



Press Release
B P Food Products Private Limited
October 03, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	176.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	176.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE Triple B minus**) on the Rs.176.00 crore bank facilities of B P Foods Products Private Limited. The outlook is ‘**Stable**’.

Rationale for rating

The rating reaffirmation takes into consideration the established market position of the group in the FMCG industry and long and extensive experience of the promoters. The rating also factors in the improvement in the scale of operations, moderate financial risk profile reflected by low gearing which is below unity, along sufficient net cash accruals against the debt repayment obligation in the same period. However, these strengths of the group are partially offset by the group’s high reliance on working capital limits and thin profitability margins due to presence in a highly fragmented and competitive industry. Acuite further takes into account the volatility in commodity trade and group's ability to increase its production capacity utilization resulting into substantial improvement in revenue and profitability remains key rating monitorable.

About the Company

B P Food Products Private Limited was incorporated in 1994. The company is engaged in manufacturing of all kind Flour. It is currently managed and directed by Mr. Girraj Bansal and Mr. Ketan Bansal . The company is based in Gwalior (M.P.).

About the Group

Om Shri Shubh labh group is engaged in trading, repackaging of various FMCG products, processing of wheat flour and extraction of edible oil. It has four group companies- Om Shri Shubh labh Agrifresh Private Limited (OSSAF), Shri Paramsukh Edible Foods Private Limited (SPEF), B P Food Products Private Limited (BPF) and Om Shri Shubh labh Agritech Private Limited(OSSATL). Om Shri Shubh Labh Agritech Retailers Private Limited(QSSAR) is engaged in operating a retail chain- ‘C-mart’. The company has 27 retail stores across Uttar Pradesh, Haryana, Noida and Gaziabad. SPEF is engaged in extraction of oil from mustard seeds. It sells this edible oil under the brand name "Smart Wife". The company has a plant located in Gwalior with a capacity of processing 40 MT seeds per day. BPF is engaged in processing of various wheat flour. It sells the flour under its brand 'Double Trishul'. The company has five plants located across Madhya Pradesh with a total capacity of 1800 MT per day. BPF was

acquired by the promoters of OSSATL in May 2020 form NCLT. All these companies are 100% held by the promoters of OSSATL.

Unsupported Rating

Not applicable

Analytical Approach

Extent of Consolidation

•Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered the consolidated business and financial risk profiles of Om Shri Shubh Labh Agritech Private Limited (OSSATL), Om Shri Shubh labh Agrifresh Private Limited (OSSAF), Shri Paramsukh Edible Foods

Private Limited (SPEF) and B P Food Products Private Limited (BPF) to arrive at this rating. The consolidation is in view of the common management, strong operational linkages between the entities and the group is herein referred to as Om Shri Shubh Labh Group (OSSLG).

Key Rating Drivers

Strengths

Established track record of operations with experienced management

OSSLG is based out of Madhya Pradesh and was incorporated in the year 2017. The group is promoted by Mr. Girraj Bansaol who have been engaged in the FMCG industry for more than a decade. The extensive experience of the promoters has helped the group to established long and healthy relationships with reputed customers and suppliers over the years. Acuité believes that the promoter's experience and reputed clientele is expected to support in improvement of its business risk profile over the medium term.

Moderate financial risk profile

The financial Risk profile of B P Food Product Private Limited is moderate marked by net-worth of Rs. 36.37 Crore as on 31st March 2024(P) against Rs.14.71 Crore as on 31st March 2023. The increase in the net-worth is due to accretion of profits into reserves.

Further, the financial risk profile of OSSLG is marked by a moderate net worth, low gearing and comfortable debt protection metrics. The tangible net-worth of the group stood at Rs. 182.89 Cr. as on 31st March 2024(P) as against Rs. 155.70 Cr. as on 31st March 2023. The Net-worth of the company has strengthened due to equity infusion and accretion of profits to reserves. The total Debt of the company stood at Rs. 161.09 crore as on 31st March, 2024 (Prov.) as against Rs. 68.38 Cr. as on 31st March, 2023. Further, the gearing of the company stood at 0.88 times as on 31st March, 2024 (Prov.) as against 0.44 times as on 31st March, 2023. Gearing of the company has increased in FY24 on account of higher utilization of the short term debt to support working capital requirement. TOL/TNW of the company stood at 1.24 times as on 31 March, 2024 (Prov.) as against 1.11 times as on 31st March, 2023. In addition, Debt protection metrics remain comfortable with Debt service coverage ratio (DSCR) at 1.77 times in FY2024 (Prov.) as against 1.81 times in FY2023 and Interest Coverage ratio (ICR) stood at 2.31 times in FY2024 (Prov.) as against 4.31 times in FY2023. Going forward, Acuite believes that financial risk profile of the group is expected to add additional short term borrowings to fund the working capital requirements in near to medium term.

Efficient working capital operation

Working capital operations of the group though moderated is efficient with GCA days of 65 days in FY24 (Prov.) as against 67 days in FY23. GCA days of the company are driven by debtor collection period. The debtor collection period of the group stood at 38 days in FY24 (Prov.) as against 48 days in FY23. The group on an average extends 30-60 days of credit period to its customers. The inventory holding period stood at 22 days in FY24 (Prov.) as against 10 days in FY23 as the group changed in focus from pure trading to manufacturing wherein the company needs to hold higher inventory. The creditor days of the group stood at 9 days in FY2024 (Prov.) as against 23 days in FY2023. Acuite believes that working capital operations of the company is expected to remain in the same range in near to medium term.

Weaknesses

Thin profitability margins

B P Food Products Private Limited has shown an improvement in the scale of operations of standalone basis wherein the operating income stood at Rs.742.56 Crore in FY24(P) against Rs.429.94 Crore in FY23 on an account of increase in the capacity utilization which has increased as compared to previous year. Further, Om Shri Shubh Labh Group (OSSLG) has recorded an increase in operating performance of 37 percent in FY24 which has increased from Rs.1494.14 Crore in FY23 to Rs.2042.42 Crore in FY24 (P). Despite increase in the top-line of the group the operating margins and PAT margins are thin reflected by EBITDA Margins of 1.94% in FY24(P) against 1.50% in FY23 and PAT margins of 0.54% in FY24 (P) against 0.44% in FY23.

Highly fragmented and competitive industry

The industry is marked by presence of large number of organized and unorganized players in the industry. The industry is intensely competitive and fragmented because of low entry barriers and moderate capital requirements. The high competitive industry further limits the pricing flexibility and exerts pressures on the margins of all participants.

Rating Sensitivities

- Improvement in the scale of operations while maintaining its profitability margin at current level
- Stretch in the working capital cycle leading to stretched liquidity position

Liquidity Position

Adequate

Liquidity of the group is adequate with sufficient net cash accruals as against the debt repayment obligation. The net cash accruals of the company stood at Rs. 18.39 crore in FY24 (P) as against debt repayment obligation of Rs. 2.89 crore in the same period. The company is expected to generate sufficient net cash accruals against debt repayment obligation in near to medium term. The fund based bank limit utilization on consolidated basis stood at 97.77% in last six months ending July 2024. The company maintains unencumbered cash balance of Rs.0.85 crore as on 31st March 2024 (Prov). Acuite believes that higher dependence on the external borrowings will remain a key monitorable.

Outlook: Stable

Acuité believes that Om Shri Shubh Labh Group will continue to maintain a 'Stable' outlook over the medium term owing to its experienced and qualified management. The outlook may be revised to 'Positive' if the group reports significant improvement in revenue and scale of operations while maintaining operating profitability, leading to higher cash accruals. Conversely, the outlook may be revised to 'Negative' if the group registers decline in revenue and profitability leading to lower than expected cash accruals or further deterioration in the debt protection metrics.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	2042.42	1494.14
PAT	Rs. Cr.	10.98	6.65
PAT Margin	(%)	0.54	0.44
Total Debt/Tangible Net Worth	Times	0.88	0.44
PBDIT/Interest	Times	2.31	4.31

Key Financials (Standalone)

Particulars	Unit	FY24 (Provisional)	FY23 (Actual)
Operating Margin	Rs. Cr.	742.56	429.94
PAT	Rs. Cr.	4.06	1.80
PAT Margin	(%)	0.55	0.42
Total debt/Tangible Net Worth	Times	2.53	5.35
PBDIT/Interest	Times	2.43	10.26

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Aug 2023	Proposed Long Term Bank Facility	Long Term	76.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	12.41	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	25.00	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	37.59	ACUITE BBB- Stable (Assigned)
01 Feb 2023	Proposed Long Term Bank Facility	Long Term	76.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	39.00	Simple	ACUITE BBB- Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	102.66	Simple	ACUITE BBB- Stable Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2028	9.34	Simple	ACUITE BBB- Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr no.	Company Name
1	B P Food Products Private Limited
2	Om Shri Shubh Labh Agrifresh Private Limited
3	Shri Paramsukh Edible Foods Private Limited
4	Om Shri Shubh Labh Agritech Private Limited

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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