

Bishnupriya Food Industries Private Limited
August 29, 2017
Rating

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	14.76	CARE B+; Stable (Single B Plus ; Outlook: Stable)	Assigned
Total Facilities	14.76 (Rupees Fourteen crore and Seventy Six lakh only)		

Details of facilities in Annexure-1
Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Bishnupriya Food Industries Private Limited (BFIPL) is constrained by its project implementation risk, volatile agro-commodity (flour) prices with linkages to vagaries of the monsoon and regulated nature of the industry, intensely competitive nature of the industry with presence of many unorganized players. The aforesaid constraints are partially offset by the company's experienced promoters, locational advantage and proximity to raw material sources and high growth prospects of the industry.

The ability of the company to complete the project without any cost & time overrun, ability to achieve the projected scale of operations and profitability as envisaged and ability to manage working capital effectively would be the key rating sensitivities.

Detailed description of the key rating drivers
Key Rating Weaknesses
Project implementation risk

BFIPL is proposed to engage in the food processing business of maida, atta, sooji and bran with manufacturing capacity at Murshidabad, West Bengal with an aggregate project cost of Rs.17.94 crore, which is proposed to be financed by way of promoter's contribution of Rs.7.66 crore, term loan from bank of Rs.10.28 crore. The company has already invested Rs.3.71 crore towards land & site development, building, civil works etc. till July 31, 2017 which is met through promoter's contribution. The project is expected to be operational from February, 2018. The financial closure of the aforesaid term loan from the bank is yet to be achieved.

Volatile agro-commodity (flour) prices with linkages to vagaries of the monsoon and regulated nature of the industry

BFIPL is proposed to primarily engage in the processing of wheat products under its roller mills. Wheat being an agricultural produce and staple food, its price is subject to intervention by the government. In the past, the prices of wheat have remained volatile mainly on account of the government policies in respect of Minimum Support Price (MSP) & controls on its exports. The MSP of wheat for 2017-18 is Rs.1625/quintal increased from Rs.1525/quintal in 2016-17. Further to be noted, the prices of wheat are also sensitive to seasonality, which is highly dependent on monsoon. Any volatility in the wheat prices will have an adverse impact on the performance of the flour mill.

Intensely competitive nature of the industry with presence of many unorganized players

Flour milling industry is highly fragmented and competitive due to presence of many players operating in this sector owing to its low entry barriers, due to low capital and technological requirements. West Bengal and nearby states are a major wheat growing area with many flour mills operating in the area. High competition restricts the pricing flexibility of the industry participants and has a negative bearing on the profitability.

Key Rating Strengths
Experienced promoters

Mr. Sunil Chowdhury (aged 46 years) has over two decades of experience in different business like food supply chain with Integrated Child Development Services (ICDS Dept), liquor business and bar cum restaurant business. Apart from that, the other promoter Mr. Abdul Kader (aged 41 years) has over a decade of experience in installation of different electrical & civil contractor business. Both of them look after the overall management of the company, with adequate support from a team of experienced personnel.

Locational advantage and proximity to raw material sources

BFIPL's unit has close proximity to local grain markets and major raw material procurement destinations. Further, West Bengal and nearby states like Jharkhand and Uttar Pradesh are one of the major wheat producing area in India. Accordingly, BFIPL has locational advantage in terms of proximity to raw material. This apart, the plant is located in the

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vicinity of industrial area of West Bengal, having good transportation facilities and other requirements like good supply of power, water etc.

High growth prospects of the industry

Wheat based products, viz. Maida, Suji and Atta have large consumption across the country in the form of bakery products, cakes, biscuits and different types of food dishes in home and restaurants. The demand has been driven by the rapidly changing food habits of the average Indian consumer, dictated by the lifestyle changes in the urban and semi-urban regions of the country.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

About the Company

Bishnupriya Food Industries Private Limited (BPFIL) was incorporated as a Private Limited Company on January 11, 2017. The company is engaged in setting up of a food processing unit in Murshidabad, West Bengal with a proposed installed capacity of 200 tons per day. The company proposed to manufacture different flour qualities like "Atta", "Maida", "bran" and "Suji" etc. BPFIL proposed to procure wheat from wholesalers and commission agents present in local grain markets and sell its products to wholesale traders in the nearby states like West Bengal, Bihar, and Orissa.

The project is estimated to be set up at a cost of Rs.17.94 crore, which is proposed to be financed by way of promoter's contribution of Rs.7.66 crore and term loan from bank of Rs.10.28 crore. The project is expected to be operational from February, 2018. The financial closure of the aforesaid term loan from the bank is yet to be achieved.

Mr. Sunil Chowdhury (aged 46 years), having over two decades of experience food chain, liquor and restaurant business along with Mr. Abdul Kader (aged 41 years), having a decade of experience in electrical & civil contractor business proposed to look after the overall management of the company with adequate support from a team of experienced personnel.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating History (Last three years): Please refer Annexure-2

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	Proposed	10.28	CARE B+; Stable
Fund-based - LT-Cash Credit	-	-	Proposed	4.48	CARE B+; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	10.28	CARE B+; Stable	-	-	-	-
2.	Fund-based - LT-Cash Credit	LT	4.48	CARE B+; Stable	-	-	-	-

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