

Press Release

Food And Biotech Engineers India Private Limited

January 31, 2023



Rating Assigned, Downgraded and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.20	ACUITE C Assigned	-
Bank Loan Ratings	8.80	ACUITE C Downgraded	-
Bank Loan Ratings	6.00	-	ACUITE A4 Assigned
Bank Loan Ratings	18.00	-	ACUITE A4 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	50.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has downgraded the long-term rating from '**ACUITE B+**' (read as **ACUITE B plus**) to '**ACUITE C**' (read as **ACUITE C**) and reaffirmed the short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.26.80 crore bank facilities of Food And Biotech Engineers India Private Limited (FBEIPL).

Further Acuité has assigned the long-term rating of '**ACUITE C**' (read as **ACUITE C**) and short term rating '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.23.20 crore bank facilities of Food And Biotech Engineers India Private Limited (FBEIPL).

Rationale for Rating Action

Rating action takes into account the confirmation for delay in repayments of EMIs for December 22 and January 23 month for loans (not rated by Acuite) taken from Tata Capital Financial Services Limited, IDFC Bank and ICICI Bank.

About the Company

Incorporated in the year 1999, FBEIPL is a Delhi based company. The directors of the company are Mr. Rabindra Prasad Singh, Mr. Abhishek Singh Prasad and Mr. Anil Kumar Sinha. The company is engaged in the business of manufacturing, designing, installing and commissioning of dairy, food, starch and biotechnology related machinery and plants. The company specializes in evaporators and dryers used for industries like dairy, fruits, distilleries and chemicals.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of FBEIPL to arrive at this rating.

Key Rating Drivers

Strengths

Revenue and Profitability

Company has reported revenues of Rs. 75.73 crore for FY 22 as against Rs. 42.60 crore in FY2021. Operating income increased by ~78% in FY 22 and has crossed its pre covid level (Rs 60.19 crore in FY 20). The operating margin has decreased to 4.65 percent in FY22 from 7.09 percent in FY 21. Further company's PAT margin stood at 2.46 percent for FY 22 as compared to 2.10 percent in FY21. Operating margin in FY 22 was lower due to unrecoverable balance written off in P&L for Rs 4.29 crore (foreign customer liquidated and accordingly amount written off)

Weaknesses

Financial risk profile

FBEIPL's financial risk profile stood moderate marked by moderate net worth, low gearing (debt to equity ratio) and moderate debt protection metrics. There is minuscule improvement in gearing and stood at 0.81 times as on March 31, 2022 as against 0.86 times as on 31 March, 2021. The Net worth of the company is moderate and stood at Rs. 17.78 crore as on March 31, 2022 as against Rs.15.92 crore as on 31 March, 2021. Improvement in Net Worth and gearing is on account of profit accretion.

Coverage indicator stood moderate as interest coverage of 2.57 times and Debt Service coverage indicator of 2.24 times for FY 22.

Working capital management

Working capital operations of company has improved yet remain intensive as evident from GCA Days. The Gross Current Asset (GCA) days stood at 337 days as on 31st March 2022 as against 604 days on 31st March 2021. The debtor's days improved and stood at 207 days as on March 31, 2022 as against 445 days in FY2021. The inventory days has decreased to 71 days as on March 31, 2022 as against 105 days in FY2021. (now in line with pre covid period).

Rating Sensitivities

Not Applicable

Material covenants

None

Liquidity Position

Stretched

Company has stretched liquidity. Delay in repayments of EMI payable to Tata Capital financial services Limited, IDFC Bank and ICICI Bank for December Month vouches the stretched liquidity. Company generated cash accruals of Rs. 2.52 crore for FY 22. Cash and Bank Balance of company stood at Rs 0.20 Crore as on 31st March 2022. Current ratio of company stood at 1.40 times for FY 22 as against 1.32 times for FY 21. Further the company's bank limit utilization remained at higher level of ~95% in past nine month ended December 2022 accordingly additional cushion not available for contingencies. Further ~68% of total debtors (as on March 31, 2022) are more than 180 days old.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	75.73	42.60
PAT	Rs. Cr.	1.86	0.89
PAT Margin	(%)	2.46	2.10
Total Debt/Tangible Net Worth	Times	0.81	0.86
PBDIT/Interest	Times	2.57	2.24

Status of non-cooperation with previous CRA (if applicable)

Crisil vide its press release dated 19.08.2022, had reaffirmed the company to CRISIL B-/A4;INC

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Jan 2022	Working Capital Demand Loan	Long Term	1.80	ACUITE B+ Stable (Assigned)
	Bank Guarantee	Short Term	18.00	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE B+ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	1.00	ACUITE B+ Stable (Reaffirmed)
29 Aug 2020	Term Loan	Long Term	1.00	ACUITE B+ (Withdrawn)
	Proposed Bank Facility	Short Term	18.00	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE B+ Stable (Upgraded from ACUITE C)
	Proposed Bank Facility	Long Term	1.00	ACUITE B+ Stable (Upgraded from ACUITE C)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	18.00	ACUITE A4 Reaffirmed
Canara Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE A4 Assigned
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE C Downgraded
Canara Bank	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	0.75	ACUITE C Assigned
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE C Downgraded
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	16.03	ACUITE C Assigned
Canara Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.42	ACUITE C Assigned
Canara Bank	Not Applicable	Working Capital Demand Loan (WCDL)	Not available	Not available	Not available	Simple	1.80	ACUITE C Downgraded

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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