

## Alpha Milk Foods Private Limited

Instrument	Amount	Rating Action as on March 2016
<b>Fund-Based Limits</b>	<b>In Rs. Crore</b>	
Term Loan	24.00	[ICRA]B+; assigned
<b>Total</b>	<b>24.00</b>	

ICRA has assigned its long term rating of [ICRA] B+ (pronounced ICRA B plus) to the Rs. 24.0 crore fund based bank facilities of Alpha Milk Foods Private Limited (AMFPL).

ICRA's rating takes into account the extensive experience of the promoters, spanning over two decades, in the milk processing industry. The rating also factors in the advanced stage of completion the project, with the plant expected to become operational by April 2016. ICRA also takes cognizance of the favourable location of the plant in the milk production belt of Uttar Pradesh, and moderate market risk, as the promoters will capitalize on their relationship with ITC Ltd, Britannia Industries Ltd and other big players to procure orders.

ICRA has taken note of the delay in commencement of the project, from October 2015 to April 2016, and the restricted pricing power in the milk processing industry which is intensely competitive. The rating also takes into consideration the high reliance on debt for funding the initial project cost, resulting in significant debt repayment obligations in the first few years, leading to constrained cash flows and weak debt protection metrics. The company's debt servicing capability remains vulnerable to a slower than expected ramp up of sales.

Going forward, the ability of the company to achieve commercial operations in time and ramp up its capacity utilization to meet the desired operating parameters will be the key rating sensitivities.

### About the Company

Incorporated in 2007, AMFPL is setting up a milk processing plant in Hathras (Uttar Pradesh) with a processing capacity of 4 lakh litres of milk per day, to manufacture desi ghee, skimmed milk powder, dairy whitener, butter etc. The company has been promoted by Mr Gian Prakash Gupta and Mr Vipin Gupta. The promoters also have a Haryana-based company, incorporated in 1991, engaged in milk processing, under the name of Karnal Milk Foods Limited.

**March 2016**

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