

Edible Products India Limited (Revised)

March 28, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	10.17	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE BB; Stable (Double B; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	2.50	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Revised from CARE A4+ (A Four Plus) and moved to ISSUER NOT COOPERATING category
Total Bank Facilities	12.67 (Rs. Twelve Crore and Sixty-Seven Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. has been seeking information from Edible Products India Limited (EPIL) to monitor the rating(s) vide e-mail communications/letters dated September 09, 2021, March 17, 2022 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. 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. Further, Edible Products India Limited has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on Edible Products India Ltd.'s bank facilities will now be denoted as **CARE BB-; Stable: ISSUER NOT COOPERATING*/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(s).

The ratings have been revised on account of non-availability of the information leading to uncertainty around the credit risk and non-cooperation from the company.

The ratings are constrained by small scale of operations with low profitability margins inherent in the nature of business, moderate capital structure and intense competition. The ratings, however, gain strength from its experienced promoters with long track record of operations, established distribution network and comfortable working capital cycle.

Detailed description of the key rating drivers

At the time of last rating on December 31, 2020 the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Small scale of operations with low profitability margin being inherent in the nature of business: Total operating income of EPIL increased to Rs.88.68 crore in FY20 vis a vis Rs. 82.36 crore in FY19 mainly on account of increase in trading sales. PBILDT margin although improved marginally from 1.84% in FY19 to 1.91% in FY20, it remained on lower side as majority revenue of the company is from packaging of edible oil. Although PBILDT margin improved PAT margin remained at similar level due to increase in depreciation cost. PBILDT interest coverage ratio improved from 1.53x in FY19 to 1.73x in FY20.

Moderate capital structure: The capital structure of the company is moderate with overall gearing of 2.55x as on 31 Mar' 20 (2.61x as on 31 Mar' 19). Overall gearing of the company marginally improved in FY20 as against FY19 mainly on account of low cash credit utilisation as on Mar 31, 2020 coupled with profit accretion. The Total debt/GCA, though improved to 21.32x as on March 31, 2020 (against 28.18x as on March 31, 2019) due to increase in GCA coupled with reduction in debt, it still remains high.

Intense competition: The company faces intense competition in both its branded segment & non-branded business from other industry players including large fast moving consumer goods (FMCG) players who have a nation-wide distribution chain and small regional players with limited product lines and marketing network confined to the local

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

market. This limits the pricing power and resultant profitability of the industry players in a market which is highly price sensitive. However, with increase in brand awareness, health consciousness and penetration of organized retail, the size of the branded oil industry is likely to increase, which would provide more pricing power to mid players.

Key Rating Strengths

Experienced promoters and long track record of operations: The company is promoted by Mr. Ramesh Agarwal, Mr. Hemchand Agarwal, Mr. Gopal Saraf and Mr. Bijay Agarwal. The promoters have over three decades of experience in edible oil industry by virtue of their association in other group companies in refining and trading of edible oil. In order to expand their business, the promoters have entered into the hair oil industry. Budge Budge Refineries Ltd is the flagship company of the group.

Established distribution network: The company has a major presence in in West Bengal and adjoining areas over three decades. It has also entered into hair oil business and is selling its products in West Bengal, Uttar Pradesh, Bihar and Odisha. The company sells its hair oil products under the brand name 'KMP' which is an established brand in North and East India. It is also engaged in packaging of edible oil which it sells under the brand name 'Sathi' and 'Shrimati'. EPIL sales its product to various institutional buyer. Top 10 consumers contribute around 39% of the total sales in FY20.

Comfortable working capital cycle: The company offers a period of one month to its creditor and it sales its product to retailers and institutional buyer thus the collection period varies between 10 to 15 days .Thus the company has comfortable operating cycle of a day in FY20 (7 days in FY19)

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](#)

[Rating Methodology: Factoring Linkages in Ratings](#)

About the Company

Edible Products India Limited (EPIL) started a packaging facility for edible oil in 1991 under the brands Sathi and Shrimati. In 1999, EPIL ventured into a Rice Bran refining unit. In June 2015, the company dismantled all its edible oil refining unit and replaced it with a hair oil plant which started operations in the month of October 2018. The company is currently engaged in packaging of Sathi refined Soyabean oil, Sathi Rice Bran oil, Sathi Sunflower oil and Shrimati Mustard oil and hair oil.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22
Total operating income	88.68	NA	NA
PBILDT	1.69	NA	NA
PAT	0.23	NA	NA
Overall gearing (times)	2.55	NA	NA
Interest coverage (times)	1.73	NA	NA

A: Audited, NA- Not Available

Status of non-cooperation with previous CRA: Nil

Any other information: Not applicable

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

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
Fund-based - LT-Term Loan		-	-	Aug. 2028	2.67	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	7.50	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	2.50	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	2.67	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable (31-Dec-20)	1)CARE BB; Stable (25-Mar-20) 2)CARE BB; Stable (03-Apr-19)	-
2	Fund-based - LT-Cash Credit	LT	7.50	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable (31-Dec-20)	1)CARE BB; Stable (25-Mar-20) 2)CARE BB; Stable (03-Apr-19)	-
3	Non-fund-based - ST-Letter of credit	ST	2.50	CARE A4; ISSUER NOT COOPERATING *	-	1)CARE A4+ (31-Dec-20)	1)CARE A4+ (25-Mar-20) 2)CARE A4+ (03-Apr-19)	-

*Issuer did not cooperate; Based on best available information

Annexure 3: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Letter of credit	Simple

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.

Annexure 4: Bank Lender Details for this Company

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

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About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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