

Press Release

KAUSALYA MILK PRODUCTS PRIVATE LIMITED

12 February, 2018



Total Instruments Rated*	Rs114.30 Cr
Long Term Rating	SMERA A+/Stable (Withdrawn)

* Refer Annexure for details

Rating Rationale

SMERA has withdrawn the rating of **SMERA A+ (read as SMERA A plus)** assigned to the Rs. 114.30 crore facilities of Kausalya Milk Products Private Limited (KMPPL). The rating withdrawal is in accordance with the SMERA's 'policy on withdrawal of rating.

About the Rated Entity

For arriving at the ratings, SMERA has consolidated the business and financial risk profiles of Prabhat Dairy Limited (PDL), Cheese Land Agro (India) Private Limited (CLAIP), Sunfresh Agro Industries Private Limited, Kausalya Milk Products Private Limited and Sunrise Dairy Private Limited (SDPL). The consolidated approach has been adopted on account of significant business and financial alignment between these entities. PDL is engaged in processing and marketing of milk and dairy products. CLAIP is a 100% subsidiary of PDL and is engaged in processing of milk and dairy products. SAIPL is a step down subsidiary of PDL in the dairy business. Kausalya Milk Products Private Limited incorporated in 2010 engaged in milk collection, handling and processing of milk. KMPPL is the associate company of Prabhat Group of Industries (PG) and exclusively supplying milk to Prabhat Dairy Limited. KMPPL and SDPL offers wide range of products like pasteurized Milk, Cream, Butter, Condensed Milk, Skimmed Milk & Whole Milk powder. PDL procured ~35% of its milk requirements for FY17 from KMPPL and SDPL. PDL has extended corporate guarantee to KMPPL & SDPL. The group has 15 lac litres per day of milk processing capacity with multi product capabilities.

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	1505.62	1189.88	1013.57
EBITDA	Rs. Cr.	150.15	125.26	113.08
PAT	Rs. Cr.	47.11	27.22	30.45
EBITDA Margin	(%)	9.97	10.53	11.16
PAT Margin	(%)	3.13	2.29	3.00
ROCE	(%)	8.88	9.10	28.20
Total Debt/Tangible Net Worth	Times	0.71	0.36	1.22
PBDIT/Interest	Times	4.78	2.99	2.63
Total Debt/PBDIT	Times	2.91	1.88	3.78
Gross Current Assets (Days)	Days	165	136	124

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
January 12, 2018	Term Loan	Long Term	105.30	SMERA A+/Stable (Assigned)
	Cash Credit	Long Term	9.00	SMERA A+/Stable (Assigned)

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	N.A	N.A	N.A	105.30	SMERA A+/Stable (Withdrawn)
Cash Credit	N.A	N.A	N.A	9.00	SMERA A+/Stable (Withdrawn)

Note on complexity levels of the rated instrument:

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

Contacts:

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: +91-22-6714 1107 suman.chowdhury@smera.in	VarshaBist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in
Vishal Choudhary, Analyst - Rating Operations Tel: +91-22-6714 1159 vishal.choudhary@smera.in	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.