



**Press Release**  
**Food And Biotech Engineers India Private Limited**  
**October 31, 2023**

**Rating Reaffirmed and Upgraded**

| Product                               | Quantum<br>(Rs. Cr) | Long Term Rating              | Short Term Rating      |
|---------------------------------------|---------------------|-------------------------------|------------------------|
| Bank Loan Ratings                     | 26.00               | ACUITE B-   Stable   Upgraded | -                      |
| Bank Loan Ratings                     | 24.00               | -                             | ACUITE A4   Reaffirmed |
| Total Outstanding Quantum<br>(Rs. Cr) | 50.00               | -                             | -                      |

**Rating Rationale**

Acuité has upgraded the long-term rating from '**ACUITE C**' (read as **ACUITE C**) to '**ACUITE B-**' (read as **ACUITE B Minus**) and reaffirmed the short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.50.00 crore bank facilities of Food And Biotech Engineers India Private Limited (FBEIPL). Outlook is '**Stable**'

**Rationale for Upgrade**

The rating action factors in the prepayment of loans from lenders other than Canara Bank. The rating action further factors the company's stable operating income, support from Promoters in terms of equity infusion. However, the above factors are underpinned by the Intensive working capital operation and stretched liquidity.

**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.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

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

**Key Rating Drivers**

**Strengths**

**Business risk profile**

FBEIPL's operating income remains stable with minuscule change in FY2023 to 76.15 crore as against Rs. 75.73 crore for FY2022. The operating profit margin of the company increased by 121bps and stood at 5.86% in FY2023 as against 4.65% in FY2022 however the net profit margin of the company decreased and stood at 2.18 percent in FY2023 as against 2.46 percent in FY 22. ROCE of the company stood at 13.87 percent in FY2023.

Company has achieved operating income of Rs ~28 crore in first half of FY 24 and expected

operating income for FY 24 is Rs 90 crore. Company has current orders in hand of Rs~ 185 crore in hand to be executed in next 2 years.

### **Weaknesses**

#### **Financial Risk Profile**

Company has moderate financial risk profile marked by low net worth, low gearing and comfortable coverage indicators. The Total Tangible net worth stood at Rs. 21.93 Cr as on 31st March 2023 as against Rs. 17.78 Cr a year earlier. Increase in net worth is on account of capital infusion and profit accretion.

Company follows conservative leverage policy marked by low gearing. Debt to Equity ratio improved and stood at 0.70 times in FY 2023 as against 0.81 times in FY 22. Improvement in gearing is on account of increase in Net Worth. Gearing is expected to remain 0.50 times to 0.70 times in near medium term.

Interest coverage ratio stood low at 2.16 times for FY2023 as against 2.57 times in FY2022. Likewise, Debt Service coverage ratio stood at 1.34 times for FY2023 as against 2.24 times in FY2022.

Coverage indicator is down in FY23 due to increased finance cost in FY 23 and CPLTD for FY 21 was not taken in consideration in previous rating exercise which resulted higher DSCR in FY 22.

Total outside liabilities to total net worth (TOL/TNW) stood at 2.20 times as on FY2023 vis-à-vis 3.47 times as on FY2022. Debt-EBITA stood at 2.80 times as on 31st March 2023 as against 2.74 times as on 31st March 2022. The Net Cash Accruals to Total debt stood at 0.15 times as on FY2023 and 0.18 times for FY2022. The financial risk profile of the company is expected to deteriorate in FY 24 on account of exceptional loss (payment under settlement).

#### **Working capital operations-Intensive**

Company has intensive working capital requirements as evident from gross current assets (GCA) of 280 days in FY2023 as compared to 337 days in FY2022. Intensiveness of Working capital is on account of High Receivable Days and other current assets. Debtor days stood at 165 days in FY2023 as against 207 days in FY 22. Inventory days stood at 55 days in FY 23 (71 days in FY22).

Fund based working capital limits are utilized at ~99 per cent during the last twelve months ended September 23 while the non fund based limit utilization as on date is ~66 percent.

### **Rating Sensitivities**

Improvement in Operating income and Profitability

Impact of Settlement on financial risk profile

Improvement in working capital operation and liquidity

### **All Covenants**

Not Available

### **Liquidity Position Stretched**

Company has stretched liquidity marked by its low cash accruals to its debt obligation, Current ratio. Company generated cash accruals of Rs. 2.36 crore for FY2023 as against obligations of Rs. 1.11 crores for the same period. Current Ratio stood at 1.64 times as on 31 March 2023 as against 0.95 times in the previous year. Fund based working capital limits are utilized at ~99 per cent during the last twelve months ended September 23 while the non fund based limit utilization as on date is ~66 percent. Cash and Bank Balance of the company is Rs 0.15 crore as on March 31, 2023. Company has to pay amount due under NCLT order for which company has filed appeal with NCLAT for settlement. However liquidity is supported by issuance of further capital at premium.

### **Outlook:Stable**

Acuité believes the company will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and long-standing

relations with customers and suppliers. The outlook may be revised to 'Positive' in case the company registers higher than expected revenues and profitability while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in the company's revenue or profitability or significant deterioration in the working capital cycle leading to deterioration in its financial risk profile and liquidity position.

**Other Factors affecting Rating**

None

## Key Financials

| Particulars                   | Unit    | FY 23 (Actual) | FY 22 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income              | Rs. Cr. | 76.15          | 75.73          |
| PAT                           | Rs. Cr. | 1.66           | 1.86           |
| PAT Margin                    | (%)     | 2.18           | 2.46           |
| Total Debt/Tangible Net Worth | Times   | 0.70           | 0.81           |
| PBDIT/Interest                | Times   | 2.16           | 2.57           |

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

Not Applicable

### 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>
- Manufacturing Entities: <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](http://www.acuite.in)

## Rating History

| Date        | Name of Instruments/Facilities | Term       | Amount (Rs. Cr) | Rating/Outlook                                |
|-------------|--------------------------------|------------|-----------------|---|
| 31 Jan 2023 | Bank Guarantee                 | Short Term | 6.00            | ACUITE A4 (Assigned)                          |
|             | Working Capital Term Loan      | Long Term  | 0.75            | ACUITE C (Assigned)                           |
|             | Proposed Bank Facility         | Long Term  | 16.03           | ACUITE C (Assigned)                           |
|             | Proposed Bank Facility         | Long Term  | 1.00            | ACUITE C (Downgraded from ACUITE B+   Stable) |
|             | Bank Guarantee                 | Short Term | 18.00           | ACUITE A4 (Reaffirmed)                        |
|             | Term Loan                      | Long Term  | 0.42            | ACUITE C (Assigned)                           |
|             | Working Capital Demand Loan    | Long Term  | 1.80            | ACUITE C (Downgraded from ACUITE B+   Stable) |
|             | Cash Credit                    | Long Term  | 6.00            | ACUITE C (Downgraded from ACUITE B+   Stable) |
| 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           | 24.00             | ACUITE A4<br> <br>Reaffirmed        |
| Canara Bank    | Not Applicable | Cash Credit                      | Not Applicable   | Not Applicable | Not Applicable | Simple           | 6.00              | ACUITE B-<br>  Stable  <br>Upgraded |
| Not Applicable | Not Applicable | Proposed Long Term Bank Facility | Not Applicable   | Not Applicable | Not Applicable | Simple           | 18.30             | ACUITE B-<br>  Stable  <br>Upgraded |
| Canara Bank    | Not Applicable | Term Loan                        | Not available    | Not available  | Not available  | Simple           | 0.35              | ACUITE B-<br>  Stable  <br>Upgraded |
| Canara Bank    | Not Applicable | Working Capital Term Loan        | Not available    | Not available  | Not available  | Simple           | 0.60              | ACUITE B-<br>  Stable  <br>Upgraded |
| Canara Bank    | Not Applicable | Working Capital Term Loan        | Not available    | Not available  | Not available  | Simple           | 0.75              | ACUITE B-<br>  Stable  <br>Upgraded |

## Contacts

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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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