

Press Release

Shree Warana Sahakari Dudh Utpadak Prakriya Sangh Limited

April 21, 2023



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	234.75	ACUITE BB+ Downgraded Issuer not co-operating*	-
Bank Loan Ratings	85.50	-	ACUITE A4+ Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	320.25	-	-

Rating Rationale

Acuite has downgraded its long term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from '**Acuite A-**' (read as **ACUITE A minus**) and short term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) from '**ACUITE A2+**' (read as **ACUITE A two plus**) on the Rs.320.25 crore bank facilities of Shree Warana Sahakari Dudh Utpadak Prakriya Sangh Limited. The rating downgrade is on the account of information risk. This rating is now an indicative rating and is based on the best information available.

About the Company

Shree Warana Sahakari Dudh Utpadak Prakriya Sangh Limited (SWS), established in 1968, is a cooperative society. It is engaged in milk processing and production of dairy products. SWS has 7 lac litres per day of milk processing capacity with multi product capabilities. It offers wide range of products like pasteurized milk, toned milk, flavoured milk, double toned milk, sweetened condensed milk, UHT milk, yoghurt, ghee, cheese, paneer, skimmed milk powder, butter milk, cream, shrikhand etc. The products are distributed under the brand name of 'Warana'. SWS mainly has its presence in Maharashtra, Telangana, Andhra Pradesh, Karnataka and Goa. It has 2 processing units in Kolhapur and 1 in Vashi (Navi Mumbai). SWS also undertakes job work for Mondelez India Foods Limited (formerly known as Cadbury India Ltd) for the production of cocoa powder and bournvita. Further, it also takes ice cream processing contracts from Mother Dairy. The society has a distribution centre in Dubai named as Warana House to distribute milk, skimmed milk powder and ghee to Gulf countries.

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 noncooperation by the issuer along with 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 Acuité'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 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 ratings is based.

Rating Sensitivities

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

Material Covenants

None

Liquidity Position

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

Outlook: Not applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	1093.11	935.00
PAT	Rs. Cr.	1.89	1.13
PAT Margin	(%)	0.17	0.12
Total Debt/Tangible Net Worth	Times	0.76	0.79
PBDIT/Interest	Times	1.55	1.31

Any other information

Acuite is yet to receive the latest NDS despite repeated request

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Feb 2022	Term Loan	Long Term	50.25	ACUITE A- Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	10.00	ACUITE A- Stable (Reaffirmed)
	Proposed Bank Facility	Short Term	70.50	ACUITE A2+ (Reaffirmed)
	Proposed Bank Facility	Long Term	9.50	ACUITE A- Stable (Reaffirmed)
	Proposed Short Term Loan	Short Term	5.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	165.00	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee	Short Term	10.00	ACUITE A2+ (Reaffirmed)
17 Dec 2020	Bank Guarantee	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Proposed Term Loan	Long Term	9.50	ACUITE A- Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	15.00	ACUITE A- Stable (Assigned)
	Short Term Loan	Short Term	0.78	ACUITE A2+ (Assigned)
	Short Term Loan	Short Term	1.64	ACUITE A2+ (Assigned)
	Proposed Bank Facility	Short Term	40.34	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	67.98	ACUITE A- Stable (Reaffirmed)
	Short Term Loan	Short Term	5.01	ACUITE A2+ (Assigned)
	Short Term Loan	Short Term	5.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	165.00	ACUITE A- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE A4+ Downgraded Issuer not co-operating*
Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	165.00	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	9.50	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	70.50	ACUITE A4+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Short Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A4+ Downgraded Issuer not co-operating*
Bank of India	Not Applicable	Term Loan	28 Dec 2011	Not available	31 Jan 2027	Simple	50.25	ACUITE BB+ Downgraded Issuer not co-operating*

Contacts

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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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