

JULY 07, 2014

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

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	9.52 (enhanced from Rs.6.47 crore)	CARE B+ (Single B Plus)	Reaffirmed
Total Facilities	9.52		

Rating Rationale

The rating for the bank facilities of Tirupati Balajee Nutrition Pvt Ltd (TBNPL) continue to remain constrained by its nascent stage of operations, short track record of the promoters, debt funded expansion project, raw material price fluctuation and availability risk with susceptibility to vagaries of nature and 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 with improvement in the profitability, effective management of the working capital, ability to complete the project successfully and derive the benefits as envisaged would be the key rating sensitivities.

Background

Tirupati Balajee Nutrition Pvt Ltd (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'). 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" 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.

Currently, in view of rising demand of flour products the company is in the process of expanding its flour mill facility (by 54,000 MTPA) at its existing plant at an aggregate cost of Rs3.46 crore, being financed at a debt: equity of 2.26:1. The project is in the final stage of implementation and the same is likely to start commercial operations from July 2014.

During FY14 (provisional) [refers to the period April 1 to March 31], the company reported a total operating income of Rs.50.8 crore (FY13: Rs.35.1 crore) and a PAT of Rs.0.2 crore (FY13: Rs.0.2 crore).

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