles/len-milkfood-jul25.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.