



## Press Release

**B. N. Agritech Limited**

**Oct 30, 2024**

### Ratings

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b>Complexity Indicator</b>
Long Term bank Facilities	727.80 (enhanced from Rs 528.97 crore)	IVR A-/Stable (IVR Single A Minus with Stable Outlook)	IVR BBB+/Positive (IVR Triple B Plus with Positive Outlook)	Upgraded/ Outlook Revised	<b>Simple</b>
<b>Total</b>	<b>727.80</b>	<b>Rupees Seven Hundred Twenty Seven Crore and Eighty Lakh Only</b>			

**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 (IVR) has upgraded the long-term rating to IVR A- with a revision in Outlook to Stable for the bank loan facilities of B. N. Agritech Limited (BNAL).

The rating upgrade takes into consideration improved scale of operations & steady growth in net worth, besides improved financial risk profile. Further, rating continues to take comfort from experienced management, diversified product portfolio with strong market presence in northern India. However, these strengths are partially offset by inherently thin profitability margins susceptible to volatility in raw material prices, besides exposure to intense competition and susceptibility to changes in Government policies.

The stable outlook indicates a low likelihood of rating change in the medium term. IVR believes that the BNAL's business & financials risk profile will be maintained over the medium term supported by improved scale of operations & continuation of comfortable financial risk profile.

IVR has principally relied on the standalone audited financial results of BNAL's up to FY24 (refers to 1 April 2023 to 31 March 2024) & projected financials from FY25 to FY27 (refers to 1 April 2024 to 31 March 2027), and publicly available information/clarifications provided by the company's management.

### Key Rating Sensitivities:

#### Upward Factors

- Sustained scale up of operations in terms of value and volume along with sustained & significant improvement in profitability.
- Improvement in the liquidity profile of the company and gearing below 1x on sustained basis.



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### Downward Factors

- Significant reduction in the scale of operations & profitability impacting the debt coverage indicators along with deterioration in overall gearing.
- Stretch in the working capital cycle leading to elongation of operating cycle beyond 90 days -120 days on sustained basis, or large, debt-funded capital expenditure increasing the overall gearing

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Experienced promoters

The key promoters of the company have more than 2 decades of experience in varied industry and long-standing presence in the industry and has helped them in building established relationships with both customers & suppliers. The group benefits from its industry experience of its key promoters Ajay Kumar Agarwal and Anubhav Agarwal, who have been associated with the edible oil industry for decades leading to growth in the company over the years. Currently the company has its second generation looking after the growth of the business.

##### Diversified product portfolio with strong market presence in Northern India

The company is engaged in the business of refining and distribution of various grades of edible oil. Edible oil is an important component of food expenditure for the Indian households and demand for the same is expected to increase with growing population and per-capita increase in consumption. With its noticeable presence in FMCG (Fast-Moving Consumer Goods) sector for both wholesale and retail segment, the company has established brands namely "Simply Fresh", "Simply Gold", "Sakar Lite" & "R Mark". The brand has presence in states of Uttar Pradesh, Uttarakhand, Gujarat and other parts in Northern India. The company is steadily expanding geographies and has presence in 17+ states. The company supplies through dealers, institutional sales, traders and newly launched digital medium. It has the network of over 1700+ touchpoints which helps the company increase its branded oil sale through the same value chain.

##### Growing scale of operations & steady growth in network

The company has a diversified customer base spread across 17 states, which helps them in receiving repeated orders. The scale of operations of the company have grown steadily at the CAGR of 35% over past three years. The total operating income of the company improved by ~56% and stood at Rs. 3667.10 crore. in FY24 against Rs. 2354.57 crore. in FY23. Further company registered revenue of 2691.12 core in H1FY25 against Rs 1253.78 crore in H1FY24. Over the year, the promoters have infused surplus on continuous basis to improve the net worth of the company. The tangible net worth (including quasi equity) for FY24 stands at Rs. 373.72 crore. improving from Rs. 275.16 crore. in FY23. The company converted unsecured loans from corporates/related party at 0% Compulsorily Convertible Preference Shares (CCPS) to the tune of Rs. 112 crore in FY24,



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### **Improved financial risk profile**

The company has comfortable debt protection metrics, whereas interest service coverage ratio (ISCR) has improved to 2.28x in FY24 against 1.98x in FY23 and debt service coverage ratio (DSCR) improved to 1.62x in FY24 against 1.37x in FY23. The company primarily relies on fund based working capital limits to meet its working capital requirements and debt profile mainly comprises of cash credit limit. The overall gearing ratio (incl. quasi equity) improved to 1.38x in FY24 against 1.94x in FY23 due to fresh equity infusion besides accretion of profit led to improved net worth in FY24. Long-term debt equity ratio improved to 0.18x in FY24 from that of 0.66x in FY23 on account of continued repayment of term loans and improved adj network. The total outside liabilities to adj. tangible network (incl. quasi equity) stood satisfactory at 2.14x in FY24 against 2.26x in FY23. The company cash conversion cycle stood satisfactory at 74 days in FY24 (PY:92 days in FY23) on account of comfortable inventory holding and collection period of 47 days & 41 days only in FY24.

### **Key Rating Weaknesses**

#### **Thin profitability margins susceptible to volatility in raw material prices**

Given limited value additive nature of operations and volatility in raw material prices depending on factors like geo-climatic conditions, international prices and domestic demand-supply situation, the profitability margin (PAT margin) have remained thin, and range bound between 0.78% to 1.15% for FY21-FY24., EBIDTA margin declined to 3.40% in FY24 as against 3.87% in FY23 on the account of increase in spending on the sales promotion & marketing and distribution expense in order to scale up its operations in new markets. The PAT margin is in similar lines and stood at to 1.14% in FY24 and 1.15% in FY23. The major raw material like crude edible oil linked to oil seeds is the major contributor of the overall raw material cost and have shown volatile price trends in the past. Since the raw material is the major contributor so any sharp fluctuation in price of the main raw material, could adversely impact the profit margins of the company. Volatility in prices of raw materials and company ability to pass the same to the customers will remain the key monitorable.

#### **Exposure to intense competition, leading to low profitability, susceptibility to changes in Government policies**

The edible oil industry in India has a large number of players, leading to intense competition and limited pricing power. Moreover, low value addition and volatile input prices also impact the margin. The prices of edible oils are linked to domestic oilseed prices also, which are determined by output and minimum support price (MSP) fixed by the Government of India, and by international price trends. Since oil is an agricultural commodity, there is significant government intervention in the industry. To ensure remunerative prices to farmers, the government fixes the MSP on oilseeds periodically. On the other hand, it restricts any major increase in end product prices as edible oil is an essential commodity and has a bearing on the wholesale price index and inflation.



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**Analytical Approach:** Standalone

**Applicable Criteria:**

- [Rating Methodology for Manufacturing Companies.](#)
- [Financial Ratios & Interpretation \(Non-Financial Sector\).](#)
- [Criteria for assigning Rating outlook.](#)
- [Policy on Default Recognition](#)
- [Complexity Level of Rated Instruments/Facilities](#)

### Liquidity – Adequate

The liquidity position is adequate as reflected from gross cash accruals of Rs. 53.21 crore in FY24 against the debt repayment of Rs. 12.06 crore. GCA expected to be more than Rs 100 crore against debt repayment of ~Rs 12 crore for FY25. The average utilisation for overall working capital facilities stood at ~70% for the past 9 months ended September-2024 and cash and cash equivalents stood at Rs. 0.13 crore as on 31st March 2024 & Rs 0.15 crore as on 31 Aug,2024. The current ratio stood comfortable at 1.35x as of 31st March 2024

### About the Company

B.N. Agritech Limited (BNAL) incorporated in the year 2011, having registered office at New Delhi. The company is engaged in the business of refining & distribution of various grades of edible oil, along with this company also provide packaging facilities to their clients. The company has presence in FMCG (Fast-Moving Consumer Goods) sector with both wholesale and retail sales with its brands "Simply Fresh", "Simply Gold", "Sakar Lite" & "R Mark ". The company has refining capacity of 1550 TPD, plant situated at Kutch, Gujarat.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	2354.57	3667.10
EBITDA	91.21	124.81
PAT	27.20	41.94
Total Debt	535.01	516.86
Tangible Net Worth	193.36	345.63
EBITDA Margin (%)	3.87	3.40
PAT Margin (%)	1.15	1.14
Overall Gearing Ratio (x) (adjusted)	1.94	1.38
Interest Coverage (x)	1.98	2.28

\* Classification as per Infomerics' standards.



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**Status of non-cooperation with previous CRA:** Brickwork Ratings India Pvt. Ltd. continues the rating under Issuer Non-Cooperating category dated 02 April,2024

**Any other information: Not Applicable**

**Rating History for last three years:**

Sr. No.	Name of Instrument/ Facilities	Ratings (2024-25)				Rating History for the past 3 years		
		Type (Long Term /Short Term)	Amount (Rs. Crore)	Current Ratings	Rating Date(s) & Rating(s) assigned in 2024-25 (Apr 03,2024)	Rating Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23 (Mar 24,2023)	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based Facilities	Long Term	727.80	IVR A-/ Stable	IVR BBB+ / Positive Outlook	-	IVR BBB+ / Stable Outlook	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange 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 instruments which helps corporates access to financial markets and provides investors credit 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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For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an ‘as is where is’ basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund-Based Bank Facilities – GECL	-	-	-	GECL1 till July,2026 GECL2 till Nov,2026 (for PNB)	10.50	IVR A- /Stable
Fund-Based Bank Facilities – GECL	-	-	-	GECL1 till Dec,2026 GECL2 till Oct,2026 (for UCO Bank)	7.05	IVR A- /Stable
Fund-Based Bank Facilities – GECL	-	-	-	GECL till Feb,2026 (for PNB)	11.25	IVR A- /Stable
Fund-Based Bank Facilities – Cash Credit	-	-	-	-	699.00	IVR A- /Stable

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-BN-Agritech-oct24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**



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**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](http://www.infomerics.com).

