



## Press Release

**Ananda Dairy Limited**

**June 16, 2025**

### Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1.	Long Term Bank Facilities	210.85	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Rating Reaffirmed	<u>Simple</u>
2.	Short Term Bank Facilities	28.25	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Rating Reaffirmed	<u>Simple</u>
	<b>Total</b>	<b>239.10</b>	<b>Rupees two thirty-nine crore and ten lakh only</b>			

**Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.**

**Detailed explanation of covenants is at Annexure 3.**

### Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) has reaffirmed the long-term rating at IVR BBB with Stable Outlook and short-term rating at IVR A3+ for the bank loan facilities of Ananda Dairy Limited (ADL).

The rating reaffirmation of ADL continues to take comfort from the extensive experience of the promoters in the dairy industry, continuation of adequate milk procurement network spread across northern states, satisfactory distribution network, share of value-add dairy products in the revenue profile, besides moderate scale of operations & satisfactory debt protection metrics. However, these strengths are partially offset by moderate capital structure, low profit margins, stiff competition from organised co-operatives, private players & unorganised sector pressurizing profitability of dairy companies, besides exposure of milk production to external factors and perishable nature of products.

The Stable outlook indicates a low likelihood of rating change in the medium term. IVR believes that ADL's business & financials risk profile will be maintained over the medium term on the back of company established track record of operations and continuation of sizeable scale of operations & comfortable financial risk profile.

IVR has principally relied on the standalone audited financial results of ADL up to 31 March 2024 (refers to 1 April 2023 to 31 March 2024), FY25 provisional financials (refers to 1 April 2024 to 31 March 2025) & projected financials from FY26 to FY28 (refers to 1 April 2025 to 31 March 2028), and publicly available information/clarifications provided by the company's management.



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### **Key Rating Sensitivities:**

#### **Upward Factors**

- Sustained improvement in the operating income and profitability resulting in the improvement of the financial risk profile and liquidity profile of the company.
- Improvement in capital structure and effective working capital management with improvement in operating cycle and liquidity.

#### **Downward Factors**

- Dip in operating income and/or profitability, leading to deterioration in the financial risk profile with DSCR sustained below 1.2x.
- Any further significant rise in working capital intensity or unplanned large capex leading to a deterioration in the liquidity position.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Extensive experience of the promoters in the dairy industry**

Ananda Dairy Limited is part of the Ananda group promoted by Dr. Radhey Shyam Dixit having experience of around 3 decades, established healthy relationship with suppliers & customers and understanding with marketing dynamics. He is well supported by his sons and an experienced team of professional to manage the day-to-day operations. After starting as a distributor of various milk products around 1980, Mr. Dixit has evolved brand Ananda to its current levels and gained healthy brand visibility primarily in North India dairy market. The group through the years has established its products in its catchment area through brands Ananda and cattle feed brand Nanda.

##### **Adequate milk procurement network spread across northern states, satisfactory distribution network**

The procurement matrix is spread across the states of Uttar Pradesh and Uttarakhand close to the NCR region as also Kanpur. The group majorly comprising of Ananda Dairy Limited and Dairy India Private Limited has a procurement network which consists of 40+ districts, more than 6000 villages and 3 Lakh farmers, 35 milk chilling centres and network of bulk cooling centres proximate to the NCR region primarily presents location advantage in terms of logistics given the physiological sensitivity of the product (milk) as also provides for some cost advantage. The group over the years has established distributor network covering 2500+ distributors and 7500+ retailers spread across various states. Going forward, the company plans to expand into the southern India, overseas markets and will be focusing on increasing its visibility on the online & other platforms to enhance its scale.



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### **Share of value-add dairy products in the revenue profile though current focus remains on traditional products**

The revenue profile remains dominated by milk revenue ~43% (PY:~45%), followed closely by value-add dairy products ~56.8% (PY: ~53.4%) and rest from cattle feed i.e. ~0.31% (PY: 1.89%) during FY25 (prov.). Within the dairy products, the revenues in the past have been dominated by traditional products like ghee, paneer, dahi etc. Operating under a third-party transportation and distribution (TCD) model, the company orchestrates the movement of materials from its manufacturing facilities to designated distributor locations. Under this model, the TCD service collects materials directly from the factory, ensuring timely and reliable delivery to distributor locations. Additionally, the company has established strategic logistic partnerships in several states to further optimize distribution operations. The group though focusses on traditional milk products, it has currently planned to accommodate western products in its portfolio which is expected to widen the operating margins going forward which also will be the key monitorable.

### **Sizeable scale of operations & satisfactory debt protection metrics**

Total operating income (TOI) of the company declined by ~11.5% in FY25 prov., however, scale of the operations of the company remains sizeable despite decline in FY25 prov. TOI reduced from Rs 1630.35 crore in FY24 to 1442.00 crore in FY25 prov. due to strategic shift of procurement process of milk which lead to change in intergroup sales transactions of ADL, besides company decision to reduce sales for low-margin product also resulted in some decline in revenue in FY25 prov. The debt protections parameters of the company remained comfortable, marked by interest service coverage ratio (ISCR) of 2.25x in FY25 prov. (PY: 2.29x). Although debt service coverage ratio (DSCR) stood marginally above unity at 1.07x in FY25 prov. (PY: 1.36x) due to high current portion long term debt but expected to remain satisfactory in medium term.

### **Key Rating Weaknesses**

#### **Moderate capital structure**

The company has moderate leverage capital structure; overall gearing stood at 1.51x in FY25 prov. as against 1.48x in FY24. Total indebtedness of the company reflected by moderate TOL/TNW ratio at 2.58x in FY25 prov. as against 2.67x in FY24. and TOL/ATNW stood at 2.83x in FY25 prov.

#### **Low profit margins**

Profit margins of the company remain at lower side due to nature of business, Earnings before interest, taxes, depreciation, & amortization (EBITDA) stood low at 2.90 % in FY25 prov. as compared to 2.94% in FY24, while PAT margins improved to 1.01 % in FY25 prov. against 1.00% in FY24. The rationalization of operating costs other than the milk procurement costs will be a key rating monitorable, going forward.



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### **Stiff competition from organised co-operatives, private players and unorganised sector pressurizing profitability of dairy companies**

The milk and milk products industry are characterised by intense competition from the organised co-operatives, large private players and unorganized players. Apart, the profitability of dairy entities also remains vulnerable to the SMP (Skimmed Milk Powder) inventories as well institutional demand, any adverse movement is likely to have a bearing on their profitability. The company profitability has remained under pressure with EBIDTA margins on an average at around 2.93% in the past 3 fiscal years till FY25 (prov.). Volatility in profit margins will be a key monitorable, going forward.

### **Exposure of milk production to external factors and perishable nature of products**

Milk availability is influenced to a great extent by agro-climatic conditions, which plays a major influence in the tropics. The industry is vulnerable to risks associated with the failure of milk production due to external factors like cattle diseases and extension of the lean season due to drought-like conditions, which ultimately affect milk availability and hence prices. The price of the dairy industry's raw material, milk, is sensitive to government policies, environmental conditions factors. Milk and some milk-based products have a perishable nature and cannot be stored for longer periods or transported over long distances. In order to maintain the quality & freshness of the products, milk-based products require specific storage conditions which may increase the cost of storage to an extent and hence effect the profitability.

**Analytical Approach:** Standalone

**Applicable Criteria:**

- [Rating Methodology for Manufacturing Companies](#)
- [Financial Ratios & Interpretation \(Non-Financial Sector\).](#)
- [Criteria for assigning Rating outlook.](#)
- [Policy on Default Recognition.](#)
- [Complexity Level of Rated Instruments/Facilities](#)

**Liquidity– Adequate**

The gross cash accruals (GCA) stood at Rs. 22.39 crore .in FY25 prov. against a repayment obligation of Rs. 19.66 crore for FY25. The company is expected to be generate sufficient GCA against repayment obligations for projected FY26. The company has free cash & cash equivalent of Rs 8.8 crore at the end of March,2025. The average utilization for fund-based facilities stood at ~90% respectively for the last 12 months ending March 2025. Current ratio is comfortable at 1.25x at the end of March,2025 prov.



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### About the Company

Ananda Dairy Limited is a part of Ananda group, incorporated in July 2004 as RSD Foods Pvt Limited (RSDFPL) by Mr. RS Dixit (Chairman Managing Director). The name was then changed to Gopaljee Dairy Foods Pvt Ltd on March 1st, 2008. Further, the name was changed to the present name of the company. Ananda is one of the leading dairy products manufacturers in Northern India having four plants in Uttar Pradesh near Bulandshahr (Syana), Pilakhua, Gajroula and Kanpur.

### Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2024	31-03-2025
	<b>Audited</b>	<b>Provisional</b>
Total Operating Income	1630.35	1442.00
EBITDA	47.92	41.88
PAT	16.41	14.60
Total Debt	179.41	205.66
Tangible Net worth	129.64	144.26
EBITDA Margin (%)	2.94	2.90
PAT Margin (%)	1.00	1.01
Overall Gearing Ratio (x)	1.48	1.51
Interest Coverage (x)	2.29	2.25

*\*Classification as per Infomerics' standards Note:*

**Status of non-cooperation with previous CRA:** Brickwork Ratings India Pvt. Ltd continues the rating in Issuer Non-Cooperation category dated 05 Aug, 2024 due to non-submission of data and cooperation (Formerly known as Gopaljee Dairy Foods Pvt. Ltd).

**Any other information:** Nil

### Rating History for last three years:

S. No.	Name of Instrument/Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 (May 16, 2024)	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23 (March 24, 2023)
1.	Long Term Bank Facility	Long Term	210.85	IVR BBB/ Stable	IVR BBB/ Stable	-	IVR BBB/ Stable





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S. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 (May 16, 2024)	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23 (March 24, 2023)
2.	Short Term Bank Facility	Short Term	28.25	IVR A3+	IVR A3+	-	IVR A3+

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd ] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facilities – Covid loans/GECL	-	-	-	Till Nov,2027	30.15	IVR BBB/Stable
Long Term Fund Based Facilities – Corporate Loan (TL)	-	-	-	Till June,2029	15.70	IVR BBB/Stable
Long Term Fund Based Facilities – Term Loan	-	-	-	Till May,2032	15.00	IVR BBB/Stable
Long Term Fund Based Facilities – Term Loan	-	-	-	Till Nov,2027	15.00	IVR BBB/Stable
Long Term Fund Based Facilities – CC/WCDL	-	-	-	-	135.00	IVR BBB/Stable
Short Term Fund Based Facilities – SLC/WHR	-	-	-	-	23.25	IVR A3+
Short Term Fund Based Facilities – Bank Guarantee	-	-	-	-	5.00	IVR A3+

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Ananda-Dairy-16june25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/combined analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).