



Press Release
LABHANSHI AGRITECH PRIVATE LIMITED
February 05, 2025
Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	21.50	ACUITE C Downgraded	-
Bank Loan Ratings	13.50	ACUITE D Downgraded	-
Total Outstanding Quantum (Rs. Cr)	35.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

ACUITE has downgraded its long term rating to '**ACUITE D**' (read as **ACUITE Df**) from '**ACUITE BB-**' (read as **ACUITE double B minus**) on the long term bank facilities of Rs.13.50 Crore of Labhanshi Agritech Private Limited (LAPL).

Further, ACUITE has downgraded its long term rating to '**ACUITE C**' (read as **ACUITE Cf**) from '**ACUITE BB-**' (read as **ACUITE double B minus**) on the proposed long term bank facilities of Rs.21.50 Crore of Labhanshi Agritech Private Limited (LAPL).

Rationale for downgrade

The rating revision is on account of delays captured in debt obligation servicing in two accounts of the company as per the reporting in Credit Information Bureau (CIB) report. Further, account is categorized as SMA-0 in in January, 2025 as per that report.

About the Company

Indore Based, Labhanshi Agritech Private Limited was incorporated in 2021. The company engaged in Manufacturing of Soya DOC and Oil with manufacturing capacity of 150000 tons' pa (123000 tons' pa of DOC & 27000 tons' pa of Oil. The existing plant capacity installed in the proposed unit is around 500 tons per day. The promoters of the company are Mr. Ankush Singhal, Mr. Aayush Agrawal, Mr. Anup Singhal.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profiles of Labhanshi Agritech Private Limited (LAPL) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management

The company was incorporated in FY22. The final products include DOC Soya and Soya Oil. The promoters of the company are Mr. Ankush Singhal, Mr. Aayush Aggarwal and Mr. Anup Singhal with the expertise and experience in the industry gained over the years. the long term presence in the industry will help the LAPL garner reputed clients such as Patanjali Foods Limited etc. Acuite believes that going ahead, the promoter's experience would continue to

support LAPL's growth.

Weaknesses

Delay in term loan repayment

As per the reporting in CIC Report, Delays are captured in debt obligation servicing in two accounts of the company. Further, account is categorized as SMA-0 in in January, 2025 as per that report.

Susceptibility to fluctuations in agro-based raw material price

Operations are exposed to the inherent risks associated with the agriculture based commodity business, such as availability of raw materials, fluctuations in prices, and changes in government regulations. The prices of crude edible oil are volatile in nature hence the profitability is highly susceptible to the ability of the company to pass on

the same to its customers. Further, the demand-supply of vegetable oil and is affected by change in regulations in exporting and importing countries.

Rating Sensitivities

- Timely repayment of term loan obligations.

Liquidity Position

Poor

The liquidity profile of the company is poor on an account of delays being captured in debt obligation servicing in two accounts of the company as per the reporting in CIC Report. Further, account is categorized as SMA-0 in January, 2025 as per that report.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	144.86	5.74
PAT	Rs. Cr.	1.27	0.07
PAT Margin	(%)	0.87	1.20
Total Debt/Tangible Net Worth	Times	7.16	12.04
PBDIT/Interest	Times	3.02	160.83

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

Not Applicable

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
29 Dec 2023	Cash Credit	Long Term	10.00	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	3.50	ACUITE BB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	21.50	ACUITE BB- 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
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE D Downgraded (from ACUITE BB-)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	21.50	Simple	ACUITE C Downgraded (from ACUITE BB-)
Indian Bank	Not avl. / Not appl.	Term Loan	20 Aug 2022	Not avl. / Not appl.	31 Aug 2028	3.50	Simple	ACUITE D Downgraded (from ACUITE BB-)

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About Acuité Ratings & Research

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