



**TDSL/CS/BSE/08-2018-19**

**June 30, 2018**

**Corporate Relationship Department,  
Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai- 400001**

Ref : Symbol- TDSL ; Scrip Code- 540955, ISIN: INE773Y01014

**Subject: Revision in Rating**

Dear Sir/ Madam,

This is with reference to revised rating as received from CRISIL for Fund Based Bank Facilities. CRISIL has revised the rating outlook to 'Stable; from 'Negative' while reaffirming the rating at 'CRISIL BBB-'. The same has been enclosed for your reference.

This is for your information and record.

Thanking you,

**Yours faithfully,  
For Tasty Dairy Specialities Limited**

**NISHI**  
Digitally signed  
by NISHI  
Date: 2018.06.30  
16:30:36 +05'30'

**NISHI  
Company Secretary  
ACS-50043**

## Rating Rationale

June 28, 2018 | Mumbai

### Tasty Dairy Specialities Limited

#### Rating Action

|   |                           |
|---|---------------------------|
| <b>Total Bank Loan Facilities Rated</b> | <b>Rs.43 Crore</b>        |
| <b>Long Term Rating</b>                 | <b>CRISIL BBB-/Stable</b> |

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

CRISIL's ratings on the long-term bank facilities of Tasty Dairy Specialities Limited (TDSL) continues to reflect TDSL's established market position in the dairy industry and its above-average financial risk profile. These strengths are partially offset by low operating profitability and susceptibility to changes in government regulations and to environmental- and epidemic-related factors.

CRISIL had revised the rating outlook to 'Stable; from 'Negative' while reaffirming the rating at 'CRISIL BBB-' on 19<sup>th</sup> June 2018.

#### Key Rating Drivers & Detailed Description

##### Strengths

\* **Established market position:** Presence of more than two decades in the milk processing industry has enabled the promoter to build strong relationships with customers and suppliers.

\* **Above-average financial risk profile:** Gearing was comfortable at 0.58 times as on March 31, 2018. Interest coverage and net cash accrual to total debt ratios were adequate at 2.8 times and 0.17 time, respectively, in fiscal 2018.

##### Weakness

\* **Susceptibility to changes in government regulations and to environmental factors:** Like all other agriculture-based products, pricing of milk products is sensitive to environmental conditions. Dairy product manufacturers face the risk of lack of direct control over milk production activity as the key raw material is procured from dairy farmers. Manufacturers are also vulnerable to the risk of failure in milk production on account of external factors such as cattle diseases. Though TDSL's sales have never been affected by cattle-related diseases, it remains susceptible to the risk.

\* **Low operating profitability:** Operating margin, at 4.2% in fiscal 2018, is low on account of intense competition and higher proportion of standardised milk sales.

##### Outlook: Stable

CRISIL believes TDSL will continue to benefit over the medium term from its established market position and above-average financial risk profile. The outlook may be revised to 'Positive' if there is a substantial improvement in sales, operating profitability, and working capital cycle, while the financial risk profile remains above average. The outlook may be revised to 'Negative' if large, debt-funded capital expenditure or significantly low cash accrual weakens the financial risk profile.

#### About the Company

Incorporated in 1992 as TDSL and reconstituted as a public limited company with the present name in 2004, TDSL is promoted by Mr Atul Mehra and manufactures dairy products such as Pasteurised Liquid Milk, Skimmed Milk Powder, Instant Gulab Jamun Mix, Butter and Ghee under the Ujjwal, Shikhar, Cima and Verifresh brands. Its facility in Jainpur, Uttar Pradesh, has processing and milk packing capacity of 3.15 lakh litre of milk per day.

#### Key Financial Indicators

| Particulars                     | Unit   | 2018   | 2017   |
|---------------------------------|--------|--------|--------|
| Revenue                         | Rs Cr. | 331.88 | 238.89 |
| Profit After Tax                | Rs Cr. | 5.34   | 4.52   |
| PAT margin                      | %      | 1.6    | 1.9    |
| Adjusted Debt/Adjusted Networth | Times  | 0.58   | 1.36   |
| Interest coverage               | Times  | 2.82   | 2.77   |

Any other information: Not applicable

#### Note on complexity levels of the rated instrument:

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#### Annexure - Details of Instrument(s)

| ISIN | Name of instrument | Date of allotment | Coupon rate | Maturity date | Issue size (Rs cr) | Rating assigned with outlook |
|------|--------------------|-------------------|-------------|---------------|--------------------|------------------------------|
|      |                    |                   |             |               |                    |                              |

|    |                                       |    |    |    |    |                    |
|----|---------------------------------------|----|----|----|----|--------------------|
| NA | Bill Discounting                      | NA | NA | NA | 8  | CRISIL BBB-/Stable |
| NA | Cash Credit                           | NA | NA | NA | 27 | CRISIL BBB-/Stable |
| NA | Proposed Long Term Bank Loan Facility | NA | NA | NA | 8  | CRISIL BBB-/Stable |

#### Annexure - Rating History for last 3 Years

| Current                    |       | 2018 (History)     |                    | 2017     |                    | 2016     |                      | 2015     |                    | Start of 2015 |                    |                   |
|----------------------------|-------|--------------------|--------------------|----------|--------------------|----------|----------------------|----------|--------------------|---------------|--------------------|-------------------|
| Instrument                 | Type  | Outstanding Amount | Rating             | Date     | Rating             | Date     | Rating               | Date     | Rating             | Date          | Rating             | Rating            |
| Fund-based Bank Facilities | LT/ST | 43.00              | CRISIL BBB-/Stable | 19-06-18 | CRISIL BBB-/Stable | 14-08-17 | CRISIL BBB-/Negative | 14-09-16 | CRISIL BBB-/Stable | 18-05-15      | CRISIL BBB-/Stable | CRISIL BB+/Stable |
|                            |       |                    |                    |          |                    |          |                      | 27-05-16 | CRISIL BBB-/Stable |               |                    |                   |

All amounts are in Rs.Cr.

#### Annexure - Details of various bank facilities

| Current facilities                    |                   |                    | Previous facilities |                   |                    |
|---------------------------------------|-------------------|--------------------|---------------------|-------------------|--------------------|
| Facility                              | Amount (Rs.Crore) | Rating             | Facility            | Amount (Rs.Crore) | Rating             |
| Bill Discounting                      | 8                 | CRISIL BBB-/Stable | Bill Discounting    | 11                | CRISIL BBB-/Stable |
| Cash Credit                           | 27                | CRISIL BBB-/Stable | Cash Credit         | 27                | CRISIL BBB-/Stable |
| Proposed Long Term Bank Loan Facility | 8                 | CRISIL BBB-/Stable | Warehouse Financing | 5                 | CRISIL BBB-/Stable |
| <b>Total</b>                          | <b>43</b>         | <b>--</b>          | <b>Total</b>        | <b>43</b>         | <b>--</b>          |

#### Links to related criteria

- [CRISILs Approach to Financial Ratios](#)
- [CRISILs Bank Loan Ratings - process, scale and default recognition](#)
- [Rating criteria for manufacturing and service sector companies](#)
- [Rating Criteria for Fast Moving Consumer Goods Industry](#)
- [Mapping global scale ratings onto CRISIL scale](#)

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