Press Release
LANDSMILL AGRO PRIVATE LIMITED
January 28, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	50.00	ACUITE BBB+ | Stable | Assigned	-
Bank Loan Ratings	100.00	-	ACUITE A2 | Assigned
Total Outstanding Quantum (Rs. Cr)	150.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long term rating of **'ACUITE BBB+' (read as ACUITE triple B Plus**o**)**n the bank facilities of Rs.50.00 Crore and short term rating of **'ACUITE A2' (read as ACUITE A two)**on the Rs.100.00 Crore bank facilities of Landsmill Agro Private Limited (LAPL). The outlook is **'Stable'.**

Rationale for Rating

The assigned rating takes into consideration the extensive experience of the promoters. The rating also factors in the improvement in the scale of operations reflecting by revenue at Rs.790.76 Crore in FY24 against Rs.455.30 Crore in FY23. Further, the company has already achieved a turnover of Rs.905 Crore during 9MFY25. Also, the financial risk profile is comfortable marked by moderate debt protection metrics and moderate gearing which stood at 1.35 times as on 31st March 2024. However, with a capital infusion of approximately Rs. 10.00 Crore, the company's financial risk profile is expected to substantially improve from FY25 onwards coupled with accretion of reserves and sufficient net cash accruals against the debt repayment obligation of almost nil in the same period. However, these strengths of the company are partially offset by the company's high reliance on working capital limits and thin profitability margins albeit improved EBITDA Margins which stood at 3.74% in 9MFY25 against 2.73% in FY24 . 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

Delhi based Landsmill Agro Private Limited is a company limited by shares, incorporated in Year 2019 by the registrar of Companies – Delhi under the Companies Act, 2013. The Company has set up a manufacturing Unit of Blended Edible Vegetable oil, Interesterified Vanaspati Oil and Margarine which are household consumable products with Indian consumers who use oils regularly as healthy cooking medium. Directors of the company are Mr. Garvit Agarwal and Mr. Praveen Kumar Agrawal.

Unsupported Rating

Not applicable.

Analytical Approach

Acuite has considered the standalone approach for Landsmill Agro Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations with experienced management
LAPL is based out of Delhi and was incorporated in the year 2019. The group is promoted by Mr. Garvit Agarwal and Mr. Praveen Kumar Agrawal, who have been engaged in the edible oil industry for more than a decade. The

extensive experience of the promoters has helped the group to established long and healthy relationships with customers and suppliers over the years. Acuité believes that the promoter's experience and long track record with its clientele is expected to support in improvement of its business risk profile over the medium term.

Improvement in the scale of operations

The company has witnessed growth in the revenue Rs.790.76 Crore in FY24 against Rs.455.30 Crore in FY23. The increase in the revenue is on an account of increase in the capacity utilization as compared to previous order backed by increase in the execution of order book which the company gets for two months' basis followed by increase in the capacity utilization on y-o-y basis. Further, the margin of the company has shown slight improvement which stood at 2.73% in FY24 against 2.54% in FY23 and the PAT margins of the company stood at 1.23% in FY24 against 1.53% in FY23. Also, LAPL has clocked revenue of Rs.905 Crore followed by EBITDA of 3.74% and PAT margin of 2.12% during 9MFY25. Going forward, the company is expected to increase the scale of operations under the range of Rs.1300 Crore in near to medium term supported by the incremental margins.

Moderate Financial Risk Profile

The financial risk profile of the company is marked by moderate net-worth of Rs.56.44 Crore as on 31st March 2024 against Rs.46.75 Crore as on 31st march 2023. The increase in the net-worth is due to accumulation of profits into reserves. Further, the promoters of the company has made an infusion of additional Rs.10.00 Crore approximately recently in January 2025, which has extended the comfort in the capital structure of the company. Further, the total debt of the company is also moderate which stood at Rs.76.33 Crore as on 31st March 2024 against Rs.31.79 Crore as on 31st March 2023. The gearing of the company is moderate which stood at 1.35 times as on 31st March 2024 against 0.68 times as on 31st March 2023. The slight increase in the gearing is due to the additional long term debt taken during FY24 to acquire commercial property for the office premises. In addition, the coverage indicators of the company are also comfortable reflected by interest coverage ratio and debt service coverage ratio of the company which stood at 2.05 times 1.87 times respectively as on 31st March 2024 against 4.53 times and 3.96 times respectively as on 31st March 2023.

The TOL/TNW ratio of the company stood at 4.13 times as on 31st March 2024 against 1.24 times as on 31st March 2023. However, the majority of the limits are comprising in the form of Letter of credit and working capital limits which are self-liquidating in nature and mitigate the financial performance risk to certain extent. Further, the Debt-EBITDA of the company stood 3.13 times as on 31 March 2024 against 2.75 times as on 31st March 2023. Acuite believes that financial risk profile of the company is expected to be comfortable in the absence of any long term debt in near to medium term.

Weaknesses

Working Capital Intensive Operations

The working capital operations of the company is intensive marked by GCA days which stood at 108 days in FY24 against 72 days in FY23. The increase in the GCA days is due to increase in the inventory and debtor days which stood at 37 days and 67 days respectively in FY24 against 21 days and 42 days respectively in FY23. The increase in the inventory days as the company has started import in FY24 which takes more time than the usual time to be received, which lead to an increase in the raw material inventory. Also, the average debtor time period has been extended by the company to its customer of approximately 45-60 days. On the other hand, the creditor days of the company stood at 55 days in FY24 against 20 days in FY23. The rationale behind increase in the creditor days of the company is due to import which lead to increase in the creditor days for the company in FY24 and issuance of LC lead to increase in the Trade payables for the company w.e.f FY23 onwards, and going forward, it is expected to remain in the same range. Acuite believes that working capital operations of the company are expected to remain intensive in near to medium term.

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

- Movement in the scale of operations of the company
- Elongation in the working capital cycle

Liquidity Position

Adequate

The liquidity profile of the company is adequate. The company has generated net cash accruals of Rs.10.40 Crore against the debt repayment obligations of almost nil in near to medium term. The company is expected to generate sufficient net cash accruals against the debt repayment obligation in near to medium term. The current ratio of the company stood at 1.21 times in FY24 against 1.78 times in FY23. The average bank limit utilization of the company stood at 90.78% in last eight months ended November 2024. Acuite believes that liquidity profile of the company is expected to improve in near to medium term in the absence of any major repayment obligations as the company is not planning to take any additional debt in near to medium term.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	790.76	455.30
PAT	Rs. Cr.	9.70	6.96
PAT Margin	(%)	1.23	1.53
Total Debt/Tangible Net Worth	Times	1.35	0.68
PBDIT/Interest	Times	2.05	4.53

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

None.

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. 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 :

Not applicable.

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB+ | Stable | Assigned
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE A2 | Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.84	Simple	ACUITE BBB+ | Stable | Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 May 2038	8.20	Simple	ACUITE BBB+ | Stable | Assigned
UCO Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Feb 2030	11.96	Simple	ACUITE BBB+ | Stable | Assigned

Contacts

Mohit Jain Senior Vice President-Rating Operations Depanshi Mittal Lead Analyst-Rating Operations	**Contact details exclusively for investors and lenders** Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

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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