



**Rating Rationale**

Anant Dudh Pvt Ltd

15 May 2019

**Brickwork Ratings revises & reaffirms the ratings for the Bank Loan Facilities of ₹. 18.32 Crores of Anant Dudh Pvt Ltd.**

**Particulars**

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Feb, 2018)	Present (Upgradation & reaffirmation)
Fund based	7.00	17.87	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB+ (Pronounced as BWR Double B Plus) Upgraded Outlook: Stable
Non Fund Based	0.45	0.45	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)	BWR A4+ (Pronounced as BWR A Four Plus) Reaffirmed
<b>Total</b>	<b>7.45</b>	<b>18.32</b>	<b>INR Eighteen Crores Thirty Two Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

**Ratings: Upgraded & reaffirmed**

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

BWR has essentially relied upon Anant Dudh Pvt Ltd (ADPL) Audited Financial Statements from FY16 to FY18 for ease in understanding and comparison. ADPL has also provided the provisional financial statements for FY19 & projected financial statements for FY20, publicly available information and information / clarification provided by the ADPL management.



The ratings assigned to the bank facilities of ADPL draws strength from extensive experience of the promoters, diversified product portfolio, improving scale of operations, moderate gearing, moderate coverage ratios, above average liquidity profile.

The ratings are however constrained by presence in a highly competitive industry, geographical concentration of business, low profitability margins.

The ability of the company to improve its scale, network, profitability, coverage and maintaining its liquidity, gearing and working capital would be its key rating sensitivity.

### **Description of Key Rating Drivers**

- **Credit Strengths:**

**Extensive experience of promoters:** Extensive experience of the promoters with over 20 years of experience in the same line of business.

**Diversified product portfolio:** The company produces milk & milk-based products like Ghee, Lassi, Dahi, Chaas, Flavoured Milk, Shrikhand, Amrakhand & Paneer & sells the same under the brand “ANANT”.

**Improving scale of operations:** Continually improving scale of operations with the TOI standing at 229.83 Cr in FY18 as compared to Rs 172.24 Cr in FY17 also till March 19 it has registered a revenue of Rs 240 Cr.

**Moderate gearing:** Moderate gearing with the Total debt/ TNW and TOL/TNW standing at 0.41x and 0.74x respectively in FY18 and 0.31x and 0.61x respectively in FY17.

**Moderate coverage ratios:** Moderate coverage ratios with the ISCR & DSCR standing at 2.43x and 1.72x respectively in FY18 as compared to 2.61x and 1.75x respectively in FY17, though declined marginally but adequate.

**Above average liquidity profile:** Above average liquidity profile with the current ratio standing at 1.74x in FY18 as compared to 1.21x in FY17.

- **Credit Risks:**

**Presence in a highly competitive industry:** Though the share of the organised industry is approximately 30% and growing at a robust rate of 15% p.a, the dairy co-operatives 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.



**Geographical concentration of business:** ADPL 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 has majority of its business concentrated locally.

**Low profitability margins:** Low profitability margins with the NPM & OPM standing at 0.24% and 0.98% respectively in FY18 as compared to 0.32% and 1.17% respectively in Fy17.

**Liquidity Profile:** The average CC utilization in the last 6 months is 84.52%. The company has cash and cash equivalents amounting to Rs 0.10 Cr in FY18. The current ratio of the concern stands at 1.74x in FY18.

### **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 & sells the same under the brand "ANANT". 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.

### **Company Financial Performance**

During FY17, the total operating income of ADPL stood at Rs.172.24 crore (vis-à-vis Rs.229.83 crore in FY18), whereas the PAT during the same year stood at Rs. 0.55 crore (vis-à-vis Rs 0.55 crore in FY18). DSCR stood at 1.75 Times in FY17 as compared to 1.72 Times in FY18.

**Rating History for the last three years**

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating (Upgraded & Reaffirmed)	Previous (Feb, 2018)	2017	2016
1	Fund Based	Long term	17.87	<b>BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable</b>	<b>BWR BB (Pronounced as BWR Double B) Outlook: Stable</b>	NA	NA
2	Non Fund Based	Short term	0.45	<b>BWR A4+ (Pronounced as BWR A Four Plus)</b>	<b>BWR A4+ (Pronounced as BWR A Four Plus)</b>	NA	NA
<b>Total</b>			<b>18.32</b>	<b>₹ Eighteen Crores Thirty Two Lakhs Only</b>			

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

Any other information

**Key Financial Indicators**

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	229.83	172.24
EBITDA	₹ Cr	2.26	2.02
PAT	₹ Cr	0.55	0.55
Tangible Net worth	₹ Cr	30.66	20.12
Total Debt/Tangible Net worth	₹ Cr	0.41	0.31
Current Ratio	Times	1.74	1.21



## 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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### 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.



#### **DISCLAIMER**

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