



## Press Release

### Fortune Dairy Industries Private Limited

**May 29, 2025**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. Crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><a href="#">Complexity Indicator</a></b>
Long Term Bank Facilities - Term Loan	13.13	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
Long Term Bank Facilities - Cash Credit	33.00	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
<b>Total</b>	<b>46.13 (Rupees Forty-Six Crore and Thirteen Lakhs only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### **Detailed Rationale**

Infomerics Ratings has assigned its rating to the bank facilities of Fortune Dairy Industries Private Limited (FDIPL). The rating assignment takes into account the experienced promoter supported by well qualified management team, moderate financial risk profile, moderate scale of operations with improved profitability and established relationship with diversified client base. However, the rating strengths remain constrained due to stiff competition from organised co-operatives, private players and unorganised sector pressurizing profitability of dairy companies, sensitivity to SMP stock and institutional demand. Further, exposure of milk production to external factors such as climatic conditions and cattle diseases as also to Government regulations on pricing of milk and milk products which may impact company's operations have been factored in the rating.

The Stable outlook is assigned due to expected stable performance backed by extensive experience of the Promoter and management team.

#### **Key Rating Sensitivities:**



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### Upward Factors

- Consistent improvement in scale of operations alongwith profitability thereby leading to overall improvement in cash accruals and liquidity

### Downward Factors

- Any deterioration in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
- Any significant rise in working capital intensity or unplanned capex leading to a deterioration in the financial profile

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Experienced promoters and management team

Real Dairy Industries Private Limited (RDIPL) and FDIPL are promoted by Pune based Tupe family, which has a long presence in the dairy industry. The operations of the Group are managed by well qualified promoters with Mr. Manoj Tupe, Mrs. Anita Tupe and Mr. Sachin Jadhav having a cumulative experience of over three decades. The promoters are supported by the experienced management team with an overall experience of close to two decades in their respective fields.

##### Moderate scale of operations and improved profitability

The company's total operating income witnessed a CAGR growth of over 36% between FY21 and FY24, with a notable improvement of ~60% in FY24 (refers to period from April 1, 2023 to March 31, 2024) to stand at Rs. 176.60 crore after registering an increase of about 37% in FY23 led by improved demand across segments. Despite improvement in top line during FY24, EBITDA margin of the company contracted marginally by over 30 bps and stood at 4.93% in FY24 vis-a-vis 5.27% in FY23 on account of notable increase in raw material cost during the year. However, the PAT margin of the company witnessed an improvement and turned positive to stand at 1.62% as of FY24 as against -0.28% in FY23 led by increase in other miscellaneous income during the year.

The Group witnessed a CAGR growth of ~20% in total operating income between FY21 and FY24. However, in FY24, Group's total operating income (TOI) witnessed a nominal decline



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of ~1.30% in FY24 (refers to period from April 1, 2023 to March 31, 2024) to stand at Rs. 508.33 crore after registering an increase of over 25% in FY23 led by decline of ~18% in TOI booked by RDIPL while TOI of FDIPL witnessed a notable improvement of ~60% during the year. EBITDA margins averaged at 4.62% between review period from FY21 and FY24. In FY24, despite a decline in top line, EBITDA margin of the company improved by over 107 bps and stood at 4.48% in FY24 vis-a-vis 3.40% in FY23 on account of decline in raw material consumption cost during the year. Subsequently, the PAT margin of the Group also improved by ~70 bps although remained thin at 1.39% as per FY24 as against 0.68% in FY23 led by lower tax outgo during the year. However, the GCA of the Group has witnessed an improving trend during the review period and increased from Rs. 12.90 crore in FY23 to Rs. 14.77 crore in FY24.

### **Moderate financial risk profile**

The capital structure of the Group marked by overall gearing has also witnessed an improving trend during the review period. It stood at 2.80x as on March 31, 2021 and improved to 2.30x as on March 31, 2024, however, marginally higher than 2.17x as on March 31, 2023, mainly on account of increase in term liabilities, largely due to infusion of unsecured loans by the directors during the year along with higher utilization of working capital bank borrowings as on balance sheet date. Further, total indebtedness of the Group as reflected by TOL/TNW also witnessed an improving trend and stood at 3.07x as on March 31, 2024, vis-à-vis 3.28x as on March 31, 2023, on account of decline in creditors. The debt protection metrics marked by interest coverage ratio stood comfortable at 2.85x times in FY24.

### **Established relationship with diversified client-base**

The Group is a vertically integrated dairy products manufacturing and processing unit having facilities for manufacturing skimmed milk powder (SMP), whole milk powder, dairy whitener, butter, ghee, condensed milk and sweetened condensed milk. It has milk and butter processing capabilities, ghee manufacturing and packing capabilities along with three chilling plants at various locations. The Group has established relationships with its clients and has a diversified client base including various dairy brands in the country like Amul, Patanjali, ITC, HUL, Heritage, Raj Fresh, Allana, Lactalis, Kayempee Foods, Dinshaw's. Vadilal, Mother Dairy, Britannia, Haldirams, Gits, Havmor, Vijaya amongst various others. The Group has built up an excellent customer base over the years owing to delivery of quality product and services.



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### **Key Rating Weaknesses**

**Stiff competition from organised co-operatives, private players and unorganised sector pressurizing profitability of dairy companies, sensitivity to SMP stock and institutional demand**

The milk and milk products industry are characterized by intense competition from organized co-operatives, large private players and unorganized players. Apart from this, the profitability of dairy entities also remains vulnerable to the skimmed milk powder inventories as well institutional demand, any adverse movement is likely to have a bearing on their profitability. The Group's profitability has remained moderate with EBIDTA margins at around 4% in the past fiscals while the net profit margins have remained largely below 1% in the past fiscals with an exception of FY24 wherein the PAT margin stood marginally higher than unity at 1.39%..

**Exposure of milk production to external factors such as climatic conditions and cattle diseases; as also to Government regulations on pricing of milk and milk 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 affects milk availability and hence prices. The price of the dairy industry's raw material, milk, is sensitive to Government policies, environmental conditions factors.

### **Analytical Approach:** Combined

Infomerics has considered the combined financial profiles of Fortune Dairy Industries Private Limited (FDIPL) and Real Dairy Industries Private Limited (RDIPL), collectively referred to as the Group, for arriving at the ratings assigned to the bank facilities of both the companies. Both the companies are in the same line of business, have common control and management, and operate within the same vicinity. Further, RDIPL holds 47.60% shareholding in FDIPL.

### **Applicable Criteria:**



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[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](#)

[Criteria on consolidation of companies](#)

### **Liquidity - Adequate**

The liquidity profile of the Group is adequate with expected to generate adequate gross cash accruals as against the repayment obligation over FY25 and FY28. The current ratio stood rangebound at 1.35x as on March 31, 2024. The total average fund-based bank limit utilization in the last 12 months ended February 2025, stood at ~41%.

### **About the Company**

Real Dairy Industries Private Limited (RDIPL) was incorporated on August 18, 2011, while Fortune Dairy Industries Private Limited (FDIPL) was incorporated on December 01, 2014, promoted by Mr. Manojkumar Kundlik Tupe, with registered office in Baramati, Pune, Maharashtra. RDIPL commenced production operations in June 2014 while FDIPL commenced production operations in May 2020. RDIPL is engaged in manufacturing various milk products such as skimmed milk powder (SMP), whole milk powder, dairy whitener, butter, ghee, condensed milk and sweetened condensed milk. It also has a ghee jar and ceka packing line. FDIPL is engaged in manufacturing various milk products such as skimmed milk powder (SMP), whole milk powder, dairy whitener, butter, condensed milk, dahi, ice cream, paneer and pouch milk. It also has a dahi in cup/pouch/jar/bucket packing line and ice cream in cone/cup/bulk packaging line. FDIPL is an FSSC 22000:2005 V5.1 certified and the project is approved by the Ministry of Food Processing Industries (MOFPI), New Delhi, under the scheme of cold chain and value addition infrastructure. The company engaged in B2B sales and sells its products under the brand name 'Real'.

### **Financials (Standalone):**

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	110.65	176.60



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EBITDA	5.83	8.70
PAT	-0.31	2.88
Total Debt	46.73	56.47
Tangible Net Worth	6.21	9.09
EBITDA Margin (%)	5.27	4.93
PAT Margin (%)	-0.28	1.62
Overall Gearing Ratio (x)	7.52	6.21
Interest Coverage (x)	2.56	2.67

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** NA

**Any other information:** Not Applicable

**Rating History for last three years:**

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					Date	Date	Date
1.	Long Term Fund Based Bank Facilities - Term Loans/UGECL	Long Term	13.13	IVR BBB-/Stable	-	-	-
2.	Long Term Fund Based Bank Facilities - Cash Credit	Long Term	33.00	IVR BBB-/Stable	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Ltd. (formerly Infomerics Valuation and Rating Private Ltd.) (Infomerics) 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).





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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.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan /GECL	-	-	Upto June 2038	13.13	IVR BBB-/ Stable
Cash Credit	-	-	Revolving	33.00	IVR BBB-/ Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-FortuneDairy-may25.pdf>

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

Name of the Security	Detailed Explanation
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	<b>Financial Covenant</b>	
	i.	
	ii.	
	<b>Non-financial Covenant</b>	
	i.	
	ii.	

**Annexure 4: List of companies considered for consolidated/Combined analysis:**

<b>Name of the Company/Entity</b>	<b>Combined Approach</b>
Real Dairy Industries Private Limited	Fully
Fortune Dairy Industries Private Limited	Fully

**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).