



## Rating Rationale

Gho Agro Private Limited

5 Sep 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 43.64 Crores of Gho Agro Private Limited.(GAPL or the 'Company')

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	43.04	Long Term	BWR BBB- Outlook: Stable
Non Fund Based	0.60	Short Term	BWR A3
Total	43.64	INR Forty Three Crores and Sixty Four 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 essentially relied upon the company's audited financial results upto FY17, provisional financials of FY 18, projection upto FY21 and publicly available information and the information/clarifications provided by the company.

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

The assigned ratings draw comforts from the established track record and experience of its promoters in processing and trading of milk products, established customer and supplier network, improved net worth and comfortable current ratio & debt protection matrix. However, the ratings are constrained by the working capital intensive nature of business, susceptibility to change in government regulations and increasing competition in the dairy sector.

### Description of Key Rating Drivers

#### Credit Strengths:

- Extensive experience of the directors in milk processing industry
- Increased revenue levels in FY18 compared to previous years
- Established customer and supplier network

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- Comfortable Debt protection metrics and long term demand prospects of the dairy industry.
- Diversified revenue profile- The company is engaged in the manufacture of multiple dairy products which includes Paneer, Curd, Ghee, milkshake etc.

#### **Credit Risks:**

- Working capital intensive nature of operations
- Being highly competitive nature of industry it has competition from other established players and other milk processing units in the vicinity

#### **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 **Gho Agro 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**

Gho Agro Private Limited” (GAPL) was established in 2009 as partnership company “Adinath dairy company” and converted into private limited company in 2016. The company is engaged in processing of milk and milk related products under the brand 'Gho'. GAPL is having processing plant situated at Ulundurpet Taluka, Tamilnadu in 60000 Sqft state of art-manufacturing facility spread over 8.5 acre land.

#### **Company Financial Performance**

On provisional basis, GAPL has reported a total operating revenue of ₹ 95.68 Crs and PAT of ₹ 3.66 Crs for FY 18 as against ₹ 51.85 Crs and ₹ (0.31) Crs respectively in FY17. Net worth of the company stood at ₹ 65.84 Crs as on March 31, 2018.



### Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	<b>Fund Based</b>	Long Term	43.04	<b>BBB-</b>	NA	NA	NA
	<b>Non Fund Based</b>	Short Term	0.60	<b>A3</b>	NA	NA	NA
	<b>Total</b>		<b>43.64</b>	<b>INR Forty Three Crores and Sixty Four Lakhs Only</b>			

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

### Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		Audited	Provisional
Operating Revenue	₹ Cr	51.85	95.68
EBITDA	₹ Cr	3.01	7.50
PAT	₹ Cr	-0.31	3.66
Tangible Net worth	₹ Cr	62.18	65.84
Total Debt/Tangible Net worth	Times	0.62	0.68
Current Ratio	Times	2.40	1.13

### Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website



Analytical Contacts	Media
<i>AP Kamath</i> <i>GM-Ratings</i>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	Relationship Contact
	<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, 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 ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 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

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