



Press Release

Om Shri Shubh Labh Agritech Private Limited (OSSLAPL)

March 21, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities – Cash Credit	64.00 (Increased from 59.00)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Upgraded	Simple
Long term Bank Facilities – Term loans	1.91	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Long term Bank Facilities – Proposed	33.96 (Reduced from 41.00 crore)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Upgraded	Simple
Short term Bank Facilities	0.13	IVR A3 (IVR Single A Three)	Assigned	Simple
Total	100.00 (Rupees Hundred Crore)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings to the bank facility of OSSLAPL continue to derive comfort from experienced promoters, efficient working capital management and comfortable capital structure and healthy debt protection metrics. However, these rating strengths remain constrained by thin profitability margin given trading nature of business, presence in a highly fragmented and competitive agro-commodity trading industry which is susceptible to changes in Government policies, global demand-supply situation and agro-climatic conditions.

Key Rating Sensitivities:



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Upward Factors

- Substantial and sustained growth in operating income and profitability.
- Improvement in working capital utilization

Downward Factors

- Deterioration in debt protection metrics.
- Elongation in the operating cycle impacting the liquidity and higher average utilisation in bank borrowings

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters

The company is promoted by Mr. Girraj Bansal, he has more than fifteen years of experience in various industries including agro, logistic industry etc. The long-standing experience of the management has also resulted in established relationships with customers resulting in repeat orders.

Efficient working capital management

OSSLAPL manages its working capital efficiently. It allows credit period of around 30-45 days to its customers and maintains inventory of around 7-15 days. The operating cycle of the company remained stable at 22 days in FY23 vis a vis 13 days in FY22

Comfortable capital structure and healthy debt protection metrics

The company's reliance on external debt is limited thus, capital structure remained comfortable with a gearing of 0.20 times as on March 31, 2023. The company's interest coverage ratio and DSCR stood at 3.17 times and 2.35 times, respectively as on March 31, 2023.

Key Rating Weaknesses

Thin profitability margin given trading nature of business:



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The profitability margin of the company remains thin due to the trading nature of the business where the profit margins are susceptible to raw material prices and highly competitive nature of industry. The EBITDA margin stood low at 1.04% in FY2023 though it increased as against 0.75% in FY2022.

Presence in a highly fragmented and competitive agro-commodity trading industry

The agro-commodity trading business is highly fragmented and characterized by the presence of a large number of organized and unorganized players, which leads to intense competition. The industry also faces constraints with the high cost of raw materials, low value addition along with low product differentiation, thus leading to low pricing power.

Susceptible to changes in Government policies, global demand-supply situation and agro-climatic conditions –

The import and export of agricultural commodities are susceptible to Government regulations. Any adverse change in import/export duties on agricultural commodities or changes in the minimum support prices may affect the product's competitiveness. As it is involved in agro-commodity trading, the company also remains exposed to agro-climatic risks, changing crop patterns and the associated cyclical nature in the business.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on Rating Outlook](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate as the company is expected to generate steady cash accruals as against its minimal scheduled debt repayment



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obligation. The average CC limit utilisation of the company has been ~78.96%. The overall liquidity of the company is considered adequate.

About the Company

Om Shri Shubh Labh Agritech Private Limited (OSSLAPL) incorporated in 2017 is engaged in the business of trading Cereals, Pulses, Oil seeds, Paddy, Spices, Fruits, Vegetables etc & also engaged in processing of all kind of flour & oil. The Company is headquartered at Gwalior, Madhya Pradesh. It has two branch office located at Delhi and Jaipur (Rajasthan). The company is founded by Shri Girraj Bansal & his family member.

Financials (Standalone):

	INR in Crore	
For the year ended* As on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	2,121.53	1219.27
EBITDA	15.89	12.65
PAT	7.70	4.37
Total Debt	26.41	26.18
Tangible Net Worth	132.67	131.32
EBITDA Margin (%)	0.75	1.04
PAT Margin (%)	0.36	0.36
Overall Gearing Ratio (x)	0.20	0.20

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (Dated: February 19, 2024)	Date(s) & Rating(s) assigned in 2022-23 (Dated: Dec 22, 2022)	Date(s) & Rating(s) assigned in 2021-22 (Dated: Sep 23, 2021)
1.	Cash Credit	Long Term	64.00	IVR BBB-/Stable	IVR BB+/Negative; Issuer Not Cooperating	IVR BBB-/Stable	IVR BBB-/Stable
2.	Proposed fund-based bank facilities	Long Term	33.96	IVR BBB-/Stable	IVR BB+/Negative; Issuer Not Cooperating	IVR BBB-/Stable	IVR BBB-/Stable
3.	Term Loan	Long Term	1.91	IVR BBB-/Stable	-	-	-
4.	Bank Guarantee	Short Term	0.13	IVR A3	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	59.00	IVR BBB-/ Stable
Long term proposed bank facilities	-	-	-	41.00	IVR BBB-/ Stable
Term Loan	-	-	-	1.91	IVR BBB-/ Stable
Bank Guarantee	-	-	-	0.13	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-OmShriShubh-mar24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

