

## Rating Rationale

Gopaljee Dairy Foods Pvt Ltd

3<sup>rd</sup> April 2017

**Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of Gopaljee Dairy Foods Pvt. Ltd ('GDFPL' or 'the Company').**

### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
<b>Fund Based</b>					
CC/OD/WHR	79.00	70.00	Long Term	BWR BBB (Reaffirmed) (Outlook Stable)	BWR BBB+ (Upgraded) (Outlook Stable)
Proposed CC/OD/WHR	10.00	20.00			
Term Loans	27.27	39.44			
Proposed Term Loans	10.00	51.80			
<b>Total</b>	<b>Rs. 181.24 Crores (Rupees One Hundred Eighty One Crores and Twenty Four Lakhs Only.)</b>				

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

### Rating Upgraded

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

The up-gradation in the ratings takes into account consistent improvement in the top line growth of the company, owing to its established market position & supplier network, significant capex made during FY17, benefits derived from increased production from its new processing unit along with commencement of new unit on lease at Kanpur, increase in promoter's contribution in FY17 along with comfortable interest coverage ratios & debt protection metrics. However, the ratings are partially constrained by lower profitability margins & current ratio during FY16, increase in debt levels owing to capex made and fragmented nature of industry which makes industry vulnerable to high competition and restricts the product pricing flexibility. However, BWR takes note of the corporate loan availed to improve its current ratio



and working capital management and government grants received & funds infused by promoters to improve its gearing profile in FY17.

**Rating Outlook: Stable**

BWR believes the Gopaljee Dairy Foods Pvt. Ltd.’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 show sustained improvement, profitability margins increased significantly and working capital & gearing profile improves. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

**About the Company**

Gopaljee Dairy Foods Private Ltd (GDFPL) was first set up as private limited company in the name of RSD Milk & Food Private Limited in the year 2004 at Delhi by Mr. Radhey Shyam Dixit and thereafter it was renamed as GDFPL in March 2008. It is a part of RSD group with promoters holding 90.38% stake in the company. The company is engaged in manufacturing of processed milk and milk products like ghee, skimmed milk powder, dahi, lassi/chhachh, paneer, flavored milk etc. The company products are sold under brand name of “Gopaljee”. Its processing unit is located at Siyana, Uttar Pradesh, and processes 3 lakh litres of milk everyday into various products. GDFPL has set up another processing unit Pilukhwa Distt- Hapur (UP). The unit has commenced its operations in March 2016 with a processing capacity of 6 lakhs litres of milk per day. It has also hired a processing unit in Kanpur with a capacity of 1 lakh litres per day.

**Company Financial Performance**

GDFPL reported a turnover of Rs. 864.49 Cr for FY16, as compared to Rs. 648.02 Cr for FY15. As per provisional financials, it has achieved a turnover of Rs. 693.86 Crs for 9M FY17. PAT of the company stood at Rs. 6.25 Cr in FY16 vis-à-vis Rs. 1.78 Cr in FY15.

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

Facility	Current Rating (Year 2017)			Rating History		
	Type	Amount (Rs Crs)	Rating	27 July 2016	20 Nov 2015	2014
Working Capital Limits (including proposed)	Long Term	90.00	BWR BBB + (Stable) (Upgraded)	BWR BBB (Stable) (Reaffirmed)	BWR BBB (Stable)	N.A
Term Loans (including proposed)		41.00				



## Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<a href="#">Ashwini Mital</a> <a href="#">Sr. GM Ratings</a>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<b>Relationship Contact</b>
	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

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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 ₹ 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.

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