

# Milkfood Limited

August 27, 2026

## Rating Action

|                                                                                                                                                                                                                                       |                                                                                        |                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|------------------------------|
| <b>Total Bank Loan Facilities Rated</b>                                                                                                                                                                                               | <b>Rs. 95.01 Crore (reduced from Rs. 100.00 crore)</b>                                 | <b>Regulator<sup>^</sup></b> |
| <b>Long Term Rating</b>                                                                                                                                                                                                               | <b>IVR BB+/Stable (Rating Reaffirmed; outlook revised to 'Stable' from 'Negative')</b> | <b>RBI</b>                   |
| <b>Short Term Rating</b>                                                                                                                                                                                                              | <b>IVR A4+ (Rating Reaffirmed)</b>                                                     |                              |
| <sup>^</sup> Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available. |                                                                                        |                              |

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

**Note:** None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

## Rationale

Infomerics Ratings has reaffirmed its rating to the bank facilities of Milkfood Limited (ML). The ratings continue to be supported by improvement in financial performance in H2FY26 and Q1FY27; supported by strategic asset monetization, extensive experience of promoters in the dairy industry, Strong brand name and healthy relationship with customers, However, these rating strengths are partially offset by vulnerability of margins to raw material price volatility, Strong competitive industry, vulnerability to external factors such as adverse weather conditions and disease outbreaks.

## Outlook: Stable

The outlook revised to Stable from Negative due expected improvement in operations and financial performance.

## Analytical Approach

| <b>Approach</b>           | <b>Comments</b> |
|---------------------------|-----------------|
| Consolidation/ Standalone | Standalone      |
| Parent/ Group Support     | Not applicable  |

List of companies considered for consolidation/combined analysis is given at Annexure 4.

## Key Rating Drivers with Detailed Description

### Strengths

- **Improvement in financial performance in H2FY26 and Q1FY27; supported by strategic asset monetization**

The company recorded revenue in H2FY26 and Q1FY27, with revenue increasing to Rs. 265.22 crore in H2FY26 and Rs. 81.22 crore in Q1FY27 and while ML reported operating losses of Rs. 3.39 crore during H1FY26 due to disruptions caused by floods in the Northern region, it generated EBITDA of Rs. 9.74 crore in H2FY26 and Rs. 3.01 crore in Q1FY27, reflecting operational performance. Consequently, despite a weak first half, the company achieved a total operating income of Rs. 412.93 crore in FY26. Further, during Q4FY26, ML monetized its Moradabad plant, which was only operational during the winter season for a consideration of Rs. 130 crore

Total debt decreased from Rs. 113.00 crore as on 31<sup>st</sup> March 2025 to Rs. 107.17 crore as on 31<sup>st</sup> March 2026, due to reduction in term liabilities and will further reduce in FY27. The strengthening of the capital structure was also reflected in the improvement in adjusted tangible net worth, which increased from Rs. 90.64 crore as on March 31, 2025, to Rs. 138.44 crore as on March 31, 2026, primarily due to accretion of profits. Consequently, the overall gearing ratio improved to 0.77x from 1.25x, while the TOL/ATNW ratio improved to 1.24x from 2.19x over the same period.

- **Extensive experience of promoters in the dairy industry**

ML was established by Mr. Karamjit Jaiswal in 1973, who possesses over five decades of experience in the dairy and alcoholic beverages industries. Under his leadership, the company has developed a strong market presence in Northern India through its well-established "Milkfood" brand. ML is also led by Mr. Sudhir Avasthi, Managing Director, a qualified Chartered Accountant with around 42 years of experience in business management, administration, taxation, finance, and accounting. The extensive industry expertise of the promoters, coupled with their longstanding business relationships and strong market credibility, has been instrumental in supporting the company's growth and operational stability over the years

- **Strong brand name and healthy relationship with customers**

ML markets its Desi Ghee and Milk Powder under the well-established “Milkfood” brand, which enjoys strong recognition across Delhi, Punjab, Rajasthan, and adjoining regions owing to its long-standing presence in the dairy industry. Leveraging its established market position, the company has entered into a job-work arrangement with SMC Foods Limited under the Madhusudan Group. The arrangement is expected to generate annual revenue of around Rs. 20 crore, with better margin visibility and a minimum committed volume of 4.5 lakh litres per day from the Madhusudan Group. To cater to the additional volumes, ML is undertaking a capex of approximately Rs. 20 crore at its Patiala plant, which is expected to be completed after September 2027. Further, ML benefits from a diversified customer base, an established distribution network, and longstanding relationships with institutional buyers, supporting its business profile.

## Weaknesses

- **Vulnerability of margins to raw material price volatility**

ML continues to operate with thin operating margins, which remain susceptible to volatility in raw material prices. The EBITDA margin declined from 5.28% in FY25 to 1.54% in FY26, primarily due to a sharp increase in the prices of key raw materials such as loose ghee and butter arising from supply shortages. The company's profitability remains exposed to fluctuations in input costs, as any adverse movement in raw material prices may impact its operating margins. However, to mitigate this risk.

- **Strong competitive industry**

ML operates in a highly competitive dairy industry, facing intense competition from organized cooperatives, established private players, and participants in the unorganized sector. The company has limited pricing flexibility in regions dominated by large cooperatives and competes with well-established brands such as Amul and Country Delight, among others.

- **Vulnerability to external factors such as adverse weather conditions and disease outbreaks**

ML's revenues and profitability are vulnerable to agro-climatic factors such as droughts, floods, and cattle diseases, which can adversely impact milk production and the availability of raw materials. Additionally, its profit margins remain sensitive to weather

conditions, as lower milk availability during lean seasons and disruptions caused by adverse climatic events can result in higher procurement costs and supply chain challenges.

### Liquidity – Adequate

The liquidity position of the company remains adequate with unencumbered cash and bank balance of Rs 1.10 crore as on 31-Mar-2026, and Rs. 0.82 crore as on June 30, 2026, and the current ratio also remained comfortable at 2.18x as on 31<sup>st</sup> March 2026. Further, the overall working capital utilisation of the company for the last 12 months ending July 2026 stood moderate at 77.00 %. Operational cash flow was under pressure, but sale of unit was supported the liquidity of the company.

### Rating Sensitivities

#### Upward Factors

Sustained growth in revenue and business operations, leading to enhanced profitability and EBITDA margins exceeding 6%

Sustained improvement in debt coverage metrics, with interest coverage strengthening to above 1.5x

#### Downward Factors

Any further decline in scale of operations and/or profitability, leading to deterioration of debt protection metrics

Deterioration in the capital structure of the company with TOL/TNW increasing to above 2x

### About the Company

Milkfood Limited (ML) incorporated in 1973, located in Patiala, Punjab is promoted by Mr. Karamjit Jaiswal. It is a part of the Jagatjit Group of Industries, with its base at Hamira in Jalandhar (Punjab) and its corporate office in the National Capital, Delhi. The Desi Ghee and Milk Powder are core products of the company. It sells its product under the brand name of “Milkfood”. The manufacturing unit at Patiala has installed capacity to manufacture ghee of 11,700 MTPA. The company carries out job work for Rajasthan Cooperative Dairy Federation Limited at Patiala plant. The company also had a unit at Moradabad with an installed capacity of 5,400 MTPA for

butter and 12,240 MTPA for skimmed milk powder, wherein it undertook job work for Mother Dairy Fruit and Vegetable Private Limited. However, the Moradabad plant has recently been sold.

#### Key Financial Indicators (Standalone):

| For the year ended/ As on*            | 31-03-2025 | 31-03-2026 | Q1FY26    |
|---------------------------------------|------------|------------|-----------|
|                                       | Audited    | Audited    | Unaudited |
| Total Operating Income                | 447.76     | 412.93     | 81.22     |
| EBITDA                                | 23.65      | 6.35       | 3.01      |
| PAT                                   | 4.52       | 44.29      | 0.22      |
| Total Debt                            | 113.00     | 107.17     | -         |
| Tangible Net Worth (TNW) <sup>#</sup> | 91.80      | 139.74     | -         |
| EBITDA Margin (%)                     | 5.28       | 1.54       | 3.71      |
| PAT Margin (%)                        | 1.01       | 9.14       | 0.27      |
| Overall Gearing (times) <sup>#</sup>  | 1.25       | 0.77       | -         |
| Interest Coverage (times)             | 2.18       | 0.46       | 1.34      |

\*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

<sup>#</sup>based on adjusted tangible network

#### Applicable Criteria

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil

### Rating History for last three years

| Sr. No. | Instruments / Facilities           | Current Ratings (Year 2026-27) |                                |                | Rating History for the past 3 years     |                   |                  |                                         |                                         |
|---------|------------------------------------|--------------------------------|--------------------------------|----------------|-----------------------------------------|-------------------|------------------|-----------------------------------------|-----------------------------------------|
|         |                                    | Type (Long Term/Short Term)    | Amount outstanding (Rs. Crore) | Rating         | Date(s) & Rating(s) assigned in 2025-26 |                   |                  | Date(s) & Rating(s) assigned in 2024-25 | Date(s) & Rating(s) assigned in 2023-24 |
|         |                                    |                                |                                |                | November 25, 2025                       | August 19, 2025   | July 17, 2025    | May 17, 2024                            | April 03, 2023                          |
| 1.      | Fund based facilities              | LT                             | 73.91                          | IVR BB+/Stable | IVR BB+/Negative                        | IVR BBB-/Negative | IVR BBB/Negative | IVR BBB/Stable                          | IVR BBB/Stable                          |
| 2.      | Non-fund-based facilities          | ST                             | 15.50                          | IVR A4+        | IVR A4+                                 | IVR A3            | IVR A3+          | IVR A3+                                 | IVR A3+                                 |
| 3.      | Proposed non-fund-based facilities | ST                             | 5.60                           | IVR A4+        | IVR A4+                                 | IVR A3            | IVR A3+          | -                                       | -                                       |

### Annexure 1: Instrument/Facility Details

| Name of Facility/Security | ISIN | Date of Issuance | Coupon Rate/IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/Outlook | Listing Status | Regulator <sup>^</sup> | Complexity Indicator |
|---------------------------|------|------------------|-----------------|---------------|------------------------------|-------------------------|----------------|------------------------|----------------------|
| Term Loan                 | -    | -                | -               | March 2027    | 1.62                         | IVR BB+/Stable          | NA             | RBI                    | Simple               |
| Term Loan                 | -    | -                | -               | June 2029     | 7.29                         | IVR BB+/Stable          | NA             | RBI                    | Simple               |
| Cash Credit               | -    | -                | -               | -             | 55.00                        | IVR BB+/Stable          | NA             | RBI                    | Simple               |
| Cash Credit               | -    | -                | -               | -             | 10.00                        | IVR BB+/Stable          | NA             | RBI                    | Simple               |
| Bank Guarantee            | -    | -                | -               | -             | 7.50                         | IVR A4+                 | NA             | RBI                    | Simple               |
| Bank Guarantee            | -    | -                | -               | -             | 8.00                         | IVR A4+                 | NA             | RBI                    | Simple               |
| Proposed Bank Guarantee   | -    | -                | -               | -             | 5.60                         | IVR A4+                 | NA             | RBI                    | Simple               |

<sup>^</sup>Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

### Annexure 2: Facility wise lender details:

[https://infomericstorage.blob.core.windows.net/uploads/Len\\_Milkfood27\\_Aug26\\_1dbc35e9e9.pdf](https://infomericstorage.blob.core.windows.net/uploads/Len_Milkfood27_Aug26_1dbc35e9e9.pdf)

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not applicable**

**Annexure 4: List of companies considered for Consolidated/Combined analysis: Not applicable**

**Annexure 5: List of activities / instruments and names of regulators**

| Sr. No. | Instrument / activity Name                                                                                   | Regulator of the instruments                   |
|---------|--------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 1       | Listed/Proposed to be listed bonds/debentures/preference share (all securities)                              | SEBI                                           |
| 2       | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)                         | MCA                                            |
| 3       | Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$                             | RBI                                            |
| 4       | Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*                            | SEBI                                           |
| 5       | Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*                              | RBI                                            |
| 6       | Listed Commercial Paper and NCDs with original maturity less than 1 year                                     | RBI                                            |
| 7       | Unlisted Commercial Paper and NCDs with original maturity less than 1 year                                   | RBI                                            |
| 8       | Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^                                              | RBI                                            |
| 9       | External Commercial Borrowings and other similar borrowings                                                  | RBI                                            |
| 10      | Certificates of Deposit                                                                                      | RBI                                            |
| 11a     | Fixed Deposits raised by NBFCs, HFCs, FIs                                                                    | RBI                                            |
| 11b     | Fixed Deposits raised by Banks                                                                               | +                                              |
| 12      | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs                                       | MCA                                            |
| 13      | Inter Corporate Deposits/Loans extended by Corporates                                                        | MCA                                            |
| 14      | Borrowing programme ~                                                                                        | -                                              |
| 15      | Issuer Ratings #                                                                                             | -                                              |
| 16      | Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)                            | SEBI                                           |
| 17      | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs                                    | SEBI                                           |
| 18      | Listed Security Receipts \$                                                                                  | RBI                                            |
| 19      | Unlisted Security Receipts                                                                                   | RBI                                            |
| 20      | Independent Credit Evaluation (ICE)                                                                          | RBI                                            |
| 21      | Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)                    | +                                              |
| 22      | Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))      | SEBI                                           |
| 23      | Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)) | MCA                                            |
| 24      | Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *                         | Investor-side regulator such as IRDAI, PFRDA @ |

**Footnotes:**

*\* Includes securitisation transactions involving assignee payout, acquirer's payout.*

*~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.*

*^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.*

*# There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.*

*@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.*

*\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.*

*+ To be finalized following a discussion with the regulatory authorities.*

**Note:** For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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**About Infomerics**

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