

Laxmi Agro India Private Limited

April 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	445.10 (Enhanced from 251.76)	CARE BBB; Stable	Upgraded from CARE BBB-; Stable
Short Term Bank Facilities	154.90 (Enhanced from 148.24)	CARE A3+	Upgraded from CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade to the ratings assigned to the bank facilities of Laxmi Agro India Private Limited (Laxmi) factors in the growing scale of operations of the company in FY24 (refers to April 01, 2023, to March 31, 2024) and 9MFY25 (refers to April 01, 2024, to December 31, 2024). The upgrade in the ratings also takes cognizance of continued operational and financial support from its associate concern, B.L. Agro Industries Limited (CARE A-; Stable/ A2+), in terms of subordinated unsecured loans and security deposits along with leasing out on of the refining unit to Laxmi during March 2024 which will result in strategic shift in the business model of Laxmi from purely trading of edible oils to a mix of trading and refining of edible oils. The ratings also take into consideration average financial risk profile of the company which is expected to moderate slightly going forward on account of the expected increase in working capital requirements for the functioning of leased refining unit. The ratings further drive strength from the long-standing experience of its promoters. However, rating strengths are constrained by the The ratings are further constrained by the customer concentration risk, exposure towards raw material price volatility and intense competition in edible oil sector.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustainable improvement in the total operating income (TOI) with Profit Before Interest, Lease rentals, Depreciation and Taxation (PBILDT) margin of more than 3.00%.
- Improvement in the debt coverage Indicators of the company as reflected by total outside liabilities/ Tangible net worth (TOL/TNW) of less than 2.00x on a sustained basis

Negative factors

- Substantial decline in the scale of operations with PBILDT margin of less than 1.50%.
- Substantial increase in the operating cycle days to more than 50 days, thereby leading to stretch in the liquidity
- Deterioration in the capital structure of the company as reflected by a TOL/TNW of more than 3.00x on a sustained basis

Analytical approach: Standalone; factoring operational and financial linkages with B.L. Agro Industries Limited (BLAIL)

Outlook: Stable

CARE Ratings believes that the entity shall benefit from its strong operational linkages with BLAIL as reflected by its improved scale of operations as well as the experience of its promoters.

Detailed description of key rating drivers:

Key strengths

Healthy growth in scale of operations albeit low profitability margins

Laxmi has registered healthy growth in TOI of 20.51% y-o-y basis to Rs. 2140.34 Cr during FY24 (PY: Rs. 1776.11 Cr). The TOI has grown at a 5-year CAGR of ~47%. The same has been primarily driven by increase in the demand of edible oils along with the change in the business model of the company. The company has recorded the total operating income of Rs. 2104.22 Cr during 9MFY25.

The company has leased the Joharpur Unit of B.L. Agro Industries Limited for refining of edible oils; hence, the operational performance of the company is expected to improve going forward driven by the additional revenue that would be generated from the manufacturing unit.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Edible Oils being an agricultural commodity coupled with low value addition in refining business, intense market competition and highly fragmented nature of industry, results in low profitability margins. PBILDT margin of company has remained low at 1.96% in FY24 (P.Y. 2.06%). Resultantly, PAT margin has also remained to 0.77% for FY24 as against 0.88% for FY23. However, going forward, the profitability margins are expected to improve since the company has taken on lease the Johrapur Unit for refining of edible oils with a refining capacity of 350KLPD as is already reflected by PBILDT margin of 2.61% in 9MFY25. Furthermore, the PBILDT of the company has improved in absolute terms from Rs. 41.96 crores in FY24 to Rs. 54.96 crores in 9MFY25.

Experienced promoters

Promoters of the company have been in the business of edible oil since 1993 and established various brands across grades and quality of the Edible Oil. Flagship company of group, B L Agro Industries Limited processes, and packages edible oils such as mustard, soya, and rice bran oil. Group maintains its established market position in North India on the back of extensive experience of promoters and established brand presence.

Average financial risk profile

The adjusted overall gearing of company stood moderate at 1.19x as on March 31, 2024, as against 0.97x as on March 31, 2023. BLAIL has extended Rs. 120 crores as security deposits to Laxmi which has been subordinated to bank facilities. The total debt of the company includes LC acceptances and working capital limits which are backed by Fixed Deposits, therefore leading to a net debt of Rs. 225.19 Crores as on March 31, 2024. Moderation in gearing was mainly due to high utilisation of working capital limits and LC acceptances in line with growing scale of operations. The financial risk profile of the company is expected to moderate going forward on account of the expected increase in working capital requirements for the functioning of leased refining unit.

Key weaknesses

Customer concentration risk

Out of the total operating income during FY24, revenue from top 10 customer constitutes ~59% (PY: ~69%). Of the top 10 customers, BLAIL constitutes 35% (PY: 43%) of the total operating income during FY24. During 9MFY25, out of the total operating income of Rs. 2104.22 Cr, revenue from top 10 customer constitutes 73% (PY: 59%) and BLAIL alone constitutes 38% (PY: 45%) of the total operating income during 9MFY25.

Presence in highly competitive and fragmented industry

Laxmi operates in highly fragmented and competitive market marked by the presence of numerous players in India as well overseas. Low entry barriers and low investment requirement makes the industry highly lucrative and thus competitive. The edible oil industry is highly competitive with presence of large national players and multiple regional players. Smaller companies in general are more vulnerable to intense competition due to their limited pricing flexibility, which constrains their profitability as compared to larger companies who have better efficiencies and pricing power considering its scale of operations.

Commodity price volatility and foreign exchange fluctuation risk

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Liquidity: Adequate

Liquidity profile of the company stood adequate as the company does not have any term debt exposure. Furthermore, the majority of its working capital limits are backed by fixed deposits. The adjusted overall gearing of the company stood at 1.19x as on March 31, 2024, as compared to 0.97x as on March 31, 2023. The company has utilized its fund based at an average of ~80-90% and its non-fund-based limits at an average of ~85% for the trailing 12 months ending February 2025.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

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[Short Term Instruments](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Edible Oil

Laxmi Agro India Private Limited (Laxmi) was incorporated on May 26, 2011, and is engaged in the wholesale trading and refining of edible oils mainly soyabean oil, rapeseed oil, mustard oil, crude palm oil etc. The company is a part of B L Agro group. Laxmi sells mainly to its associate entity, BLAIL.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	1,776.11	2,140.34	2104.22
PBILDT	36.57	41.96	54.96
PAT	15.66	16.50	NA
Overall gearing (times)	2.72	3.84	NA
Interest coverage (times)	1.82	1.52	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bill Discounting/ Bills Purchasing		-	-	-	190.20	CARE BBB; Stable
Fund-based - LT-Cash Credit		-	-	-	254.90	CARE BBB; Stable
Non-fund-based - ST-LC/BG/LOU(Letter of Undertaking) (Short term)		-	-	-	154.90	CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Bill Discounting/ Bills Purchasing	LT	190.20	CARE BBB; Stable	-	1)CARE BBB-; Stable (05-Feb-24)	1)CARE BBB-; Stable (30-Mar-23)	1)CARE BBB-; Stable (15-Feb-22) 2)CARE BBB-; Stable (02-Feb-22)
2	Fund-based - LT-Cash Credit	LT	254.90	CARE BBB; Stable	-	1)CARE BBB-; Stable (05-Feb-24)	1)CARE BBB-; Stable (30-Mar-23)	1)CARE BBB-; Stable (15-Feb-22) 2)CARE BBB-; Stable (02-Feb-22)
3	Non-fund-based - ST-LC/BG/LOU(Letter of Undertaking) (Short term)	ST	154.90	CARE A3+	-	1)CARE A3 (05-Feb-24)	1)CARE A3 (30-Mar-23)	1)CARE A3 (15-Feb-22) 2)CARE A3 (02-Feb-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bill Discounting/ Bills Purchasing	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Non-fund-based - ST-LC/BG/LOU(Letter of Undertaking) (Short term)	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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