



Press Release
FOOD AND BIOTECH ENGINEERS INDIA PRIVATE LIMITED
January 20, 2025
Rating Reaffirmed and Upgraded

Product	Quantum (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 (Rs. Cr)	50.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded the long-term rating to '**ACUITE B+**' (read as **ACUITE B plus**) from '**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). The Outlook is '**Stable**'.

Rationale for Upgrade

The rating upgrade takes into account the company's increasing operating income, healthy order book, support from promoters in terms of equity infusion leading to improved capital structure. However, these strengths are partly offset by the intensive working capital operations along with a stretched liquidity profile. Additionally, the rating considers timely execution of order book as key rating sensitivity factor.

About the Company

Incorporated in the year 1999, Food And Biotech Engineers India Private Limited(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 specializes in providing engineering, design, manufacturing, and services across various industries, including food processing, sugar, chemicals, and pharmaceuticals, with a particular focus on evaporators and dryers.

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

Established track record of operations and experienced management

FBEIPL was incorporated in the year 1999. The directors of the company have been engaged

in the business line for more than two decades. The extensive experience of the directors has helped in establishing healthy relationships with its customers and suppliers. The key customers of the company include names like Bihar State Co-Operative Milk Production, Gujarat Ambuja Export Limited amongst others with no major concentration in revenues. The company also exports to countries like Australia, Nepal, etc. to name a few. The company also export in Australia, Iran, Nepal, Uganda, Sri-Lanka, Kazakhstan which forms 16% of its revenues in FY24. Acuité believes that the company will benefit from the experience of the directors along with a healthy relationship with its customers and suppliers along with a healthy order book position.

Improvement in scale of operations albeit decline in profitability

In FY2024, the company achieved a revenue of Rs 103.03 crore, a significant increase from Rs 76.15 crore in FY2023. Further, the company has achieved Rs. 78.32 crore till November 2024. The increase in revenue is primarily driven by an expanded order book profile compared to the previous year. The order book stood at Rs.

76.00 crore (unexecuted) till December 2024. This indicates the revenue visibility over the medium term. However, despite the revenue growth, the company's operating margin declined slightly to 4.28% in FY2024, 5.86% in FY2023. This decrease is attributed to an increase in the material cost since there is a time lag in inspection from customer which leads to incremental costs occasionally. Overall, while the company has shown revenue growth, Acuite believes that the Company faces pressure on margins due to rising operating costs, with expectations of maintaining stable performance in the near to medium term.

Average financial risk profile

The company's financial risk profile is average marked by increasing net worth, comfortable gearing and moderate debt protection metrics. The tangible net worth has improved of the company stood at Rs. 26.33 Cr. as on FY2024 as compared to Rs.21.93 Cr. as on FY2023 due to accretion to reserves and infusion of equity. Further, there was the equity infusion in FY2024 of Rs.2.98 Cr. for the tender based order but got cancelled due to some government regulations. The gearing of the company stood high at 0.34 times as on FY2024 compared to 0.70 times in March

23. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) has stood at 1.99 times as on FY2024. The debt protection metrics of the company remain moderate marked by Interest coverage ratio (ICR) of 2.37 times and debt service coverage ratio (DSCR) of 1.38 times for FY2024. The net cash accruals to total debt (NCA/TD) stood at 0.23 times in FY2024.

Going forward, Acuité believes that the financial risk profile will remain below average over the medium term.

Weaknesses

Working capital intensive nature of operations

Although the company has high working capital requirements but has improved as evident from gross current assets (GCA) of 263 days for FY2024 and 315 days for the FY2023. Debtor days decreased to 128 days in FY2024 as against 165 days in FY2023. The company receives advance from customers and then payment is received based on billing with time lag which may vary between 3- 6 months. Inventory days increased to 57 days in FY2024 as against 55 days in FY2023. Creditor days of the company stood at 50 days as on FY2024 as compared to 99 days of FY2023. The credit terms with suppliers are mainly on an advance payment basis. Acuité believes that the working capital operations of the company will remain at the similar levels over the medium term.

Highly competitive industry and cash flow dependent on timely execution of orders

FBEIPL's cash flows are exposed to the timely execution of the projects. There is an intensive competition from many organised and unorganised players of the industry. But the risk is mitigated by the intensive experience of the directors and long track record of operation. Acuite believes that it is critical for the company to execute orders in hand within stipulated timelines to sustain performance.

Rating Sensitivities

- Movement in Operating income and Profitability
- Working Capital Cycle

Liquidity Position

Stretched

The company has stretched liquidity marked by net cash accruals of Rs. 2.08 Cr. as on FY2024 as against debt obligation of Rs. 0.95 Cr. over the same period. The cash and bank balance stood at Rs. 0.76 Cr. for FY 2024. The company has been actively reducing its unsecured loans (USL), which carry an interest rate of 12% per annum. Further, the current ratio of the company stood at 1.46 times in FY2024. The working capital cycle of the company is marked by Gross Current Assets (GCA) of 263 days for FY2024 as compared to 315 days for the FY2023. The bank limit of the company has been ~ 97.00 percent utilized for the last six months ended in December 2024.

Acuité believes that the liquidity of the company is likely to remain stretched over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	103.03	76.15
PAT	Rs. Cr.	1.42	1.66
PAT Margin	(%)	1.38	2.18
Total Debt/Tangible Net Worth	Times	0.34	0.70
PBDIT/Interest	Times	2.37	2.16

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>
- 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 Oct 2023	Bank Guarantee (BLR)	Short Term	24.00	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE B- Stable (Upgraded from ACUITE C)
	Working Capital Term Loan	Long Term	0.60	ACUITE B- Stable (Upgraded from ACUITE C)
	Working Capital Term Loan	Long Term	0.75	ACUITE B- Stable (Upgraded from ACUITE C)
	Term Loan	Long Term	0.35	ACUITE B- Stable (Upgraded from ACUITE C)
	Proposed Long Term Bank Facility	Long Term	18.30	ACUITE B- Stable (Upgraded from ACUITE C)
31 Jan 2023	Bank Guarantee (BLR)	Short Term	18.00	ACUITE A4 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	6.00	ACUITE A4 (Assigned)
	Cash Credit	Long Term	6.00	ACUITE C (Downgraded from ACUITE B+ Stable)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE C (Downgraded from ACUITE B+ Stable)
	Working Capital Demand Loan (WCDL)	Long Term	1.80	ACUITE C (Downgraded from ACUITE B+ Stable)
	Covid Emergency Line.	Long Term	0.75	ACUITE C (Assigned)
	Term Loan	Long Term	0.42	ACUITE C (Assigned)
	Proposed Long Term Bank Facility	Long Term	16.03	ACUITE C (Assigned)
07 Jan 2022	Bank Guarantee/Letter of Guarantee	Short Term	18.00	ACUITE A4 (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	1.80	ACUITE B+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE B+ Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE B+ Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.00	Simple	ACUITE A4 Reaffirmed
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE B+ Stable Upgraded (from ACUITE B-)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.25	Simple	ACUITE B+ Stable Upgraded (from ACUITE B-)
Canara Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2026	0.75	Simple	ACUITE B+ Stable Upgraded (from ACUITE B-)

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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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