



Press Release

Om Shri Shubh Labh Agritech Private Limited (OSSLAPL)

December 22, 2022

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities – Cash Credit	59.00 (Enhanced from 44.00)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Long term Bank Facilities – Proposed	41.00 (Reduced from 61.93 crore)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Long term Bank Facilities – Term Loan	0.00 (Previously Rated 1.57)	-	Withdrawn	Simple
Short term Bank Facilities – Proposed	0.00 (Previously rated 50.00)	-	Withdrawn	Simple
Total	100.00 (Rupees Hundred Crore)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating reaffirmation to the bank facility of OSSLAPL continuous to derive comfort from derive comfort from experienced promoters, stable operating performance and efficient working capital management. However, these rating strengths remain constrained by thin profitability margin given trading nature of business and presence in a highly fragmented and competitive agro-commodity trading industry.

Key Rating Sensitivities:

Upward Factors

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

Downward Factors

- Deterioration in debt protection metrics.



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- 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 running business various industries including agro, logistic industry etc. The long-standing experience of the management has also resulted in established relationship with customers resulting in repeat orders.

Stable Operating Performance

The total operating income of the OSS LAPL has increased by ~2% to Rs.2,121.53 crore in FY22 from Rs.2,077.02 crore in FY21 on the back of higher demand in post pandemic period. Further the OSS LAPL has started giving focus on flour milling. Hence profitability is expected to increase going forward.

Efficient working capital management

OSS LAPL 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 13 days in FY22 as against 14 days in FY21.

Key Rating Weaknesses

Thin profitability margin given trading nature of business

The profitability margin of the company remains thin due to 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 0.75% in FY2022 as against 1.20% in FY2021.

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.



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The industry also faces constraints with high cost of raw materials, low value addition along with low product differentiation, thus leading to low pricing power.

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 obligation during FY23-25. The company earned a Gross Cash Accruals (GCA) of Rs.10.53 crore in FY22 as against its repayment obligation of ~Rs.0.20 crore. However, its working capital limits remained starved as the utilisation stood high at ~99% during the past twelve months ended Oct 2022.

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):

For the year ended* As on	INR in Crore	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	2,077.02	2,121.53
EBITDA	24.85	15.89



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PAT	11.83	7.70
Total Debt	41.08	26.41
Tangible Net Worth	116.57	132.67
EBITDA Margin (%)	1.20	0.75
PAT Margin (%)	0.57	0.36
Overall Gearing Ratio (x)	0.35	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:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (Dated: Sep 23, 2021)	Date(s) & Rating(s) assigned in 2020-21 (Dated: Feb 16, 2021)	Date(s) & Rating(s) assigned in 2019-20
1.	Cash Credit	Long Term	59.00	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Credit Watch with Negative Implication	-
2.	Proposed fund-based bank facilities	Long Term	41.00	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Credit Watch with Negative Implication	-
3.	Term Loan	Long Term	Withdrawn	-	IVR BBB-/Stable	IVR BBB-/Credit Watch with Negative Implication	-
4.	Proposed Non-fund-based facilities	Short Term	Withdrawn	-	IVR A3	IVR A3	-



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About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

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Annexure 1: Details of Facilities



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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 facility	-	-	-	41.00	IVR BBB-/ Stable

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-OmShri-ShubhLab-dec22.pdf>

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

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.