



Press Release

Bambino Agro Industries Limited

June 09, 2023

Rating

Instrument Facility /	Amount (Rs. crore)	Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	75.91	IVR BB+ Under Rating Watch with Developing Implications (IVR Double B Plus under Rating Watch with Developing Implications)	Reaffirmed	Simple
Total	75.91 (Seventy five Crore and ninety one lakh)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Bambino Agro Industries Limited (BAIL) continues to remain under rating watch with developing implications owing to uncertainty in respect to an outcome of a 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. The rating also considers growth in its scale of operations in FY23. Further, the rating continues to derive strength from its strong brand recognition and its widespread distribution network. The rating also note successful completion of its expansion project at Sonipet, Haryana in November 2022. However, these rating strengths are partially offset by its exposure to intense competition and exposure to raw material price fluctuation & quality risks.

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



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- 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 petition filed against the company by two of 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 over 80 stockists and 1050 distributors spread across eastern, northern, central and northeastern India.

Growth in scale of operations in FY23

The company has achieved y-o-y growth of ~18% in its topline in FY23. The company has achieved revenue of ~Rs. 303 crore in FY23 compared to Rs. 257.32 crore in FY22.

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



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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 and the hearings and proceedings are under progress in the National Company Law Tribunal (NCLT). 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. Mrs. Myadam Anita, one of the two shareholders has withdrawn the case and filed withdrawal petition in National Company Law Tribunal (NCLT), Hyderabad and the same has been permitted by NCLT vide order dated 27.09.2022.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria of assigning rating outlook](#)

Liquidity – Stretched

The liquidity position of the company is expected to remain stretched due to its expected tightly matched gross cash accruals vis-à-vis its debt repayment obligations.

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 unit is located in Begumpur Khatola village, Gurgaon (Gurugram), Haryana with an installed capacity of 116110 MT per annum.

Financials (Standalone):

(Rs. crore)

For the year ended* / As On	31-03-2021	31-03-2022	31-03-2023
	Audited	Audited	Audited^



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For the year ended* / As On	31-03-2021	31-03-2022	31-03-2023
Total Operating Income	278.60	257.32	303.20
EBITDA	20.30	23.97	21.08
PAT	8.62	8.85	9.21
Total Debt	85.05	85.80	-
Tangible Net worth	68.09	75.66	83.60
EBITDA Margin (%)	7.29	9.32	6.95
PAT Margin (%)	3.06	3.44	3.04
Overall Gearing Ratio (x)	1.25	1.13	-

*As per Infomerics' Standard ^Abridged

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

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	66.41	IVR BB+/ Rating Watch with Developing Implications	IVR BB+/ Rating Watch with Developing Implications	IVR BBB - / Credit Watch with Developing Implications	-
2.	Cash Credit	Long Term	9.50	IVR BB+/ Rating Watch with Developing Implications	IVR BB+/ Rating Watch with Developing Implications	IVR BBB-/ Credit Watch with Developing Implications	-

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange



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Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

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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	66.41	IVR BB+ Under Rating Watch with Developing Implications
Cash Credit	-	-	-	9.50	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-jun23.pdf>



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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.

