



August 26, 2020

Compliance Department, National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G-Block, Bandra-Kurla Complex Bandra-(E), Mumbai-400051
Scrip Symbol :- PARAGMILK

Dear Sir(s)/Madam,

Subject: Clarification on Revision in Credit Rating

This is with reference to clarification sought with regard to intimation dated September 24, 2020 submitted to the stock exchanges, pursuant to Regulation 30 read with Part A of Schedule III of the SEBI(Listing Obligations and Disclosure Requirements) Regulations,2015,('Listing Regulations'), informing of the revised the credit rating published by ICRA limited for Rs. 603.00 Crore (enhanced from Rs.390.04 Crore) Line of Credit (LOC) availed by the Company.

In accordance with the Listing Regulations, please find below the details of the revision in the ratings for the Company for the aforesaid LOC and the reasons for the downgrade in the ratings.

Name of the Credit Rating Agency	Facilities/ Instrument Type	Ratings/Revised Ratings Assigned	Remarks/Reasons
ICRA Limited	Long- term (Limit enhanced from Rs. 290.04 to Rs. 503.0 crore for total fund based working capital facilities and term loan facilities)	(ICRA A) (Negative) from [ICRA] A+ (ICRA A plus) (Negative)	ICRA has consolidated the financials of Parag Milk Foods Limited (PMFL) and its 100% subsidiary, Bhagyalaxmi Dairy Farms Private Limited (BDFPL), while arriving at the ratings. Stretched working capital cycle and lower demand offtake owing to the Covid-19 related lockdown in Q1FY2021 led to sizable inventory levels. ICRA expects financial performance in FY2021 to be impacted by lower demand consumption; although PMFL will benefit from lower milk prices that may be passed on to end-users with a lag effect. The margins are vulnerable to milk procurement prices, which are governed by the demand-supply scenario, agro-climatic conditions and Government regulations. ICRA will, therefore, continue to monitor the movement in operating margins as well as liquidity position, which will remain a key monitorable.
	Short-term (Same as existing limit of Rs. 100.0 crore non-fund based facilities)	[ICRA] A2+ (ICRA A two plus) from [ICRA] A1 (ICRA A one)	

We request you to kindly take the same on record.

For Parag Milk Foods Limited

Rachana Sangneria
Company Secretary and Compliance Officer
ACS No. 10280

