

December 22, 2023

Shruthi Milk Products (P) Ltd: Continues to remain under issuer Non-Cooperating category, Rating downgraded based on best available information

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term-Fund Based-Cash Credit	15.00	15.00	[ICRA]D; ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]B+(Stable) ISSUER NOT COOPERATING and continues to remain under 'Issuer Not Cooperating' category.
Long Term-Fund Based-Term Loan	5.94	5.94	[ICRA]D; ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]B+(Stable) ISSUER NOT COOPERATING and continues to remain under 'Issuer Not Cooperating' category.
Short Term-Non Fund Based- Others	0.06	0.06	[ICRA]D; ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A4 ISSUER NOT COOPERATING and continues to remain under 'Issuer Not Cooperating' category.
Total	21.00	21.00	

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

Material event

The rating downgrade reflects Delay in Debt Repayment as mentioned in the publicly available sources.

Impact of material event

The rating is based on limited information on the entity's performance since the time it was last rated in October 2022. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade".

As part of its process and in accordance with its rating agreement with Shruthi Milk Products (P) Ltd, ICRA has been trying to seek information from the entity to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite repeated requests by ICRA, the entity's management has remained noncooperative. In the absence of the requisite information and in line with the aforesaid policy of ICRA, the rating has been moved to the "Issuer Not Cooperating" category. The rating is based on the best available information.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#) ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy in respect of non-cooperation by the rated entity Corporate Credit Rating Methodology Policy on Default Recognition
Parent/Group Support	NA
Consolidation/Standalone	Standalone

About the company

Shruthi Milk Products (P) Ltd was incorporated in 2009 by Mr. Kannaiah Reddy. The company manufactures milk and other value-added dairy products including flavored milk, butter milk, curd, ghee and ice cream, and markets the same under the brand name 'Shruthi'. The manufacturing plant is located in Chittoor, Andhra Pradesh with a milk-processing capacity of 1.30 lakh litres per day. SML has strong distribution network spread across Andhra Pradesh, Tamil Nadu and Karnataka. It also has 16 exclusive retail outlets for selling its products.

Status of non-cooperation with previous CRA:

CRA	Status	Date of Release
India Ratings	IND BB+/IND A4+ (ISSUER NOT COOPERATING)	September 12, 2023
CRISIL	CRISIL B+/ Stable (ISSUER NOT COOPERATING)	October 25, 2023

Any other information: None

Rating history for past three years

	Instrument			Current Rating (FY2024)		Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. Crore)	Amount Outstanding (Rs. Crore)	Date & Rating in	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
					22-Dec-2023	21-Oct-2022	20-Sep-2021	27-Jul-2020
1	Fund Based-Cash Credit	Long Term	15.00	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]B+ (Stable); ISSUER NOT COOPERATING
2	Fund Based-Term Loan	Long Term	5.94	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]B+ (Stable); ISSUER NOT COOPERATING
3	Non Fund Based	Short Term	0.06	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4; ISSUER NOT COOPERATING

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund Based-Cash Credit	Simple
Fund Based-Term Loan	Simple
Non Fund Based	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Fund Based-Cash Credit	-	-	-	15.00	[ICRA]D; ISSUER NOT COOPERATING
NA	Fund Based-Term Loan	-	-	-	5.94	[ICRA]D; ISSUER NOT COOPERATING
NA	Non Fund Based	-	-	-	0.06	[ICRA]D; ISSUER NOT COOPERATING

Source: Shruthi Milk Products (P) Ltd

Annexure-2: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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Branches



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