



## Rating Rationale

Anant Dudh Pvt Ltd

27 Feb 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 7.45 Cr of Anant Dudh Pvt Ltd.

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	7.00	Long Term	BWR BB (BWR Double B) Outlook Stable
Non Fund Based	0.45	Short Term	BWR A4+ (BWR A Four Plus)
Total	7.45	INR Seven Crores & Forty Five Lakhs Only	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials from FY15 to FY17 & the 9 month provisionals of FY18 of Anant Dudh Pvt Ltd (or 'the Company'), publicly available information and information/clarifications provided by the Company/management.

The rating assigned to the Bank Loan Facilities of Anant Dudh Pvt Ltd have factored interalia extensive experience of the promoters, established market position in the dairy products business, customer & supplier network & diversified revenue profile.

The rating is however, constrained by the Company's exposure to volatility in the prices & availability of raw milk, thin profit margins and intense competition in the highly fragmented industry.

Going forward, continuation of efficiently managing the working capital, improving on profitability margin and the capital structure shall remain the key rating sensitivities.



## Description of Key Rating Drivers

- **Credit Strengths:**

- **Diversified Revenue Profile:** Anant Dudh Pvt Ltd is engaged in the manufacturing of multiple products, which includes pure ghee, paneer, curd, butter, flavoured milk, cattle feeds along with milk.
- **Established in-house facilities:** For collecting and transporting milk, the company has a fleet of 50 vehicles to support the speedy operations. The company also has 3 chilling plants at various locations for preserving the milk before its delivery for processing and product manufacturing.
- **Quality Control Laboratory:** The company's quality process begins from the milk procurement stage and continues till the product finally reaches the client. The company has an in-house laboratory where the milk quality is tested while procuring, while processing and even after the processing procedure is completed. The production at all the centres is fully computer-aided, with advanced camera systems to detect the impurities and maintain quality.

- **Credit Risks:**

- **Susceptibility to changes in government regulations:** Milk is a highly regulated commodity; furthermore, being an agricultural product, it is vulnerable to environmental conditions. Fluctuations in milk procurement prices, has a direct impact on Anant Dudh's margins. Like other agriculture-based products, pricing of milk products is also sensitive to environmental conditions.
- **Highly Competitive Industry:** Though the share of the organised industry is approximately 30% growing at a robust rate of 15% p.a., the dairy cooperatives have a strong presence and hold over the Indian dairy market with over 41% market share and poses a challenge for the growing corporate dairies when it comes to milk procurement.

## Analytical Approach

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 Outlook: Stable

BWR believes the **Anant Dudh Pvt Ltd** 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

Incorporated in 1993, Anant Dudh Pvt Ltd (ADPL) started collecting and supplying milk to various organizations. The company's plant is located in Bhor, small town known for milk production and distribution. ADPL is a private limited company established under the leadership of Mr Mahadev Pandurang Thopate; Shri. Bhikoba Pandurang Thopate; Shri Nitin Bhikoba Thopate & Mrs Sharda Dilip Thopate.

The company produces milk & milk-based products like Ghee, Lassi, Dahi, Chaas, Flavoured Milk, Shrikhand, Amrakhand & Paneer. 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. It presently procures milk daily from tehsils like Koregaon, Javali, Khandala & Wai in Satara district. In Pune district, it procures from tehsils like Bhor, Velhe, Purandar & Haveli.

It sells its products under the brand name "Anant".

### Company Financial Performance

As per the audited financials, the sales & the PAT of the company stand at Rs 172.24cr & Rs 0.55cr in FY17 vis-a-vis Rs 90.46cr & Rs 0.36cr in FY16 respectively. The 9MFY18 figures as provided by the management are showing an improving trend.

### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	<b>Fund Based</b>	Long Term	7.00	<b>BWR BB (Outlook : Stable)</b>	NA	NA	NA
	<b>Non Fund Based</b>	Short Term	0.45	<b>BWR A4+</b>	NA	NA	NA
	<b>Total</b>		<b>7.45</b>	<b>₹ Seven Crore &amp; Forty Five Lakhs Only</b>			

Status of non-cooperation with previous CRA: NA



Any other information : NA

**Key Financial Indicators**

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	172.24	90.46
EBITDA	₹ Cr	2.02	2.13
PAT	₹ Cr	0.55	0.36
Tangible Net worth	₹ Cr	12.94	10.60
Total Debt/Tangible Net worth	Times	0.48	0.58
Current Ratio	Times	1.07	1.21

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

### **DISCLAIMER**

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