

RATING RATIONALE

Anant Dudh Pvt Ltd

Brickwork Ratings revises the rating for Bank Loan Facilities of ₹ 25.00 crs (enhanced from Rs 18.32crs) of Anant Dudh Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (July 2020)	Present
Fund based	17.87	19.35	Long Term	BWR BB Stable Downgraded Issuer Not Co-operating*	BWR BB+ Stable Upgraded
Proposed Fund Based	-	5.20		-	BWR BB+ Stable
Non Fund Based	0.45	0.45	Short Term	BWR A4 Downgraded Issuer Not Co-operating*	BWR A4+ Upgraded
Total	18.32	25.00	INR Twenty Five Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings. Issuer did not co-operate. Based on the best available information
Details of bank facilities in Annexure-I

RATING ACTION/OUTLOOK :

BWR has revised the rating of the bank loan facilities of Rs 25.00 crs of Anant Dudh Pvt Ltd ("ADPL" or "The Company "). The rating has been revised based on the extensive business experience of the promoters in the industry establishing strong relationships with customers and suppliers, diversified product portfolio of the company along with the expansion undertaken to enhance the capacity and improve the profitability, moderate financial risk profile of the company driven by a moderate net worth and low overall gearing and sufficient liquidity. However, the rating is constrained on account of the stagnant scale of operations and marginal decline in FY19 and 20, thin profitability margins and the geographical concentration risk along with the presence in the competitive industry,

BWR believes that ADPL's 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.

BWR has essentially relied upon the audited financial statements of ADPL up to FY 19, management and CA certified provisional financials for FY20, projected financials for FY21, and FY22 publicly available information and information/clarifications provided by the entity's management.

KEY RATING DRIVERS

Credit Strengths:

- **Promoters Experience:** The promoters of the company possess an experience of more than two decades in the industry. Their long standing presence has enabled them to understand the industry dynamics and develop healthy relations with the customers and suppliers.
- **Diversified Product Portfolio and expansion undertaken:** The company produces milk & milk-based products like Ghee, Lassi, Dahi, Chaas, Flavoured Milk, Shrikhand, Amrakhand & Paneer & sells the same under its brand name "ANANT". The company has 3 chilling plants at various locations for preserving the milk before it is delivered to three processing dairy plants for processing & products. The company also has an integrated cold storage facility. The company has also undertaken capex towards enhancement in capacity, modernization and synchronization with the existing unit of Rs. 17.90 crore. Post this capex, the total installed capacity of the milk unit is 3 lakh Liters per day and the same is operational from Q1FY21 onwards.
- **Moderate Financial Risk Profile:** The overall financial risk profile of the company is moderate driven by a gearing of 0.55x for FY20 (Prov) on the back of moderate TNW of Rs. 36.61crs (Prov). The TOL/TNW is also comfortable at 0.68x as of March 2020. The DSCR has although declined during FY20 to 1.12x, owing to the maturing repayment obligations for FY 21, the Net Cash Accruals are sufficient to discharge the liability. The ISCR, however, stood moderate at 3.35x during FY20 (Prov).
- **Adequate Liquidity:** The liquidity is adequate driven by a moderate current ratio of 1.80. Further the Net Cash Accruals of the company are sufficient to discharge its maturing debt obligations.

Credit risks:

- **Stagnant Scale of Operations:** The scale of operations have remained stagnant and there has been no substantial improvement over the past three fiscals. The company witnessed a decline in the revenue during FY20, to ~ Rs 172 crs from Rs. 212.37 crs in FY19. The company is more focusing towards the sale of value added milk products like Ghee, Shrikhand, etc to improve its margins. The company has recorded Rs. 134.76crs of revenue till December 2020. Achievability of the revenue and profitability as projected by the company would remain a key rating sensitivity.



- **Thin Profitability Margins:** The profit margins of the company has remained low. The OPM and NPM has remained low in the range of 0.90-1.50% and 0.20-0.60% respectively over the past three years.
- **Geographical Concentration of Risk and presence in competitive industry:** The company has its presence in majorly Western Maharashtra with the client concentration locally. The company procures milk daily from tehsils like Koregaon, Javali, Khandala & Wai in Satara district. In Pune district, it procures from tehsils like Bhore, Velhe, Purandar & Haveli. It has the majority of its business concentrated locally. The company is relatively a smaller player operating in the market and faces stiff competition from industry majors as well as other small unorganised players in the market.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

The ability of the company to improve its scale of operations and profitability margins while maintaining adequate liquidity would be its key rating sensitivities.

Positive: The ratings may be upgraded in case the revenue, profitability and capital structure of the company shows significant improvement.

Negative: The rating may be downgraded in case there is a significant deterioration in the business revenue, profitability and liquidity of the company.

LIQUIDITY POSITION

Adequate:

The liquidity profile of the company is adequate driven by a moderate current ratio of 1.80x as of March 2020. The cash and cash equivalents of the company stood at Rs 0.19crs as of March 2020. The CC limits are utilised to the extent of 90-95% on average. The company has sufficient net cash accruals to discharge its debt obligations.

COMPANY PROFILE

ADPL is a private limited company established in 1993 under the leadership of Mr Mahadev Pandurang Thopate; Shri. Bhikoba Pandurang Thopate; Shri Nitin Bhikoba Thopate & Mrs Sharda Dilip Thopate. The company started collecting and supplying milk to various organizations and produces milk & milk-based value added products like Ghee, Lassi, Dahi, Chaas, Flavoured Milk, Shrikhand, Amrakhand & sells the same under the brand "ANANT". The company's state of Art manufacturing plant is located in Bhore, a small town known for milk production and distribution. ADPL collects milk at 179 centres from 17900 farmer members attached to respective centres. Each centre is supported by experienced personnel for improving the quality of milk. ADPL has 3 chilling plants at various locations for preserving the milk before it is delivered to three processing dairy plants for processing & products. All the 3 chilling plants are well equipped with quality control apparatus. The company also has an integrated cold

storage facility. The company has undertaken capex towards enhancement in capacity, modernization and synchronization with the existing unit, as a result of which the total installed capacity of the milk unit is 3 lakh Liters per day (LPD) from existing 1.8 Lakhs LPD and the same is operational from Q1FY21 onwards.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	2019	2018
Result Type		Audited	Audited
Operating Revenue	₹ Cr	212.37	229.83
EBITDA	₹ Cr	1.91	2.26
PAT	₹ Cr	0.49	0.55
Tangible Net worth	₹ Cr	30.90	30.66
Total Debt/Tangible Net worth	Times	0.60	0.41
Current Ratio	Times	1.88	1.74

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: Nil

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: Nil

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Instrument/Facility	Current Rating 2021			Rating History		
	Tenure	Amount (₹ Crs)	Rating	July 2020	May 2019	Feb 2018
Fund Based	Long Term	7.50	BWR BB+ Stable Upgraded	BWR BB Stable Downgraded Issuer Not Co-operating*	BWR BB+ Stable Upgraded	BWR BB Stable
Cash Credit		9.34				
Term Loans		1.50				
WCTL under GECL		0.75				
COVID Emergency Loan		0.26				
FITL		5.20	BWR BB+ Stable	NA	NA	NA
Proposed Working Capital Facility	Short Term	0.45	BWR A4+ Upgraded	BWR A4 Downgraded Issuer Not Co-operating*	BWR A4+ Upgraded	BWR A4+
Non Fund Based Bank Guarantee						
Total		25.00	INR Twenty Five Crores Only			

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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**Anant Dudh Pvt Ltd
Annexure I**

Details of Bank Facilities rated by BWR

Sl. No.	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Cash Credit	7.50	-	7.50
2	Term Loan	9.34	-	9.34
3	COVID Emergency Loan-FITL	0.26	-	0.26
4	COVID Emergency Loan-WCTL	1.50	-	1.50
5	COVID Emergency Loan	0.75	-	0.75
6	Bank Guarantee	-	0.45	0.45
7	Proposed Facility	5.20	-	5.20
INR Twenty Five Crores Only				25.00



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