

## Rating Report

### Brickwork Ratings assigns the ratings to 'BWR BBB' for Bank Loan facilities including proposed limits aggregating ₹ 131.22 Cr of Gopaljee Dairy Foods Private Limited

Brickwork Ratings have assigned the **Ratings<sup>1</sup>** for Bank Loan facilities including proposed limits aggregating ₹ 131.22 Cr of **Gopaljee Dairy Foods Private Limited** ('GDFPL' or the 'Company') as follows:

Facility	Present Limits including Proposed Limits (Rs in Cr)	Tenure	Rating
<b>Fund Based:</b>		Long Term	BWR BBB (Outlook:Stable) (Pronounced BWR BBB)
Cash Credit/OD*	34.00		
Proposed Cash Credit/CC-WHR*	55.00		
Term Loan-I*	19.22		
Term Loan-II*	6.25		
Proposed Term Loan*	16.75		
<b>Total</b>	<b>131.22</b>	<b>INR One Hundred Thirty One Crores &amp; Twenty Two Lakhs Only</b>	

*Note: Term Loans are outstanding as on 05 Nov, 2015, \* Annexure I Detail of facility*

BWR has essentially relied upon the audited financials for FY13, FY14, FY15 and Projected financials for FY16 & FY17 of Gopaljee Dairy Foods Private Limited, publicly available information and information/clarification provided by the Company's management.

The ratings continue to draw comfort from the experienced and resourceful promoters in the dairy industry, established track record, consistent growth in revenues & net-worth, strong brand equity enjoyed by the company's "Gopaljee" brand & its diverse product portfolio, systematic procurement and distribution channel, established client relationships and tie-ups with its suppliers, diversified client base and demand for processed dairy products.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

However, rating is constrained by sensitivity to the changes in government policies and environmental conditions, seasonal nature of operations, thin profitability margins, high gearing levels and fragmented nature of industry which makes the industry vulnerable to high competition and restricts the product pricing flexibility.

### **Background:**

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 in Siyana, Uttar Pradesh, processes 3 lakh liters of milk everyday into various products. Gopaljee Dairy Foods is ISO 22000:2005 certified and follows food & safety manual (HACCP) and AGMARK certification for Gopaljee Ghee. It has been awarded Entrepreneur award and Best Dairy award by Government of India.

GDFPL has installed another processing unit Pilukhwa Distt- Hapur. The unit will be operational from January, 2016 with a processing capacity of 6 lakhs liters of milk per day. This will increase the total processing capacity of the company to 9 lakhs liters per day. The company is being provided with grant of ₹10.00 Cr by MOFPI (GOI) for setting up this new plant, out of which it has already received grant of ₹7.50 Cr till date.

### **Management Profile**

Mr. Radhey Shyam Dixit is the Chairman and Managing Director of the company. He is a graduate from DU and has an experience of three decades in the dairy industry. Mrs. Sunita Dixit is the Director of the company and she is a graduate and has good experience in the industry. Mr. Nikhil Mishra is the Director of the company who is a graduate and has an experience of more than fifteen years in the industry.

### **Financial Performance:**

As per the audited results of FY15, company topline has increased by 17.62% from ₹ 541.07 Cr in FY14 against ₹ 635.80 Cr in FY15. The EBITDA margins have increased from 2.56% in FY14 to 2.92% in FY15. The Tangible Net worth has increased from ₹ 19.13 Cr in FY 14 to ₹ 23.44 Cr in FY15. ISCR was comfortable at 3.66 times in FY15.

As reported, company has achieved estimated net sales of ₹ 341.82 Cr for 6MFY16 (unaudited).

### Rating Outlook:

The rating outlook is expected to be stable over current year. Going forward, the Company's ability to meet its projections, improve profitability margins & capital structure, successful commissioning of its new plant as per deadline and manage its working capital efficiently to maintain liquidity will remain the key rating sensitivities.

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**Gopaljee Dairy Foods Private Limited - BLR-Rs 131.22 Cr**  
**Annexure I**

Banker's Name	Nature of Facilities	Present Limits (in Cr)	Proposed Limits (in Cr)	Total Limits including Proposed (in Cr)	Sanctioned/Renewal Date
<b>Kotak Mahindra Bank (ING Vysya Bank)</b>	<b>FUND BASED</b>				17 April 2015
	OD	10.00	-	10.00	
	Term Loan I	0.42	-	0.42	
	Term Loan II	3.74	-	3.74	
	Term Loan III	15.06	-	15.06	
<b>IndusInd Bank</b>	Cash credit	4.00	-	4.00	20 November 2014
	Term Loan	6.25	-	6.25	
	Proposed Cash Credit-WHR	-	10.00	10.00	
<b>Yes Bank</b>	Cash credit	10.00	-	10.00	01 May 2015
<b>PNB</b>	Cash credit-WHR	10.00	-	10.00	21 September 2015
	Proposed Cash Credit-WHR	-	20.00	20.00	
<b>State Bank Of India</b>	Proposed Cash Credit	-	25.00	25.00	28 October 2015
	Proposed Term Loan	-	16.75	16.75	
	<b>TOTAL</b>	<b>59.47</b>	<b>71.75</b>	<b>131.22</b>	

**Annexure: Profit & Loss A/c**

Crores	31/Mar/2013	31/Mar/2014	31/Mar/2015	31/Mar/2016	31/Mar/2017	31/Mar/2018
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
Gross Sales	354.27	541.07	635.80	811.70	1329.56	1523.89
<b>Net Sales</b>	<b>354.27</b>	<b>541.07</b>	<b>635.80</b>	<b>811.70</b>	<b>1329.56</b>	<b>1523.89</b>
Other Operating Income	6.03	9.87	12.22	0.00	0.00	0.00
<b>Total Operating Income</b>	<b>360.30</b>	<b>550.94</b>	<b>648.02</b>	<b>811.70</b>	<b>1329.56</b>	<b>1523.89</b>
Operating Expenses	350.93	536.86	629.11	784.58	1279.42	1460.56
<b>OPBDIT</b>	<b>9.37</b>	<b>14.08</b>	<b>18.92</b>	<b>27.12</b>	<b>50.14</b>	<b>63.33</b>
Depreciation/Amortization	4.59	6.02	11.89	11.06	15.29	18.22
<b>OPBIT</b>	<b>4.77</b>	<b>8.06</b>	<b>7.02</b>	<b>16.06</b>	<b>34.85</b>	<b>45.11</b>
Interest and Finance Charges	1.95	3.35	5.17	8.77	12.17	12.09
<b>OPBT</b>	<b>2.82</b>	<b>4.72</b>	<b>1.85</b>	<b>7.29</b>	<b>22.68</b>	<b>33.02</b>
Non Operating Income(Expenses)	0.26	0.93	1.01	0.90	0.99	1.09
<b>PBT</b>	<b>3.08</b>	<b>5.64</b>	<b>2.87</b>	<b>8.19</b>	<b>23.67</b>	<b>34.11</b>
Provision for Taxes	1.04	1.60	1.08	2.46	7.10	10.23
<b>PAT</b>	<b>2.04</b>	<b>4.05</b>	<b>1.78</b>	<b>5.73</b>	<b>16.57</b>	<b>23.88</b>

## Annexure: Balance Sheet

Crores	31/Mar/2013	31/Mar/2014	31/Mar/2015	31/Mar/2016	31/Mar/2017	31/Mar/2018
<b>Liabilities</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>EQUITY AND RESERVES</b>	<b>15.10</b>	<b>19.24</b>	<b>23.53</b>	<b>34.26</b>	<b>53.33</b>	<b>77.21</b>
Share capital	2.19	4.73	4.73	4.73	4.73	4.73
Reserves and Surplus	4.83	14.51	18.79	29.53	48.60	72.48
<b>Non-current liabilities</b>	<b>9.19</b>	<b>27.73</b>	<b>39.08</b>	<b>56.18</b>	<b>59.81</b>	<b>59.04</b>
Long-Term Borrowings	7.12	24.88	35.80	50.31	53.81	55.31
Deferred tax Liabilities (Net)	0.34	0.13	0.00	1.62	0.20	0.03
Other Long Term liabilities	1.62	2.33	2.78	4.25	5.80	3.70
Long-Term Provisions	0.10	0.38	0.50	0.00	0.00	0.00
<b>Current liabilities</b>	<b>32.87</b>	<b>53.10</b>	<b>96.01</b>	<b>110.00</b>	<b>122.26</b>	<b>122.93</b>
Short-Term Borrowings	17.02	28.14	41.96	79.00	79.00	74.00
Current Portion Of Long Term Debt	3.07	5.73	9.63	7.95	11.50	13.50
Trade Payables	8.99	14.44	35.98	13.40	21.13	24.09
Other Current Liabilities	2.36	2.45	3.24	8.85	9.48	9.98
Short-Term Provisions	1.43	2.33	5.19	0.80	1.15	1.36
<b>Total Liabilities</b>	<b>57.15</b>	<b>100.08</b>	<b>158.62</b>	<b>200.44</b>	<b>235.40</b>	<b>259.18</b>
<b>ASSETS</b>						
<b>Non-current assets</b>	<b>26.70</b>	<b>36.18</b>	<b>53.99</b>	<b>62.67</b>	<b>74.48</b>	<b>96.16</b>
Net Fixed assets	23.03	23.92	25.51	61.17	72.88	94.66
Capital Work-In-Progress	1.20	11.75	26.63	0.00	0.00	0.00
Net Intangible assets	0.18	0.12	0.09	0.80	0.70	0.60
Deferred Tax Assets (Net)	0.00	0.00	1.34	0.00	0.00	0.00
Long Term Loans and Advances	2.22	0.39	0.42	0.70	0.90	0.90
<b>Current assets</b>	<b>30.45</b>	<b>63.90</b>	<b>104.63</b>	<b>137.77</b>	<b>160.92</b>	<b>163.02</b>
Inventories	17.17	50.22	83.13	127.15	132.77	133.47
Trade Receivables > Six Months	0.44	0.02	0.23	0.00	0.00	0.00
Trade Receivables < Six Months	4.81	4.15	4.32	6.68	18.20	20.87
Cash and Cash Equivalents	5.37	4.22	4.07	3.74	7.45	6.18
Short-Term Loans and Advances	2.60	5.10	12.59	0.20	2.50	2.50
Other Current Assets	0.06	0.19	0.28	0.00	0.00	0.00
<b>Total Assets</b>	<b>57.15</b>	<b>100.08</b>	<b>158.62</b>	<b>200.44</b>	<b>235.40</b>	<b>259.18</b>

## Annexure: Ratio Analysis

Year	31/Mar/2013	31/Mar/2014	31/Mar/2015	31/Mar/2016	31/Mar/2017	31/Mar/2018
<b>Results</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
Total Debt	27.20	58.76	87.39	137.26	144.31	142.81
Total Debt (Analyzed)	26.66	47.60	75.40	123.83	131.38	130.38
Tangible Net Worth	14.92	19.13	23.44	33.46	52.63	76.61
Tangible Net Worth (Analyzed)	15.47	30.29	35.43	46.89	65.56	89.04
Total Debt/TNW	1.82	3.07	3.73	4.10	2.74	1.86
Total Debt/TNW(Analyzed)	1.72	1.57	2.13	2.64	2.00	1.46
Long Term Debt/TNW	0.48	1.30	1.53	1.50	1.02	0.72
TOL/TNW (Analysed)	2.68	2.29	3.46	3.26	2.58	2.21
ISCR	4.80	4.21	3.66	3.09	4.12	5.24
DSCR	4.40	2.09	1.73	1.39	2.19	2.30
Net Cash Accruals/Total Debt	0.26	0.17	0.14	0.12	0.22	0.30
Net Profit Margin	0.57	0.73	0.28	0.71	1.25	1.57
Operating Profit Margin	2.60	2.56	2.92	3.34	3.77	4.16
ROCE	11.24	13.39	7.49	11.40	18.86	21.66
Current Ratio	0.93	1.20	1.09	1.25	1.32	1.33
Days Receivables	5	3	3	3	3	5
Days Inventory	19	24	40	53	40	36
Days Payable	10	8	16	13	6	7
Conversion Cycle	14	18	27	42	37	34