

3F Industries Limited

May 15, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Fixed Deposit	100.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BB+; Stable

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated February 22, 2024, placed the rating(s) of 3F Industries Limited (3FIL) under the 'issuer non-cooperating' category as 3FIL had failed to provide information for monitoring of the rating. 3FIL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and emails dated January 07, 2025, January 17, 2025 and January 27, 2025. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

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

The ratings factors in the decline in financial performance of company in FY24 (A) [FY refer to period between April 01 and March 31]

Analytical approach: Consolidated

The ratings of 3FIL factors in the combined business and financial risk profiles of 3F Industries Limited (3FIL) and its subsidiaries, together referred to as the 3F group; as the entities collectively have management, business & financial linkages.

Outlook: Stable

The 'Stable' outlook on the ratings of 3FIL reflects CARE Rating's expectation for 3FIL to derive benefit from its experienced and resourceful promoters.

Detailed description of key rating drivers:

Key weaknesses

Significant decrease in Total operating income and moderation profitability ratios: 3F group reported a significant decrease in TOI from Rs. 4596.77 crore in FY23 to Rs. 2703.13 crore in FY24. In line with TOI, profitability also decreased with PBILDT at Rs. 86.98 crore and a negative PAT of Rs. 30.38 crore in FY24. PBILDT margin also moderated slightly and stood at 3.22% as compared to 3.62% in FY23.

Risk associated with volatility in raw material prices: The main input for 3FI (standalone) is crude palm oil (CPO) which accounted for about 85%-89% of raw material consumption during FY17- FY19, the prices of which are largely volatile. While global CPO prices have been declining since the beginning of FY18 on account of a huge inventory pile-up backed by high production, the duty on crude palm oil has increased significantly, reducing the impact of price decline for the Indian palm oil refiners.

Exposed to foreign currency fluctuation risk: CPO is the key raw material for 3FI which is primarily imported from Malaysia and Indonesia. 3FI follows a policy of either hedging the raw material purchased in the commodity exchanges or pricing the end product based on the replacement of stocks on fresh purchases which mitigates the risk of fluctuation in raw material prices to a large extent. As the company is a net importer, depreciation of INR against USD could negatively impact the margins of the company to a large extent.

Regulated nature of the industry with intense competition: The edible oil industry in India is characterized by intense competition and fragmentation with the presence of a large number of units attributable to low entry barriers such as low capital and low technical requirements of the business and a liberal policy regime. As a result of this, profit margins in the edible oil business tend to be thin.

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

Key Strengths

Experienced and resourceful promoters with synergy drawn from the global presence of a strong promoter group:

3FI is the flagship company of the 3F group. All the directors of the company are instrumental in the development of the group and carry more than four decades of experience in trading, extraction and refining of Crude Palm Oil (CPO). The day-to-day operations of the company are taken care of by Mr. S. B. Goenka. The promoters have infused funds as and when required in the past to fund the company's growing operations, capex requirements and any short-term liquidity requirements on a group level.

Integrated business model with a diverse product basket: The 3F group has end-to-end presence across the value chain from sourcing of raw materials, extraction and refining of crude oil to the manufacturing of finished products like Vanaspati, Speciality fats (for confectionaries and bakeries) and by-products like fatty acids, stearines, oleins, glycerine etc. Group is also engaged in fruit plantation, by-product processing and power generation through its biomass power plants and windmills. The group's diversified revenue stream and focused efforts on processing and sale of high-margin products like Shea Stearin, Lauric fats and feed supplements are expected to augur well and boost the top line and profitability margins, going forward.

Successfully completed Capex: The group has successfully completed Capex amounting to Rs. 80 crore (funded partly through debt and partly through an equity infusion of Rs. 22 crore from 3FI) for setting up another unit in Ghana, with a solvent extraction capacity of 60,000 MTPA, under the name 3F Ghana Oils and Fats Limited (3FGO). The unit is expected to commence operations in November 2019 and contribute to the financial performance of the group, going forward.

Liquidity: Not Applicable

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Consolidation](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Edible Oil

3F Industries Limited (3FI) was promoted by Mr. B K Goenka in 1959. His son, Mr. S B Goenka, is the current Chairman and Managing Director of the company. The 3F group is engaged in the refining of edible oils, solvent extraction, manufacturing of speciality fats for the bakery and confectionery segment, fatty acids and oleo chemicals (used in soap manufacturing) at its production facilities in Tadepalligudam and Krishnapatnam, Andhra Pradesh (AP). 3FI is the flagship company of the Hyderabad-based 3F group, the group has diverse interests in power generation, textiles, and granite quarrying, besides refining edible oils and related by-products.

The company has a refining capacity aggregating to 289,500 MTPA during H1FY20. 3FI has also set up processing units for byproducts like fatty acids, stearines, glycerin, pitch oil, wax and oleo chemicals. The group is one of the leading manufacturers of speciality fats in India, with a diversified product portfolio of the group as a whole. 3FI operates a captive 6 MW capacity biomass power plant and 3.30 MW windmills.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	4963.22	4596.77	2703.13
PBILDT	239.77	166.40	86.98
PAT	122.97	64.35	-30.38
Overall gearing (times)	0.78	1.19	1.51
Interest coverage (times)	2.54	1.63	0.97

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fixed Deposit		-	-	-	100.00	CARE BB; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fixed Deposit	LT	100.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (22-Feb-24)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (25-Jan-23) 2)CARE BB+; Stable; ISSUER NOT COOPERATING* (22-Jun-22)

*Issuer did not cooperate; based on best available information.

LT: Long term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fixed Deposit	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	3F OILPALM PRIVATE LIMITED	Full	Wholly owned Subsidiary
2	CHAKRANEMI INFRA STRUCTURE PRIVATE LIMITED	Full	Wholly owned Subsidiary
3	VIATON ENERGY PRIVATE LIMITED	Proportionate (69%)	Subsidiary, Majority Shareholder
4	SIMHAPURI AGRO PRODUCTS PRIVATE LIMITED	Full	Wholly owned Subsidiary
5	KOTTU OIL PRIVATE LIMITED	Full	Wholly owned Subsidiary
6	VIATON INFRASTRUCTURES PRIVATE LIMITED	Full	Wholly owned Subsidiary
7	3F GLOBAL SINGAPORE PTE LIMITED	Full	Wholly owned Subsidiary
8	3F GHANA LIMITED	Full	Wholly owned Subsidiary
9	3F GHANA TRADING LIMITED	Full	Wholly owned Subsidiary
10	3F GHANA COMMODITIES LIMITED	Full	Wholly owned Subsidiary
11	3F BENIN SARL	Full	Wholly owned Subsidiary
12	3F BURKINA FASO	Full	Wholly owned Subsidiary
13	3F SENEGAL SARL	Full	Wholly owned Subsidiary
14	3F COTE D IVOIRE	Full	Wholly owned Subsidiary
15	3F MALI	Full	Wholly owned Subsidiary
16	3F NIGERIA IMPEX LIMITED	Full	Wholly owned Subsidiary
17	3F VIETNAM COMPANY LIMITED	Full	Wholly owned Subsidiary
18	3F Ghana Oils and Fats Limited	Full	Wholly owned Subsidiary
19	Krishna Exports Limited	Full	Wholly owned Subsidiary

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

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About us:

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