

Ovobel Foods Limited

May 20, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Short Term Bank Facilities	11.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	11.00 (Rs. Eleven Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Ovobel Foods Limited to monitor the rating vide e-mail communications dated February 28, 2022 to March 20, 2022 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Ovobel Foods Limited' bank facilities will now be denoted as CARE A4; ISSUER NOT COOPERATING*

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Detailed description of the key rating drivers

Key Rating Weaknesses

Weak debt protection metrics

Sharp decline in the PBILDT due to operating losses during FY21 followed by weak debt coverage metrics reflected in negative interest coverage. The company reported net loss of Rs.5.07 crore in 9MFY22.

Intense competition from large number of players along with risk of contamination of the final product

Over the past decade, developing nations such as Brazil, Argentina, Chile, and other such countries around the globe encountered a huge shift in consumption patterns, from carb-based food (such as grains, cereals, and rice) to protein-based foods (such as hens, fish, meat) fuelling the demand for egg powder and resulting in an expansion of the animal feed industry and driving the demand for egg powder. High risk of contamination in eggs, would possibly degrade the quality of eggs and processed egg products.

Key Rating Strengths

Long track record of operations

OFL has established itself as a reputed manufacturer and exporter of egg powder in India and is one of the few egg powder and frozen egg manufacturers in the country. The company commenced the operations in 1996 and owing to its long-term presence it has established associations long with the customers and suppliers.

Comfortable capital structure

Capital structure is comfortable with gearing of 0.75x as on March 31, 2021.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

About the Company

Bangalore, Karnataka based Ovobel Foods Limited was established in 1993 and is engaged in the business of processing and freezing of egg powder, egg yolk powder and egg albumen powder.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
Total operating income	116.72	116.60	90.27
PBILDT	5.80	-0.55	NA
PAT	2.72	-1.81	-5.07
Overall gearing (times)	0.54	0.75	NA
Interest coverage (times)	6.33	-0.48	NA

A: Audited, UA: Unaudited, NA: Not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based - ST-Bill Discounting / Bills Purchasing		-	-	-	9.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-EPC/PCFC		-	-	-	2.00	CARE A4; ISSUER NOT COOPERATING*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Non-fund-based - ST-Bill Discounting / Bills Purchasing	ST	9.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (14-Apr-21)	-	1)CARE A4; ISSUER NOT COOPERATING* (19-Mar-20) 2)CARE A4 (15-Jul-19)
2	Non-fund-based - ST-EPC/PCFC	ST	2.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (14-Apr-21)	-	1)CARE A4; ISSUER NOT COOPERATING* (19-Mar-20) 2)CARE A4 (15-Jul-19)

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not applicable

Name of the Instrument	Detailed explanation
A. Financial covenants	Not applicable
B. Non financial covenants	Not applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Non-fund-based - ST-Bill Discounting / Bills Purchasing	Simple
2	Non-fund-based - ST-EPC/PCFC	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications

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