

June 10, 2013

**CARE ASSIGNS 'CARE B+' RATING TO THE BANK FACILITIES OF
TIRUPATI BALAJEE NUTRITION PRIVATE LTD**

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	6.47	CARE B+ (Single B Plus)	Assigned
Total Facilities	6.47		

Rating Rationale

The rating assigned to the bank facilities of Tirupati Balajee Nutrition Private Ltd (TBNPL) is constrained by its nascent stage of operations, short track record of the promoters, raw material price fluctuation and availability risk with susceptibility to vagaries of nature, highly competitive, fragmented and government-controlled nature of the industry. These factors far outweigh the benefits derived from the locational advantage of the plant, government support and insulation from economic cycle with stable demand outlook.

The ability of the company to increase the scale of operations, profitability and the ability to manage working capital effectively would be the key rating sensitivities.

Background

Tirupati Balajee Nutrition Pvt Ltd (TBNPL), incorporated in December 2008, was promoted by Roy family based out of Danapur, Bihar, under the guidance of Mr Ritesh Kumar Roy to set up a flour mill (both Roller Flour Mill and Atta 'Chakki'). TBNPL commenced commercial production on August 2012, upon commissioning of its plant at Bihta (Bihar) with an installed capacity of 54,000 MTPA and is engaged in the manufacturing of different flour qualities like "Atta", "Maida" and "Suzi". TBNPL procures wheat from the wholesalers and commission agents present in local grain markets and sell its products to wholesale traders in the states of Bihar, Orissa, Jharkhand and West Bengal.

As per FY13 (provisional) results, the company has achieved a PAT of Rs.0.3 crore on total income of Rs.35.8 crore.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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