



TDSL/CS/BSE/08/2019-20

August 21, 2019

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

Ref - Symbol: TDSL ;

Scrip Code- 540955,

ISIN: INE773Y01014

Subject: Credit Rating

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015.

This is with reference to credit rating as received from CRISIL for Fund Based and Non fund based Bank Facilities. CRISIL has reaffirmed its 'CRISIL BBB-/Stable' rating on the long-term bank facilities of Tasty Dairy Specialities Limited (TDSL). 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
NISHI
Company Secretary & Compliance Officer
ACS-50043

Date : 21/08/2019

Place : Kanpur

Rating Rationale

August 20, 2019 | Mumbai

Tasty Dairy Specialities Limited

Rated amount enhanced

Rating Action

Total Bank Loan Facilities Rated	Rs.95 Crore (Enhanced from Rs.43 Crore)
Long Term Rating	CRISIL BBB-/Stable (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its 'CRISIL BBB-/Stable' rating on the long-term bank facilities of Tasty Dairy Specialities Limited (TDSL)

The rating 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 environmental and epidemic-related factors and project related risks.

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 establish strong relationship with customers and suppliers.

* **Above-average financial risk profile:** Gearing was comfortable at 0.62 time as on March 31, 2019. Further, interest coverage and net cash accrual to total debt ratios were 3.0 times and 0.18 time, respectively, in fiscal 2019.

Weaknesses

* **Exposure to risk related to government regulations and environmental factors:** Similar to agro-based products, pricing of milk products is sensitive to environmental conditions. Key raw material, milk is procured from dairy farmers, and hence, dairy product manufacturers do not have any direct control over the milk production activity. Manufacturers are also vulnerable to risks of decline in milk production caused by external factors such as cattle diseases. Though TDSL's sales have never been affected by cattle-related diseases, it remains susceptible to this risk.

* **Low operating profitability:** Operating margin remains low at 3.4% in fiscal 2019, constrained by intense competition and higher proportion of standardized milk sales. Operating margins declined from 4.2% in fiscal 2018 on account of the reducing realisations on key products.

* **Project related risks:** Planned capex of Rs 41 crore, towards expansion of capacity, will be funded via debt of Rs 15 crore and government grant of Rs 10 crore and promoter funds of Rs 16 crores. Operations from the new plant are expected to start in January 2021. As a result, company is expected to face demand as well as implementation risks over the medium term.

Liquidity

Bank limit utilisation was moderate at 70% during the 12 months through June 2019. Net cash accrual estimated at Rs 8.5 crore in fiscal 2020 and expected at Rs 11.3 crore in fiscal 2021, against Rs 3.1-4.1 crore maturing debt obligation. Current ratio remained comfortable at 2.44 times as on March 31, 2019.

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 company reports substantial improvement in sales, operating profitability, and working capital management, and manages to sustain its financial risk profile post completion of the project on time. The outlook may be revised to 'Negative' in case of drop in operating margin or significantly low cash accrual weakens the financial risk profile or if any delay in project leads to weakened liquidity over the medium term.

About the Company

Incorporated in 1992 as Tasty Dairy Specialities Pvt Ltd and reconstituted as a public limited company in 2004, TDSL is promoted by Mr Atul Mehra. The company manufactures products such as pasteurized liquid milk, skimmed milk powder, butter, *ghee*, *paneer*, whole milk powder, and dairy whitener, under the Ujjwal, Shikhar, and Verifresh brands. The facility at Jainpur, Uttar Pradesh, has capacity to process 0.35 million litres of milk per day. The company is listed on the Bombay Stock Exchange.

Key Financial Indicators

Particulars	Unit	2019	2018
Revenue	Rs. Cr.	365.21	331.88
Profit After Tax (PAT)	Rs. Cr.	5.95	5.34
PAT Margin	%	1.62	1.6
Adjusted Debt/Adjusted Networkth	Times	0.62	0.58
Interest coverage	Times	3.03	2.82

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	Cash Credit	NA	NA	NA	27	CRISIL BBB-/Stable
NA	Bill Discounting	NA	NA	NA	18	CRISIL BBB-/Stable
NA	Overdraft	NA	NA	NA	3	CRISIL BBB-/Stable
NA	Long Term Loan	NA	NA	Mar-2021	2.5	CRISIL BBB-/Stable
NA	Non-Fund Based Limit	NA	NA	NA	1	CRISIL BBB-/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	43.5	CRISIL BBB-/Stable

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2019 (History)		2018		2017		2016		Start of 2016
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	94.00	CRISIL BBB-/Stable	19-08-19	CRISIL BBB-/Stable	28-06-18	CRISIL BBB-/Stable	14-08-17	CRISIL BBB-/Negative	14-09-16	CRISIL BBB-/Stable	CRISIL BBB-/Stable
						19-06-18	CRISIL BBB-/Stable			27-05-16	CRISIL BBB-/Stable	
Non Fund-based Bank Facilities	LT/ST	1.00	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	18	CRISIL BBB-/Stable	Bill Discounting	13	CRISIL BBB-/Stable
Cash Credit	27	CRISIL BBB-/Stable	Cash Credit	27	CRISIL BBB-/Stable
Long Term Loan	2.5	CRISIL BBB-/Stable	Overdraft	3	CRISIL BBB-/Stable
Proposed Long Term Bank Loan Facility	43.5	CRISIL BBB-/Stable	--	0	--
Overdraft	3	CRISIL BBB-/Stable	--	0	--
Non-Fund Based Limit	1	CRISIL BBB-/Stable	--	0	--
Total	95	--	Total	43	--

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](#)

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