

Press Release

Karnal Milk Foods Limited

May 24, 2022



Rating Downgraded, Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.00	ACUIE BB- Downgraded Issuer not co-operating*	-
Bank Loan Ratings	2.00	-	ACUIE A4+ Reaffirmed Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	19.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Refer Annexure for details

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

Rating Rationale

Acuite has downgraded the long-term rating to 'ACUIE BB-' (read as **ACUIE double B minus**) from 'ACUIE BB' (read as **ACUIE double B**) and reaffirmed the short-term rating of 'ACUIE A4+' (read as **ACUIE A four plus**) on the Rs. 19.00 crore bank facilities of Karnal Milk Foods Limited (KMFL). The rating continues to be flagged as "Issuer Not-Cooperating" and is downgraded on account of information risk.

About the Company

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.

Non-cooperation by the issuer/borrower:

Acuite 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 the due date.

Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

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

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 endeavored 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 requests.

Rating Sensitivity

"No information provided by the issuer / available for Acuite to comment upon."

Material Covenants

Not Applicable

Liquidity Indicators

"No information provided by the issuer / available for Acuite to comment upon."

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Status of non-cooperation with previous CRA

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.

Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>

Note on Complexity Levels of the Rated Instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 Feb 2021	Letter of Credit	Short Term	1.00	ACUITE A4+ (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.00	ACUITE A4+ (Issuer not co-operating*)
	Cash Credit	Long Term	17.00	ACUITE BB (Downgraded and Issuer not co-operating*)
17 Dec 2019	Letter of Credit	Short Term	1.00	ACUITE A4+ (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.00	ACUITE A4+ (Issuer not co-operating*)
	Cash Credit	Long Term	17.00	ACUITE BB+ (Issuer not co-operating*)
	Cash Credit	Long Term	17.00	ACUITE BBB- (Issuer not co-operating*)

29 May 2019	Letter of Credit	Short Term	1.00	ACUITE A3+ (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.00	ACUITE A3+ (Issuer not co-operating*)
28 Feb 2018	Cash Credit	Long Term	17.00	ACUITE BBB- (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.00	ACUITE A3+ (Issuer not co-operating*)
	Letter of Credit	Short Term	1.00	ACUITE A3+ (Issuer not co-operating*)
16 Dec 2016	Cash Credit	Long Term	17.00	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	1.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	1.00	ACUITE A3+ (Assigned)
29 Aug 2016	Cash Credit	Long Term	17.00	ACUITE BBB Stable (Suspended)
	Bank Guarantee	Short Term	2.00	ACUITE A3+ (Suspended)
23 Jun 2015	Cash Credit	Long Term	17.00	ACUITE BBB Stable (Assigned)
	Bank Guarantee	Short Term	2.00	ACUITE A3+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4+ Reaffirmed Issuer not co-operating*
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	17.00	ACUITE BB- Downgraded Issuer not co-operating* (from ACUITE BB)
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4+ Reaffirmed Issuer not co-operating*

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in
Ashvita Ramesh Analyst-Rating Operations Tel: 022-49294065 ashvita.ramesh@acuite.in	

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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