



Rating Rationale

Miraj Dairy Private Limited

8 Aug 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 12.98 Crores of Miraj Dairy Private Limited.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (April, 2017)	Present
Fund based					
Cash Credit	7.00	7.00	Long Term	BWR BBB- (SO) BWR Triple B Minus (Structured Obligation) Outlook:Stable	BWR BBB- (SO) BWR Triple B Minus (Structured Obligation) Outlook:Stable Reaffirmation
Term Loan	7.00	5.98			
Total	14.00	12.98	INR Twelve Crores Ninety Eight Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, experience and track record of the promoters of Miraj Dairy Private Limited (MDPL), Y-o-Y improvement in financial profile of the company and the credit enhancement due

to the letter of comfort provided by Pratibha Krushi Prakriya Limited. However the rating is constrained by exposure of industry to Government regulations and agro-climatic conditions.

Going forward, the ability of the firm to improve revenue and profitability would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:



- Promoters of MDPL have more than a decade of experience in the dairy business and have established business relationships with the local farmers and cooperative societies.
- Credit enhancement due to the letter of comfort (approved by board resolution) provided by Pratibha Krushi Prakriya Limited (PKPL), which would ensure payment three days before the due date in the event of funds of MDPL being insufficient to meet any debt obligation (T-3 Structure). There is family relationship between the promoters of MDPL and PKPL .

Credit Risks:

- The revenue of the company is largely affected by the raw material (milk) price fluctuation. Moreover the industry is highly regulated by the government thereby limiting the ability of the company to hike selling prices. Hence, any adverse movement in the price of raw material could have an adverse impact on its revenue and profit margins.
- MDPL's operations are limited to Maharashtra and parts of Karnataka, leading to geographical concentration risk.

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 **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 1st July 2014 and is engaged in processing milk and manufacturing of milk by products like ghee, packaged milk, condensed milk, curd, shrikhand, butter milk etc. The Company is promoted by Mr. Manesh Chavan.

Mr. Manesh Chavan is the brother of Mr. Satish Chavan, Chairman of Chavan Group of Companies. Pratibha Krushi Prakriya Limited(PKPL) is the flagship company of the Chavan group. Apart from PKPL the other companies in Chavan group are Pratibha Milk Industries, Shri Baalaji Milk and Milk Products and Dhanvantari Milk Products Limited. The Chavan group has its presence in milk industry since 2002 and has been engaged in the business of milk and milk products. The group sells its products under the brand name of "Pratibha" and "Morana".

Company Financial Performance

MDPL has registered a net profit of Rs. 0.57 Crores on a revenue of Rs. 61.81 Crores for FY 16-17 as against a net profit of Rs. 0.67 Crores on a revenue of Rs. 53.26 Crores for FY 15-16. The company's net worth is Rs. 6.03 Crores as on 31.03.2017. As per the provisional financials certified by the management for the FY 17-18 the revenue is Rs. 78.26 Crores and there is an improvement in net worth on account of profit accretion and capital infusion.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	22, April, 2017	Date, Month, Year	Date, Month, Year
1	Fund Based	Long Term	12.98	BWR BBB- (SO) Stable	BWR BBB- (SO) Stable	-	-
	Total		12.98	₹ Twelve Crores Ninety Eight Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)- NA

Any other information - NA

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	Rs. Crs	61.81	53.26
EBITDA	Rs. Crs	3.01	1.09
PAT	Rs. Crs	0.57	0.67
Tangible Net worth	Times	6.03	3.14
Total Debt/Tangible Net worth	Times	2.34	2.33



Current Ratio	Times	0.82	1.41
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Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities



DISCLAIMER

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