

## Brown Belly Products Private Limited

March 23, 2022

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	14.19	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>14.19</b> <b>(Rs. Fourteen Crore and Nineteen Lakhs Only)</b>		

Details of facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Brown Belly Products Private Limited (BBPPL) to monitor the rating(s) vide e-mail communications/ letters dated October 18 2021, March 11 2022 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further Brown Belly Products Private Limited has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on Brown Belly Products Private Limited's bank facilities will now be denoted as **CARE B-; Stable; Issuer Not Cooperating \***.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).***

The ratings have been moved to ISSUER NOT COOPERATING category on account of lack of information and uncertainty around the credit risk profile of the company.

**Rating Sensitivities:** Not Applicable

### Detailed description of the key rating drivers

At the time of last rating on September 27, 2021, the following were the rating strengths and weaknesses (updated for information received from Registrar of Companies):

### Key Rating Strengths

#### Experienced promoters

BBPPL is currently managed by Mr. Binod Kumar, director, along with a team of experienced personnel. Mr. Binod Kumar having over two decades of experience in same line of industry looks after the overall management of the company. He is supported by Mrs. Poonam Kumari along with a team of experienced professional.

#### Long term agreement with Britannia Industries Ltd (BIL) albeit risk of renewal remains

BBPPL has entered into long-term agreement with BIL for manufacturing of bread respectively. As per the agreement, BBPPL is entitled to receive conversion charges (Rs.9 per kg). The required raw material will be provided by BIL to BBPPL. While the agreement is valid for a period of five years from the date of commencement of operation, it is subject to renewability thereafter.

### Key Rating Weaknesses

#### Small scale and short track record of operation

The company has started its operation in Unit 1 from August 2018 and unit 2 from July 2019. Accordingly, it has very short track record of operations. Moreover, the scale of operation of the company remained small as marked by total operating income of Rs.12.64 crore in FY21. Further the tangible networth of the company also remained moderate at Rs.6.49 crore as on March 31, 2021. During April and May 2021, business was partially impacted due to lockdowns on account of second wave of Covid19 pandemic. However, with gradual resumption of business, in 4MFY22, the company achieved a turnover of Rs.4.17 crore.

#### Leveraged capital structure with moderate debt coverage indicators

The capital structure of the company, although improved, remained leveraged marked by overall gearing ratio of 2.25x as on March 31, 2021 mainly due to higher term loans availed to set up the plant. Further the debt coverage indicators also remained moderate marked by interest coverage of 6.57x in FY21 and total debt to GCA of 5.33x as on March 31, 2021.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

\*Issuer did not cooperate; Based on best available information

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

Due to low entry barrier, BBPPL faces intense competition from organized region-specific players as well as from unorganized players. With high penetration and established supply chain network of packaged food from domestic food processing players at attractive price intensifies the competition. However, the company has long term agreement with BIL and MFEPL which mitigates the aforesaid risk to a certain extent.

**Analytical approach:** Standalone

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Manufacturing Companies](#)

### About the Company

Incorporated in December 1993, BBPPL is promoted by Mr. Binod Kumar and Mrs. Poonam Kumari. After remaining dormant for around fourteen years, it commissioned a food processing unit in collaboration with BIL in July 2018. Further, the company has set up unit 2 (for manufacturing of bread) in July 2019. The aggregate installed capacity for rusk and bread is 65 MT per day. Mr. Binod Kumar is a renowned businessman in the region having business experience of more than two decades in the field of biscuit manufacturing (for PARLE), flour Mill, bakery business (for MODERN).

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (P)
Total operating income	13.47	12.64	NA
PBILDT	2.60	3.51	NA
PAT	0.15	0.45	NA
Overall gearing (times)	3.01	2.25	NA
Interest coverage (times)	13.56	6.57	NA

A: Audited; P: Provisional; NA: Not Available

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure 4

### Annexure-1: Details of Facilities

Name of the Facilities	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	February 2028	11.64	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	1.40	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working capital Term Loan		-	-	February 2026	1.15	CARE B-; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	11.64	CARE B-; Stable; ISSUER NOT COOPERATING*	1)CARE B-; Stable (27-Sep-21)	1)CARE D (04-Jan-21)	1)CARE B; Stable; ISSUER NOT COOPERATING* (09-Dec-19)	1)CARE B+; Stable (07-Sep-18)
2	Fund-based - LT-Cash Credit	LT	1.40	CARE B-; Stable; ISSUER NOT COOPERATING*	1)CARE B-; Stable (27-Sep-21)	1)CARE D (04-Jan-21)	1)CARE B; Stable; ISSUER NOT COOPERATING* (09-Dec-19)	1)CARE B+; Stable (07-Sep-18)
3	Fund-based - LT-Working capital Term Loan	LT	1.15	CARE B-; Stable; ISSUER NOT COOPERATING*	1)CARE B-; Stable (27-Sep-21)	1)CARE C; Stable (04-Jan-21)	-	-
4	Fund-based - LT-Funded Interest term Loan	LT	-	-	1)Withdra wn (27-Sep-21)	1)CARE C; Stable (04-Jan-21)	-	-

\*Issuer did not cooperate; Based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:** Not Applicable**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working capital Term Loan	Simple

**Annexure 5: Bank Lender Details for this Company**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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### About CARE Ratings Limited:

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