



Press Release

Origo Commodities India Private Limited

February 25, 2025

Ratings

| Instrument / Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | <u>Complexity Indicator</u> |
|------------------------------|---------------------------|--|-------------------------|----------------------|------------------------------------|
| Long Term Bank Facilities | 17.00 | IVR B+/Stable [IVR Single B Plus with Stable Outlook] | - | Assigned | <u>Simple</u> |
| Total | 17.00 | (Rupees seventeen crore only) | | | |

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned its rating to the bank facilities for the long-term facilities to IVR B+ with stable outlook of Origo Commodities India Private Limited.

The assigned rating takes into consideration the promoter's technical and marketing expertise in developing and maintaining warehouses coupled with reputed clientele base. The rating also draws comfort from the augmented financial performance in H1FY25. However, these rating strengths are partially offset by moderation in scale of operations coupled with net losses in FY24. The rating also remains constrained by working capital intensive nature of operations, moderate capital structure and thin debt protection metrics. There also exists an inherent risk of the industry along with intense competition. The interest payment on Compulsory Convertible Debentures, originally due in January 2024, was waived based on written approval received after the finalization of the audit report in August 2024. Subsequently, the debentures were converted into equity share capital.

The 'Stable' outlook reflects Infomerics Ratings expectation of improved profitability and growing scale of operations. Infomerics believes the company will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone audited financial results of Origo Commodities India Private Limited up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.



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Key Rating Sensitivities:

Upward Factors

- Sustained improvement in revenue and profitability while maintaining the capital structure on a sustained basis.
- Sustained improvement in debt protection metrics, leading to the improvement in liquidity, wherein the specific credit metric will be DSCR remaining above unity on a sustained basis.

Downward Factors

- Any significant decline in revenue and/or profitability leading to further deterioration in capital structure.
- Further deterioration in debt protection metrics, thereby leading to the weakening of the liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Promoter's technical and marketing expertise in developing and maintaining warehouses.

Origo Commodities India Private Limited has been providing warehouse & infrastructure facility to state warehousing corporations since 2011. The promoters have extensive technical & marketing experience in developing, maintaining & operating warehouse facilities mainly in Haryana, Rajasthan, Madhya Pradesh and Maharashtra. This has given them an understanding of the dynamics of the market and has enabled them to establish relationships with the customers.

Augmentation in the financial performance in H1 FY25.

Origo Commodities India Private Limited has achieved a turnover of Rs. 85.90 Cr. in 6MFY25 with operating profit of Rs. 11.80 Cr. in 6MFY25 and has also generated PAT of Rs.

0.90 Cr. in 6MFY25 as against the net losses of Rs. 9.20 Cr. in 6MFY24. This improvement has driven the company back onto the growth path.



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Reputed clientele base.

Origo Commodities India Private Limited has a reputed clientele base of well-established and trusted clients with whom the company shares long standing relationships, and the company has rendered its services to various Government and Private Parties. The company's diverse client portfolio reflects its versatility and expertise in catering to different segments of the industry.

Key Rating Weaknesses

Moderation in scale of operations coupled with net losses in FY24.

The company reported a Total Operating Income (TOI) of Rs. 429.50 crore in FY24 (A), compared to Rs. 1,280.83 crore in FY23 (A), reflecting a significant decline of approximately 66%. This decrease was primarily due to the shrinking scale of the commodity trade and finance business, with the management planning to discontinue this segment going forward, as it generated very low profitability margins. Additionally, revenue from the warehouse segment declined following the completion of a Punjab Government work order in FY23.

With the decline in the scale of operations, EBITDA turned negative at Rs. 1.37 crore in FY24 (A), compared to Rs. 2.79 crore in FY23. However, the company's net loss reduced to Rs. 13.47 crore in FY24 from Rs. 24.24 crore in FY23, indicating an improvement in overall profitability.

In terms of profitability margins, the EBITDA margin declined by 54 bps to negative 0.32% in FY24 from 0.22% in FY23, primarily due to lower profit margins on traded goods and a slight increase in overall manufacturing costs. Meanwhile, PAT margins declined by 120 bps, from 1.88% in FY23 to negative 3.08% in FY24, reflecting an overall decline in profitability, coupled with a slightly steeper decline in profitability compared to the drop in TOI during FY24.

Working Capital intensive nature of operations.

Operating cycle of OCIPL elongated from 68 days in FY23 to 152 days in FY24 on account of long pending receivables and instant payments to creditors. Collection period elongated from 45 days in FY23 to 132 days in FY24 which is on account of high value of receivables



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pending from Pungrain and average collection of other receivables stood at around 4 months.

Moderate capital structure and thin debt coverage indicators.

The capital structure of the company stood satisfactory with TNW of Rs 148.49 crore as on March 31, 2024, improving from Rs. 147.13 crore as on March 31, 2023, due to accretion of profits to reserves. The overall gearing of the company stood satisfactory at 1.08x as on March 31, 2024 improved from 2.26x as on March 31, 2023, mainly due to decrease in total debt from Rs. 215.34 crores as on March 31st, 2023, to Rs. 103.89 crores as on March 31, 2024. The debt protection metrics of the company stood poor with ICR of -0.06x in FY24 and The total debt to GCA stood at negative at 6.81x as on March 31, 2024 on account of net loss reported by the company. The DSCR of the company stood above unity at 0.07x in FY24 declined from 0.10x in FY23, however, the promoters would infuse the funds whenever there arises any shortage of funds. Further, the due date of interest payment against the debentures issued to Vivriti Asset Management and Responsibility India Business Advisor's Private Limited will fall in July 2025.

Intense competition along with inherent industry risk

The integrated warehousing industry and the agro trading and processing industry is highly fragmented and is marked by the presence of a large number of large players and small players in the market. This intensifies competition and limits the pricing flexibility of the industry participants resulting in low profitability. Further, the company is also exposed to risk associated with the uncertain weather conditions and limited shelf life of the products.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Service Sector Companies.](#)

[Rating Methodology for Trading Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity-Stretched

The company's liquidity is stretched marked by 40.27% average utilisation of fund-based limits during the past 12 months ended November 2024. The unencumbered cash and bank balance stood at Rs. 4.89 crore as on September 30, 2024. The GCA of the company stood at negative of Rs. 15.25 Cr. against the debt repayment of Rs. 43.29 Cr. in FY24. Moving further, the company expects sufficient cushion in cash accruals against its debt repayments. The company is expecting GCA in the range of Rs. 8.16 Cr. - Rs. 20.05 Cr. during FY25-27 against debt repayment of Rs. 5.24 Cr. in FY25. The company has a Current Ratio of 2.63x as on March 31, 2024, compared to 1.43x as on March 31, 2023. The Working Capital Cycle of the company stood elongated at 152 days in FY24 days which was 68 days in FY23.

About the Company

Origo Commodities India Pvt Ltd. is a leading Agri Fin-Tech company specializing in post-harvest supply chain solutions, including warehousing, trade facilitation, and collateral management. Established in 2011, the company operates across 17 states with a team of professionals, contributing to a robust and sustainable agricultural economy. The company bridges the supply chain gap between the farmers and the commodity buyers by eliminating factors such as output price fluctuations, credit linkages and sourcing of standardized quality produce.

Financials (Standalone):

(Rs.crore)

| For the year ended/As on* | 31-03-2023 | 31-03-2024 |
|---------------------------|----------------|----------------|
| | Audited | Audited |
| Total Operating Income | 1280.83 | 429.50 |
| EBITDA | 2.79 | -1.37 |
| PAT | -24.24 | -13.47 |



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| | | |
|-----------------------------|--------|--------|
| Total Debt | 215.34 | 103.89 |
| Adjusted Tangible Net Worth | 95.11 | 96.57 |
| EBITDA Margin (%) | 0.22 | -0.32 |
| PAT Margin(%) | -1.88 | -3.08 |
| Overall Gearing Ratio(x) | 2.26 | 1.08 |
| Interest Coverage(x) | 0.09 | -0.06 |

**Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None

Any other information: Not applicable

Rating History for last three years:

| Sr. No. | Name of Security/Facilities | Current Ratings(Year2024-2025) | | | Rating History for the past 3 years | | |
|---------|-----------------------------|--------------------------------|--------------------------------|----------------|---------------------------------------|---------------------------------------|--|
| | | Type(Long Term/Short Term) | Amount outstanding (Rs. Crore) | Rating | Date(s)& Rating(s) assigned in2023-24 | Date(s)& Rating(s) assigned in2022-23 | Date(s)& Rating(s) assigned inin 2021-22 |
| | | | | | - | - | - |
| 1. | Long Term Bank Facilities | Long Term | 17.00 | IVR B+/ Stable | - | - | - |

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as ExternalCreditAssessmentInstitutionafterobtainingregistrationfromSecuritiesExchange 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 instrumentswhichhelpscorporatesaccesstofinancialmarketsandprovidesinvestorscredit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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Annexure1: Instrument/Facility Details

| Name of Facility/ /Security | ISIN | Date of Issuance | Coupon Rate/IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|---|------|---------------------|--------------------|------------------|------------------------------------|--------------------------------|
| Long Term Fund Based Facility- Cash Credit | - | - | - | - | 12.00 | IVRB+/Stable |
| Long Term Non- Fund Based Facility- Bank Guarantee | - | - | - | - | 5.00 | IVRB+/Stable |

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-origo-feb25.pdf>

Annexure3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: 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.