



Press Release

Bambino Agro Industries Limited

November 8, 2023

Rating

Instrument Facility /	Amount (Rs. crore)	Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	72.77	IVR BB+ Under Rating Watch with Developing Implications (IVR Double B Plus under Rating Watch with Developing Implications)	Reaffirmed	Simple
Total	72.77 (Seventy Two Crore and seventy seven lakh)			

Details of Facilities are in Annexure 1

Detailed Rationale

The reaffirmation of the rating assigned to the bank facilities of Bambino Agro Industries Limited (BAIL) factors in the company's strong brand recognition coupled with its widespread distribution network. The rating also considers satisfactory financial performance in FY23 and in Q1FY24 along with its average financial risk profile. However, these rating strengths are partially offset by its exposure to intense competition and exposure to raw material price fluctuation & quality risks. Further, the rating continues to remain under rating watch with developing implications owing to uncertainty in respect to an outcome of the court case/petition filed in National Company Law Tribunal (NCLT) against the company by its shareholders. Infomerics will continue to monitor the developments in this regard and will take a view on the ratings once the exact implications of the above on the credit risk profile of the company are clear.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis



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- Improvement in the capital structure with overall gearing below 1x and improvement in debt protection metrics with interest coverage ratio over 4x
- Improvement in liquidity

Downward Factors

- Decline in operating income and/or profitability on a sustained basis impacting the debt protection metrics with moderation in interest coverage to below 2x
- Deterioration in the capital structure with moderation in overall gearing to above 1.5x
- Any negative developments/outcome with regard to the court case/petition filed against the company by its shareholders

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Strong brand recognition

The company enjoys strong brand recognition with its long presence in the food industry for over three decades. The company is engaged in manufacturing and selling vermicelli, macaroni and other pasta products under the brand name “Bambino”. Its established name in pasta industry give it a competitive advantage in the market.

Widespread distribution network

BAIL is reasonably well positioned in the domestic market, supported by its strong brand presence and widespread distribution network, which enable the company to increase its market penetration. BAIL sells its products through a network of stockists and distributors spread across eastern, northern, central and northeastern India.

Satisfactory financial performance in FY23 and in Q1FY24

Total operating income has increased by ~18% on y-o-y basis from Rs. 257.32 crore in FY22 to Rs. 303.20 crore in FY23 and it is expected to grow further supported by capacity enhancement, better average sales realisation and expansion of product portfolio. However, operating profit margin witnessed pressure on account of higher raw material prices, especially wheat. In Q1FY24, the company has achieved PAT of Rs. 3.18 crore on revenues of Rs. 76.76 crore.



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Average financial risk profile

The capital structure of the company remained satisfactory with overall gearing of 1.17x as on March 31, 2023, as against 1.13x as on March 31, 2022. Total indebtedness remained comfortable as reflected by TOL/TNW of 1.41x as on March 31, 2023. Debt protection metrics marked by the interest coverage ratio stood comfortable at 3.34x (2.89x in FY22). However, DSCR stood below unity in FY23. The company managed to timely service its debt repayment obligations supported by improvement in liquidity position following enhancement in cash credit limit from Rs. 9.50 crore to Rs. 19.50 crore in October 2022, and further to Rs. 34.50 crore in February 2023.

Key Rating Weaknesses

Exposure to intense competition

BAIL operates in a fragmented and unorganised food industry, facing competition from local manufacturers (unorganised) as well as established participants (organised).

Exposure to raw material price volatility risk

The company's profit margins are exposed to adverse movements in its raw material prices. However, BAIL's ability to partially pass on the price hikes to its customers due to its established brand name mitigate this risk to an extent.

Quality risks

Being in the foods industry, quality and reputation risks remain high for the company.

Exposure to litigation risks

A family dispute with respect to shareholding and management of BAIL is yet to be settled. Infomerics will continue to monitor the developments with respect to the abovementioned case and will take appropriate rating action on the outcome of the same.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria of assigning rating outlook](#)



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Liquidity – Adequate

The liquidity position of the company is expected to remain satisfactory in the near to medium term marked by adequate cushion in expected accruals of Rs.18-31 crore as against its repayment obligations of Rs. 9.5-17.2 crore during FY24-FY26. Moreover, the average working capital limit utilisation was ~74% during the past twelve months ended August 2023 indicating some liquidity cushion.

About the Company

Bambino Agro Industries Limited (BAIL), incorporated in 1983 was promoted by late Mr. M Kishan Rao. The company is engaged in manufacturing and selling vermicelli, Macaroni and other pasta products under the brand name “Bambino”. Its manufacturing units are located in Begumpur Khatola village, Gurgaon (Gurugram) and Gohana, Sonapat, Haryana with an installed capacity of 141310 MT per annum.

Financials (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	257.32	303.20
EBITDA	23.97	21.08
PAT	8.85	9.21
Total Debt	85.80	97.41
Tangible Net worth	75.66	83.60
EBITDA Margin (%)	9.32	6.95
PAT Margin (%)	3.44	3.02
Overall Gearing Ratio (x)	1.13	1.17

**As per Infomerics' Standard*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Jan 25,2023)	Date(s) & Rating(s) assigned in 2021-22 (March 22,2022)	Date(s) & Rating(s) assigned in 2020-21	
1.	Term loan/GECL	Long Term	38.27	IVR BB+/ Rating Watch with Developing Implications	IVR BB+/ Rating Watch with Developing Implications (June 9, 2023)	IVR BB+/ Rating Watch with Developing Implications	IVR BBB - / Credit Watch with Developing Implications	-
2.	Cash Credit	Long Term	34.50	IVR BB+/ Rating Watch with Developing Implications	IVR BB+/ Rating Watch with Developing Implications (June 9, 2023)	IVR BB+/ Rating Watch with Developing Implications	IVR BBB-/ Credit Watch with Developing Implications	-

Name and Contact Details of the Rating Analyst:

Name: Mr. Ashish Agarwal	Name: Mr. Avik Podder
Tel: (033) 46022266	Tel: (033) 46022266
Email: aagarwal@infomerics.com	Email: apodder@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan/GECL	-	-	December 2028	38.27	IVR BB+ Under Rating Watch with Developing Implications
Cash Credit	-	-	-	34.50	IVR BB+ Under Rating Watch with Developing Implications

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Bambino-nov23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.