



## Rating Rationale

Vimal Dudh & Food Products Pvt Ltd

16 Aug 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 10.00 Crores of Vimal Dudh & Food Products Pvt Ltd.

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
<b>Fund based : Term Loan (Proposed)</b>	<b>10.00</b>	<b>Long Term</b>	<b>BWR BBB-(SO)</b> (Pronounced as BWR Triple B Minus Structured Obligation) <b>(Outlook:Stable)</b>
<b>Total</b>	<b>10.00</b>	<b>INR Ten Crores Only</b>	

\*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 essentially relied upon the Audited financials of FY16 ,FY17, FY18 Provisional and Projected Financials of Vimal Dudh & Food Products Private Limited of FY19, FY20 and FY21 and 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 which would ensure payment Seven days before the due date in the event of funds of Vimal Dudh & Food Products Pvt Ltd being insufficient to meet any debt obligation. (T-7 Structure).

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, Low Net worth & small scale of operations.

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.



## Description of Key Rating Drivers

### Credit Strengths:

- Experience of the directors is more than a decades in milk processing industry.
- Growth in Y-O-Y in top line as well as the bottom line reflected by sales of Rs.24.32 Crs in FY18(PROV.) VS Rs.11.89 Crs in FY17 and PAT of Rs.0.32Crs in FY18 VS Rs.0.11Crs in FY17.
- Moderate liquidity position Rs.1.60Crs (FY18 PROV & Rs.1.23Crs FY17).
- Low gearing ratio reflected by 1.60 times in FY18 as against 4.78times in FY17.
- Vimal Dudh & Food Products Pvt Ltd Group's market standing
- Proposed Term Loan due to the letter of comfort provided by group company Pratibha Krushi Prakriya Limited which would ensure payment Seven days before the due date in the event of funds of Vimal Dudh & Food Products Pvt ltd being insufficient to meet any debt obligation. (T-7 Structure)

### Credit Risks:

- Intense competition from government & private players.
- Low net worth reported Rs.046Crs (FY18 PROV.)
- Small scale of operations.

## 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 **Vimal Dudh & Food Products 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

M/S Vimal Dudh and Food Products Pvt. Ltd (VDFPPL) was incorporated in 29th April 2015. It is a private limited company. The company's registered office situated at Aurora Towers, 9 Moledina Road, Office no 205, Camp, Pune – 411001. The company's Factory is situated at Gat No. 1097/2/B, At. Post-Piliv, Tal- Malshiras, Dist-Solapur Pin-413310. Mr. Manesh Dhondiram Chavan is the Managing Director of the company. The other three directors are Mr. Shankar Keshav Shinde, Mr. Shivaji Keshav Shinde, Mr. Santosh Biradar. It is engaged in the procurement and sale of raw milk since 3



years. Company purchases raw milk from the farmers located in nearby area and sale to the various companies and Co-operative Societies. Now the company plans for expansion by installing 35 Bulk Milk Coolers with the capacity of 143000 liters per day at various location.

### Company Financial Performance

Net Sales has increased from ₹11.61Cr in FY16 to ₹11.89Cr in FY17. PAT has increased from ₹0.03Cr in FY16 to ₹0.11Cr in FY17. The firm net revenue for FY18 (Prov.) stands at ₹24.32Cr.

### Rating History for the last three years

S.No	Facility	Current Rating 2018			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund Based	Long Term	10.00	<b>BWR BBB-(SO)</b> (Pronounced as BWR Triple B Minus Structured Obligation) <b>(Outlook:Stable)</b>	-	-	-
	<b>Total</b>		<b>10.00</b>	<b>₹ Ten Crores Only</b>			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments: NA

Any other information:NA

### Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	11.89	11.61
EBITDA	₹ Cr	0.16	0.04
PAT	₹ Cr	0.11	0.03
Tangible Net worth	₹ Cr	0.14	0.04
Total Debt/Tangible Net worth	Times	4.78	0.00
Current Ratio	Times	1.23	1.07

Hyperlink/Reference to applicable Criteria



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

For any other criteria obtain hyperlinks from website

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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, 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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