

Rating Rationale

Brickwork Ratings Revises Ratings from BWR BB to 'BWR BB-' for Bank Loan Facilities aggregating ₹ 6.50 Cr of Noni Biotech Pvt. Ltd

Brickwork Ratings has revised the following **Rating¹** for Bank Loan facilities amounting to ₹6.50 Crores of Noni Biotech Pvt. Ltd sanctioned by Punjab National Bank.

Facility	Limits (₹ Cr)		Tenure	Previous Rating	Rating
	Previous	Present			
Fund Based				BWR BB (Pronounced BWR Double B)	BWR BB- (Pronounced BWR Double B minus)
Cash Credit	3.00	6.50	Long Term		
Term Loan	11.00	0.00		Outlook - Stable	Outlook - Stable
Total	14.00	6.50	INR Six Crores & Fifty Lakhs only		

BWR has principally relied upon the audited financial results up to FY15 and the publicly available information and information/clarifications provided by the firm's management.

The rating continues to factor the experience of the promoters in the herbal health products business, plans for new products which are already tested and approved and strong net worth enabling low leverage. The rating is, however, constrained by substantial decline in sales during past 2 years, increase in receivable and inventory days making operations working capital intensive resulting in negative cash from operations in FY15. The rating is also constrained by capital work in progress which has been there since last two years and has resulted in unused blocked funds for the business.

Background:

Noni Biotech Pvt Ltd (NEBPL) was incorporated in the year 2001 under the name Web Fund Foundation Pvt Ltd by Dr.P.I.Peter. The name was later changed to Noni Biotech Pvt Ltd on April 2009. The company is mainly engaged in the manufacture of the health drink under the brand name "Noni Divine Gold" extracted from 'Morinda Citrifolia' fruit and at present has also introduced mango juice to its product line.

The manufacturing plant of the company is located near Guduvancherry in Tamil Nadu. The total buildup area of the plant is 1,25,800 sq ft. The manufacturing capacity of the plant to produce 30000 litres of concentrate per day.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management:

Dr.P.I.Peter is the promoter and the managing director of the company.He has more than 3 decades of experience in the industry.He has also established World Noni Research Foundation and IGNOU Wellness Community college at Chennai.

Mr.Y.Ashraf Ali is the director of the technical department.

Financial Performance:

During FY15,the total revenue of the company was ₹24.60 Cr. The operating profit margin is 21.88 % in FY15. The debt equity ratio is 1.11 times. The tangible net worth is ₹19.35 Cr as at 31st March,2015.

Rating Outlook:

Going forward, the ability of the company to improve cash from operations, scale of operations and operationalise the project under implementation for business growth will remain the key rating sensitivities.

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