

December 31, 2015

**CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF
TIRUPATI BALAJEE NUTRITION PRIVATE LTD**

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	8.28 (Reduced from 9.52)	CARE B+ (Single B Plus)	Reaffirmed
Total Facilities	8.28 (Rupees Eight crore and Twenty Eight lakh only)		

Rating Rationale

The rating of Tirupati Balajee Nutrition Private Ltd (TBNPL) continues to be constrained by its nascent stage of operations, short track record of promoters, raw material price fluctuation and availability risk with susceptibility to vagaries of nature, highly competitive and government controlled industry. The rating, however, continues to draw comfort from the locational advantage, government support and insulation from economic cycle with stable demand outlook.

Going forward, the ability of the company to increase the scale of operations and profitability margin and effective working capital management would be the key rating consideration.

Background

TBNPL, incorporated in December 2008, was promoted by the 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') at a project cost of Rs.8.6 crore being funded at a debt-equity ratio of 0.97:1. TBNPL commenced commercial production on August 2012, upon commissioning of its plant at Bihta (Bihar) with an installed capacity of 54,000 MTPA and in view of rising demand of flour products the company further expanded its flour mill facility (by 54,000 MTPA) at its existing plant at an aggregate cost of Rs.3.46 crore, being financed at a debt: equity of 2.26:1. The project was completed in October 2015. Since its inception, it has been engaged in manufacturing of different flour qualities like "Atta", "Maida" and "Suzi" and markets its products in the brand name of "Nandan Bhog". TBNPL procures wheat from 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.

TBNPL is a closely-held company with all the three member of the board being from the promoter's family. The day-to-day affairs of the company are looked after by Mr Ritesh Kumar Roy, MD with adequate support from other directors and staffs. In FY15 (A) (refers to the period April 01 to March 31), the company has reported a total operating income of Rs.51.76 crore (as against Rs.51.30 crore in FY14) and PAT Rs.0.18 crore (as against PAT of Rs.0.36 crore in FY14). Furthermore, till 8M FY16 TBNPL has achieved a total operating income of Rs.20.14 crore.

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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