

Tirupati Balajee Nutrition Private Limited

March 05, 2019

Rating			
Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long term Bank Facilities	7.71	CARE B; Stable ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE B+; Stable Issuer Not Cooperating (Single B Plus; Outlook:Stable; Issuer Not Cooperating)
Total	7.71 (Rupees Seven crore and Seventy One lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **Tirupati Balajee Nutrition Private Limited (TBNPL)** to monitor the rating vide e-mail communications/letters dated February 04, 2019, February 06, 2019, February 08, 2019 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on TBNPL's bank facilities will now be denoted as **CARE B; Stable ISSUER NOT COOPERATING**. Further, the banker could not be contacted.

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

The ratings take into account moderate small scale of operation with short track record of operations, raw material price fluctuation and availability risk susceptibility to vagaries of nature, highly competitive and fragmented industry and government controlled industry. The ratings, however, continue to draw comfort from locational advantage and government support.

Detailed description of the key rating drivers

Key Rating Weaknesses

Moderate scale of operation with short track record of operations

TBNPL scale of operations remained modest as compared to its peers with a PAT of Rs.0.41 crore on total operating income of Rs.56.91 crore during FY18. Furthermore, total capital employed of the company remained low at Rs.12.53 crore as on March 31, 2018. TBNPL commenced commercial production at its plant in August, 2012 and has successfully completed more than four years of operation with FY14 being the first full year of operation for the company.

Raw material price fluctuation and availability risk with susceptibility to vagaries of nature

The prices of major raw material, i.e. wheat, are dependent on its availability which is further dependent on climatic conditions. Wheat production's overdependence on monsoons is an inherent risk which may impact its availability, resulting in volatility in wheat prices. Further, the company doesn't have any long term contracts with any of its suppliers and procure the raw materials on spot price. Any increase in raw material prices without corresponding increase in finished goods prices will result in adverse performance of the company.

Highly competitive and fragmented industry

Flour mill industry is highly fragmented and competitive marked by the presence of numerous organized and unorganized players due to low entry barriers on the back of limited capital and technological requirements and capital subsidy provided by Government to promote agro based industries, leading to intense competition within the players. Hence, the players in the industry do not have any pricing power and are exposed to competition induced pressures on profitability.

Government controlled industry

Wheat being a staple food, its prices is under the tight control of the Central/State Government. There are strict regulations in place relating to Minimum Support Price and Exim policy which hugely affects the wheat prices domestically. It is to be noted that, the Minimum Support Price of wheat has recently been changed to Rs.1840/quintal during 2018-2019 from Rs. 1735 /quintal during 2017-2018.

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

*Issuer did not cooperate; Based on best available information

Key Rating Strengths

Locational Advantage

TBNPL's unit has close proximity to local grain markets, major raw material procurement destinations for the company. Further, Bihar is one of the major wheat producing states in India. In addition, the plant is having good transportation facilities and other requirements like good supply of power, water etc. Accordingly, TBNPL has locational advantage in terms of proximity to raw material and connectivity.

Government Support

The state government of Bihar, under the scheme "Integrated development", designed for advancement of food processing sector in Bihar is focusing on food processing industry to achieve a "faster" and "all-inclusive" economic growth with its favorable industry policies and accordingly, companies like TBNPL will be benefited in future years also.

Analytical approach: Standalone

Applicable Criteria

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

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

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

[Financial ratios – Non-Financial Sector](#)

[CARE's methodology for manufacturing companies](#)

About the Company

Tirupati Balajee Nutrition Pvt. Ltd (TBNPL), incorporated in December 2008, was promoted by Roy family based out of Danapur, Bihar under the guidance of Shri 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 in view of rising demand of flour products the company further expanded its flour mill facility (by 54,000 MTPA) at its existing plant. Since its inception, it has been engaged in manufacturing of different flour qualities like "Atta", "Maida" and "Suji" 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.

Liquidity

The liquidity position of the firm remained moderate marked by current ratio of 1.34x and quick ratio of 0.75x as on March 31, 2018. The Gross cash accruals also remained moderate at Rs.0.77 crore as on March 31, 2018.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	54.20	56.91
PBILDT	1.82	1.69
PAT	0.31	0.41
Overall gearing (times)	1.65	1.30
Interest coverage (times)	2.05	2.23

A: Audited

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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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

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Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

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	-	-	May 2024	3.11	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	4.60	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information

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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	3.11	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B+; ISSUER NOT COOPERATING* (27-Dec-17)	1)CARE B+; Stable (09-Jan-17)	1)CARE B+ (31-Dec-15)
2.	Fund-based - LT-Cash Credit	LT	4.60	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B+; ISSUER NOT COOPERATING* (27-Dec-17)	1)CARE B+; Stable (09-Jan-17)	1)CARE B+ (31-Dec-15)

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