

## Press Release

### Karnal Milk Foods Limited

December 17, 2019



### Rating Update

<b>Total Bank Facilities Rated*</b>	Rs. 19.00 Cr. #
<b>Long Term Rating</b>	ACUITE BB+ (Downgraded from ACUITE BBB-) Issuer not co-operating*
<b>Short Term Rating</b>	ACUITE A4+ (Downgraded from ACUITE A3+) Issuer not co-operating*

# Refer Annexure for details

\* The issuer did not co-operate; Based on best available information.

Acuité has downgraded the long-term rating to '**ACUITE BB+** (read as ACUITE double B plus) from '**ACUITE BBB-** (read as ACUITE triple B minus) and short-term rating to '**ACUITE A4+** (read as ACUITE A four plus) from '**ACUITE A3+** (read as ACUITE A three plus) on the Rs. 19.00 crore bank facilities of Karnal Milk Foods Limited. The rating downgrade is on account of information risk. This rating is now an indicative rating and is based on best available information.

Karnal Milk Foods Limited (KMFL) was incorporated in 1991 by Mr. Gian Prakash Gupta (Chairman), Mr. Vipin Gupta (Managing Director) and family is an AGMARK, BIS & ISI MARK certified company engaged in processing of milk into butter, ghee, Milk Powder, Whitener etc. and sells under the brand name of "Karan". The processing unit is in Karnal (Haryana). The company is mainly selling their products to clients like Britannia, ITC and Parle. Entire sale of the company is to corporate clients. The company is not engaged in the retailing of aforementioned milk products. The promoters of the company have more than three decades of experience in whole selling of milk products.

#### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of KMFL to arrive at this rating.

#### Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

#### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities- <https://www.acuite.in/view-rating-criteria-4.htm>

#### Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

#### About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated attempts.

#### Status of non-cooperation with previous CRA (if applicable)

Not applicable

#### Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

#### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
29-May-2019	Cash Credit	Long Term	17.00	ACUITE BBB- Issuer not cooperating*
	Letter of Credit	Short Term	1.00	ACUITE A3+ Issuer not cooperating*
	Bank Guarantee	Short Term	1.00	ACUITE A3+ Issuer not cooperating*
28-Feb-2018	Cash Credit	Long Term	17.00	ACUITE BBB-/Stable Issuer not cooperating*
	Letter of Credit	Short Term	1.00	ACUITE A3+ Issuer not cooperating
	Bank Guarantee	Short Term	1.00	ACUITE A3+ Issuer not cooperating
16-Dec-2016	Cash Credit	Long Term	17.00	ACUITE BBB-/Stable (Assigned, Suspension revoked)
	#Letter of Credit	Short Term	1.00	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	1.00	ACUITE A3+ (Assigned, Suspension revoked)

# Both way fully interchangeability between bank guarantee and letter of credit

#### #Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	17.00	ACUITE BB+ (Downgraded, Issuer not cooperating)

Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4+ (Downgraded, Issuer not cooperating)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4+ (Downgraded, Issuer not cooperating)

\*The issuer did not co-operate; Based on best available information.

## Contacts

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## About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile ACUITE Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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