June 10, 2019

Prabhat Dairy Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount(Rs. crore)	Rating Action
Long Term - Fund Based TL	45.50	45.50	[ICRA]A+ &; Withdrawn
Long Term – Fund Based/ CC	370.00	370.00	[ICRA]A+ &; Withdrawn
Short Term – Non Fund Based	30.00	30.00	[ICRA]A1 &; Withdrawn
Total	**445.50**	**445.50**	

*Instrument details are provided in Annexure-1; & - Ratings on watch with developing implications

Rationale

ICRA has withdrawn the outstanding long term rating of [CRA]A+ (pronounced as ICRA A plus) and short term rating of [ICRA]A1 (pronounced as ICRA A one) (Ratings on watch with developing implications) to the Rs. 445.50 crore[1] bank facilities of Prabhat Dairy Limited. (PDL or the company)[2] on the basis of client's request and no objection certificates received from the bankers.

Outlook: Not applicable

Key rating drivers

Key Rating drivers have not been captured as the rated instrument is being withdrawn.

Liquidity Position:

Liquidity position has not been captured as the rated instrument is being withdrawn.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	[Corporate Credit Rating Methodology](#) [ICRA's Policy on Withdrawal and Suspension of Credit Rating](#)
Parent/Group Support	Not applicable.
Consolidation / Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Prabhat Dairy Limited. As on March 31, 2019, the company had a step-down subsidiary, which is listed in Annexure-2

[1] *100 lakh = 1 crore = 10 million*

[2] *For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications*

About the company:

Prabhat Dairy Limited is part of the Srirampur-based (Maharashtra) Prabhat Group, with the other key Group company being, Sunfresh Agro Industries Private Limited. Incorporated in 1998, the Group is promoted by the Nirmal family, whose key business area is integrated milk and dairy products manufacturing. The group enjoys a milk processing capacity of 15 lakh litres per day with multi-product capabilities. PDL offers a wide range of products like pasteurised milk, flavoured milk, sweetened condensed milk, UHT milk, yoghurt, dairy whitener, clarified butter (*ghee*), cheese, cottage cheese (*paneer*), skimmed and whole milk powder, baby food ingredients, etc. The Group's major client includes leading global and domestic FMCG companies like Mondelez, Abbott, Nestlé, ITC Ltd., Britannia, Future Group, Perfetti, Mother Dairy, Vadilal, Haldiram's, D Mart, Parle, Olam, Lotte, etc.

The Group has formed two separate entities for benefiting from Government policies (Industrial Promotion Scheme – 2007) with SAIPL being a 100% step-down subsidiary of PDL.

In FY2018, on a consolidated basis, the Group reported a net profit of Rs. 47.3 crore on an operating income of Rs. 1554.0 crore, as compared to a net profit of Rs. 46.9 crore on an operating income of Rs. 1410.0 crore in the previous year.

Key financial indicators Audited)

	FY2017	FY2018
Operating Income (Rs. crore)	1410.0	1554.0
PAT (Rs. crore)	46.9	47.3
OPBDIT/OI (%)	9.0%	8.6%
RoCE (%)	11.4%	8.8%
Total Debt/TNW (times)	0.3	0.1
Total Debt/OPBDIT (times)	1.5	0.6
Interest coverage (times)	4.3	4.0

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2020)					Chronology of Rating History for the Past 3 Years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating June 2019	February 2019	January 2019	December 2017	January 2017
1	Term Loan facilities	Long Term	45.5	-	[ICRA]A+& Withdrawn	[ICRA]A+& (Continues to remain under watch with developing implications)	[ICRA]A+& (Placed on watch with developing implications)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
2	Cash Credit facilities	Long Term	370.0	-	[ICRA]A+& Withdrawn	[ICRA]A+& (Continues to remain under watch with developing implications	[ICRA]A+& (Placed on watch with developing implications)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
5	Non Fund based	Short Term	30.0	-	[ICRA]A1& Withdrawn	[ICRA]A1& (Continues to remain under watch with developing implications	[ICRA]A1& (Placed on watch with developing implications)	[ICRA]A1	[ICRA]A1
	Total		**445.5**	**-**					

& - Ratings on watch with developing implications

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

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	Long term - Fund based – Term Loan	-	-	-	45.50	[ICRA]A+& Withdrawn
NA	Long term - Fund based – Cash Credit	-	-	-	370.00	[ICRA]A+ &; Withdrawn
NA	Short term - Non-fund based	-	-	-	30.00	[ICRA]A1&; Withdrawn

Source: The company information

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Sunfresh Agro Industries Private Limited (a step-down subsidiary of PDL)	100.00%	Full Consolidation

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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.

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