



Press Release

Nature Delight Dairy & Dairy Products Pvt Ltd

(NDPPL)

July 04, 2022

Rating

Sr. No.	Instrument/ Facility	Amount (INR Crore)	Rating Assigned	Rating Action	Complexity Indicator
1	Long Term Bank Facilities- Cash Credit	40.00	IVR BBB-/ Stable [IVR Triple B minus with Stable Outlook]	Rating Reaffirmed and Outlook assigned; removed from Credit Watch with Developing Implications	Simple
2	Long Term Bank Facilities- Term Loan	47.76	IVR BBB-/ Stable [IVR Triple B minus with Stable Outlook]	Rating Reaffirmed and Outlook revised from Credit Watch with Developing Implications to Stable	Simple
3	Long Term Bank Facilities- Proposed Term Loan	6.24	IVR BBB-/ Stable [IVR Triple B minus with Stable Outlook]	Rating Reaffirmed and Outlook revised from Credit Watch with Developing Implications to Stable	Simple
	Total	94.00			

Details of facilities are in Annexure 1

Rating Rationale



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The rating has been removed from Credit Watch with Developing Implications and Stable outlook has been assigned on account of improved total operating income in FY22 (Prov.) and improvement in the leverage indicators of the company in FY22(Prov.).

The reaffirmation in the rating of the bank facilities of Nature Delight Dairy & Dairy Products Pvt Ltd derives strength from the Experienced Promoters and continued financial support, Healthy Business relationship with suppliers, Diversified value add Dairy Product Portfolio, and comfortable scale of operations. The rating is however constrained by Susceptibility to Intense competition and thin profit margin

Key Rating Sensitivities:

➤ **Upward Rating Factor:**

- Sustained and significant improvement in the scale of operations while maintaining profitability & protection metrics on a consolidated basis.

➤ **Downward Rating Factor:**

- Any decline in scale of operations and/or profitability, leading significant deterioration of debt protection metrics and/or on a consolidated basis.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and their financial support to the Company:

NDPPL is promoted by Pune based Desai family, which has a long presence in the infrastructure industry. The operations of the Company are managed by Mr. Mayur Jamdar (director), who is Msc. in Biotechnology and has more than 7 years of experience in dairy business, which has helped the Company to stabilise as well as increase the business operations in less than 3 years' time after commencement of its business in 2017.

Significant share of value-add dairy products in the revenue profile though current focus remains on traditional products: The revenue profile remains dominated by milk followed closely by value-add dairy products. Within the dairy products, the revenues in the past have been dominated by traditional products like ghee, paneer, dahi etc. The group though focusses on traditional milk products, it has chalked plans for the to accommodate western products in its portfolio which is expected to widen the operating margins going forward which also will be the key monitorable.



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Comfortable credit metrics and operating cycle: The debt profile in the past fiscals remained dominated by working capital loans followed by term loans. The promoters to alleviate some stress on the capital structure has infused Rs.10.00 crore in the past fiscals and plan to infuse equity to the tune of Rs.20.00 crore by FY2023 which would further relieve the pressure on the capital structure as the company does not plan to avail any additional debt in the near term. The gearing has improved to 1.00 times in FY22(Prov.) as compared to 3.07 times in FY2021. The interest coverage remained at 1.95 times in FY22 (Prov.) as compared to 2.55 times in the previous fiscal.

Improved Scale of operations: NDPPL scale remains stable with revenues in the Rs.600 crore to Rs.975 crore bracket in the past few fiscals. The company in the FY22(Prov.) has reported Rs. 975.45 crore TOI due to reset of demand and logistics given the rapid normalization post Covid-19 as compared to TOI of Rs. 751.54 Crores in FY21.

Healthy business relationship with suppliers: The promoters have established a healthy business relationship with the farmers in the Pune and Nashik region by providing quality cattle feed which has increased the milk production. These farmers are the major suppliers of raw milk to NDPPL, which mitigates the risk of milk supply to the Company.

Key Rating Weaknesses

Thin profit margins: Owing to intense competition in the sector, the profit margins of the Company are low. Further, due to outsourced processing of excess milk procurement, the operating profit margin has remained at 2.84% in FY22(Prov.) compared to 3.06% in FY21 but net profit margin of NDPPL had improved to 0.61% in FY22(Prov.) as against 0.50% in FY21. However, with the addition of 7 Lakhs per day processing capacity the profit margins are expected to improve.

Presence in a highly competitive industry: NDPPL faces stiff competition in the dairy business from some larger and established brands. Milk products of the Company attribute to nearly 60% of the revenue in FY22(Prov.). Intense competition from reputed brands like Warana, Amul, Mother dairy exerts pressure on the pricing of NDPL's products.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)



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[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning Rating Outlook.](#)

Liquidity: Adequate

The liquidity position of the company remains adequate as cash accruals are expected to remain sufficient to meet the repayment obligations. Further, the company had gross cash accruals of INR. 13.96 Crore in FY22(Prov.) and free cash balance of INR 2.37crore as on March 31, 2022. The overall utilisation of the fund-based limits remains high at 92.19% during the last 12 months ended November 2021. The current ratio stood at 1.03 times as on 31st March 2022.

About the Company

NDPPL is promoted by Pune based Desai family, which has a long presence in the infrastructure industry. The operations of the Company are managed by Mr. Mayur Jamdar (director), who is Msc. in Biotechnology and has more than 7 years of experience in dairy business, which has helped the Company to stabilise as well as increase the business operations in less than 3 years' time after commencement of its business in 2017. Nature Delight Dairy & Dairy Products Pvt. Ltd. is an established company basically deals into milk collections and its processing, manufacturing of milk products viz. butter, ghee, skimmed milk powder and its variant's.

Financials (Standalone)

INR in Crore

For the year ended* As on	31-03-2021	31-03-2022
	Audited	Provisional
Total Operating Income	751.54	975.45
EBITDA	23.03	27.67
PAT	3.75	5.95
Total Debt	152.37	84.16
Tangible Net Worth	49.58	83.80
EBITDA Margin (%)	3.06	2.84
PAT Margin (%)	0.50	0.61
Overall Gearing Ratio (x)	3.07	1.00



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**Classification as per Infomerics' standards*

Details of Non Co-operation with any other CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Name of the Facility/ Instrument	Current Rating (Year: 2022-23)			Rating History for the past 3 years		
	Type	Amount (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (February 03, 2022)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
Long Term Bank Facilities- Cash Credit	Long Term	40.00	IVR BBB-/ Stable	IVR BBB-/Credit Watch with Developing Implications	-	-
Long Term Bank Facilities- Term Loan	Long Term	47.76	IVR BBB-/ Stable	IVR BBB-/Credit Watch with Developing Implications	-	-
Long Term Bank Facilities- Proposed Term Loan	Long Term	6.24	IVR BBB-/ Stable	IVR BBB-/Credit Watch with Developing Implications	-	-

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India



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registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facility – Term Loan	-	-	January 2024	7.57	IVR BBB-/ Stable
Long Term Fund Based Facility – Term Loan	-	-	August 2024	5.25	IVR BBB-/ Stable
Long Term Fund Based	-	-	September 2026	31.35	IVR BBB-/ Stable



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Facility – Term Loan					
Long Term Fund Based Facility – Term Loan	-	-	July 2023	3.60	IVR BBB-/ Stable
Long Term Fund Based Facility – Term Loan	-	-	January 2024	6.24	IVR BBB-/ Stable
Long Term Fund Based Facility – Cash Credit	-	-	-	40.00	IVR BBB-/ Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Nature-Delight-july22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.