

Press Release

MORGAN MILK AND DAIRY INDUSTRIES PRIVATE LIMITED

November 29, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 18.00 Cr.
Long Term Rating	SMERA B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (**read as SMERA B minus**) on the Rs. 18.00 crore bank facilities of MORGAN MILK AND DAIRY INDUSTRIES PRIVATE LIMITED. The outlook is '**Stable**'.

Morgan Milk & Dairy Industries Private Limited (MMDIPL) is a Nashik-based company incorporated in 2014. The company plans to commence operations in the manufacture of milk-based products such as milk powder, ghee, butter, paneer among others at Malegaon, Nashik from January 2018. MMDIPL will cater to retail as well as institutional clients across India.

Key Rating Drivers

Strengths

- **Experienced management**

The company was promoted by Mr. Samadhan Hire and Ms. Rekha Hire who possess decades of experience in milk processing.

- **Favourable location**

The dairy project is located at Malegaon, District Nashik with easy access to major towns in Maharashtra and the National Highway.

Weaknesses

- **Project implementation risk**

Since operations are expected to commence from January 2018 the company is exposed to project implementation and project offtake risk. Any change related to the same can have adverse implications on the funding profile and liquidity position.

- **Fragmented and competitive nature of business**

The company is engaged in the intensely competition and fragmented milk processing business with several organised and unorganised players.

- **Susceptibility to unfavourable changes in government policies**

The company is exposed to unfavourable changes in the regulations that can affect margins.

Analytical Approach

SMERA has considered the standalone financial and business risk profile of MMDIPL to arrive at the rating.

Outlook: Stable

SMERA believes that the outlook of MMDIPL will remain stable owing to the extensive experience of the promoters. The outlook may be revised to 'Positive' if the company is able to scale up operations with improvement in profitability margins. Conversely, the outlook may be revised to 'Negative' in case of additional working capital borrowings leading to deterioration in the overall financial risk profile.

About the Rated Entity - Key Financials

Not Applicable

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smerra.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA B- / Stable
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	15.00	SMERA B- / Stable

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