

Rating Rationale

Miraj Dairy Private Limited

21st April 2017

Brickwork Ratings assigns 'BWR BBB- (SO) (Outlook: Stable)' ratings for the Bank Loan Facilities of Rs. 14.00Cr of Miraj Dairy Private Limited

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based			
Term Loan	7.00	Long Term	BWR BBB- (SO) [Pronounced BWR Triple B Minus (Structured Obligation)] [Outlook: Stable]
Cash Credit	7.00		
Total	14.00	Rupees Fourteen Crores Only.	

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Audited financials of FY15 and FY16 and Projected Financials of Miraj Dairy Private Limited of FY17, FY18 and FY19, publicly available information and information / clarification provided by the Company's management.

The suffix (SO) to the rating indicates that the ratings take into account the Letter of Comfort given by M/s. Pratibha Krushi Prakriya Limited for timely servicing of debt obligation.

The rating, inter alia, draws strength from fact that the Company belongs to the Chavan Group of Companies, the experienced promoters of the Company, YoY improvement in Operating and Net Profit Margin.

However, the rating is constrained by the fact that the company is in the initial stage of operations, the highly fragmented nature of industry with intense competition.

Going forward, the ability of the Company execute the project on time, to improve operational level, profitability, diversify its customer base, timely debt servicing and manage its working capital efficiently will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the Miraj Dairy Private Limited business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Miraj Dairy Private Limited (MDPL) was incorporated on 01st July 2014 with the objective of procuring and handling milk directly from farmers and bulk milk suppliers.

The Company is promoted by Mr. Manesh Chavan. Mr. Manesh Chavan is the brother of Mr. Satish Chavan, Chairman of Chavan Group of Companies. The group has its presence in milk industry since 2002 and has been majorly engaged in the business of milk and milk products. The group sells its products under the brand name of “Pratibha” and “Morana” and “Hartlyn”.

The promoters of the Company are Mr. Manesh D Chavan and Mr. Dhondhiram B Chavan.

The Chavan group of companies mainly includes four entities, viz. Pratibha Krushi Prakriya Limited, Pratibha Milk Industries, Shri Baalaji Milk and Milk Products, Dhanvantari Milk Products Limited. During FY16, the group has achieved a combined operating income of ~Rs. 890Cr.

Company Financial Performance

The Company's Net Sales has increased to Rs. 53.26Cr in FY16 from Rs. 1.70Cr in FY15. The Company has reported a profit after tax of Rs. 0.67Cr in FY16 against a profit of Rs. 0.03Cr in FY15. As per provisional figures the company has achieved a sales of Rs. 55.44Cr till Dec 2016.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs in Cr)	Rating	2016	2015	2014
1	Term Loan	Long Term	7.00	BWR BBB – (SO) [BWR Triple B Minus (Structured Obligation)] [Outlook: Stable]	NA	NA	NA
2	Cash Credit		7.00				

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Trading Entities](#)

Analytical Contacts	Media
Mr. Dinesh Mahabal General Manager - Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf. Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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