



SMERA RATINGS LIMITED

G. D. Foods Manufacturing (India) Private Limited (G.D Foods)

*Rating
Rationale***February 15, 2016**

Facilities	Amount (Rs. Crore)	Rating
Term Loan	5.00	SMERA BBB-/Stable (Assigned)
Cash Credit	5.00	SMERA BBB-/Stable (Assigned)

SMERA has assigned rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) on the Rs.10.00 crore fund based bank facilities of G. D. Foods Manufacturing (India) Private Limited (G.D Foods). The outlook is '**Stable**'. The rating is supported by the established brand presence of 'Tops' in the domestic market and comfortable financial risk profile marked by moderate profitability and return indicators. The rating also takes into account the extensive experience of the promoters in the FMCG industry. However, the rating is constrained by the company's exposure to agro climatic risk and intense market competition in the FMCG industry.

Outlook: Stable

SMERA believes G.D Foods will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals. Conversely, the outlook may be revised to 'Negative' if there's significant deterioration in the financial risk profile and liquidity position.

Rating Sensitivity Factors

- Improvement in profitability margins
- Diversification in product portfolio

About the Company

G.D. Foods, incorporated in 1985 is promoted and managed by Mr. B. M. Seth and Mr. Nitin Seth. The company is engaged in the manufacturing and distribution of FMCG products. It sells its products under the 'Tops' and 'Royal Taste' brand names.

The company reported net profit of Rs.9.87 crore on total income of Rs.224.46 crore for FY2014-15, as compared with net profit of Rs.2.73 crore on total income of Rs.183.65 crore in FY2013-14. The net worth stood at Rs.38.69 crore as on March 31, 2015, as against Rs.27.66 crore a year earlier.

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Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: suman.m@smera.in	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-11-4973 1312 Email: parimal.thakker@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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