Omprakash Ashok Kumar Private Limited

May 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	49.85	CARE B+; Stable	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Omprakash Ashok Kumar Private Limited (OAKPL) has been removed from the "Issuer Not Cooperating" category as the company has started sharing information with CARE Ratings Limited (CARE Ratings) to carry out review of the ratings. The reaffirmation of the rating reflects the stabilisation of OAKPL's operations in FY24 and FY25 (Prov.) reflected in scale-up of operations and profitability. However, the company's small scale of operations remains small and lower than earlier anticipated for FY25. Moreover, its capital structure has deteriorated marked by overall gearing of 16.03x and TOL/TNW of 16.26x as on March 31, 2025 (Prov.) owing to increase in working capital borrowings and unsecured loans from promoters (unsubordinated to bank debt) to fund the sizeable inventory. The rating also remains constrained by the moderate debt protection metrics, exposure to regulatory risk and vulnerability to natural factors. The aforesaid constraints are partially mitigated by the promoters' experience, a growing scale of operations with improved financial performance in FY24 and the company's strategic location, which provides proximity to key suppliers.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in total operating income (TOI) above Rs. 150 crore and PBILDT margin sustaining above 5%
- Improvement in overall gearing below 5.0x on a sustained basis

Negative factors

- Decline in TOI below Rs. 100.00 crore and PBILDT margin below 3.5% on a sustained basis

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects CARE Ratings' expectations that the company will benefit from the extensive experience of the promoters in the industry.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operation with low net worth base

Total operating income of the company has shown a growth of 11% from Rs. 111.21 crore in FY24 and to Rs. 123.39 crore in FY25 driven by increase in volumes. However, the scale continues to remain small and lower than earlier anticipated, thereby constraining the economies of scale. Also, OAKPL's tangible net worth stood low at Rs. 4.93 crore while the total capital employed stood at Rs. 83.72 crore as on March 31, 2025 (provisional). The small scale restricts the financial flexibility of the company in times of stress.

Leveraged capital structure and debt protection metrics

The capital structure of the company remains leveraged marked by overall gearing of 16.03x as on March 31, 2025 (Prov.), on account of high utilisation of its fund-based limits vis-à-vis low net worth base of Rs. 4.93 crore as on March 31, 2025. Interest coverage ratio has improved to 1.80x in FY25 (Prov.) as against 1.03x in FY24. With high working capital requirements and low accruals, OAKPL's capital structure is likely to remain leveraged in the near term.

Working capital intensive nature of business and susceptibility of profitability to volatility in raw material prices

OAKPL's operations remain working capital intensive with sizeable inventory holding requirements reflected by average inventory of ~200 days as on Mar 31, 2025 (Prov.) owing to seasonal availability of raw materials. The profit margins also remain susceptible to the volatile prices of raw material viz. paddy. The major procurement of Paddy happens during the months of October to March. The company's raw material being paddy, for proper harvest and availability of paddy, the weather conditions should be adequate. Adverse weather conditions directly affect the supply and availability of the paddy and raw material price fluctuations.

Intense industry competition, commoditized nature of products and regulatory risk

The company operates in a highly competitive and fragmented market which consists of large and small and large sized players. The commoditized nature of the product makes limits product differentiation and pricing power. The concentration of rice millers around the paddy growing regions makes the business intensely competitive. Furthermore, the raw material (paddy) prices are

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

regulated by the government to safeguard the interest of farmers, which limits the bargaining power of rice mills over the farmers. The prices for finished products are market determined while the cost of raw material is fixed by Government of India through the MSP (Minimum Support Price) mechanism, thereby restricting pricing flexibility and rendering the profitability vulnerable, especially in times of high paddy cultivation. Due to high competition coupled with government regulations, profitability margins tend to remain thin in the industry.

Key strengths

Experienced promoters and established group presence in agro industry

The company is promoted by Mr. Hari Prakash Sharma, Mr. Om Prakash Sharma, Mr. Santosh Kumar Sharma and Mr. Ashok Kumar Sharma. The promoters have been engaged in food processing, trading of agriculture produce and sorting & grading activities since last two decades and therefore possess rich experience in the field of dealing and processing of agro products. The experience of promoters is expected to aid the company is profitability scaling up its operations over the coming years.

Established customer base

The company has an established marketing network of dealers, wholesalers and retailers with key customers including Supple Tek Industries Private Limited and GRM Overseas Limited, both of which act as agents for export of rice and related products from India. The promoters' rich experience in trading of agricultural commodities is expected to aid the company is developing and maintaining a healthy customer base.

Location advantage

OAKPL's manufacturing facility is located in Rajasthan, around 200 kms away from the Kota. The site enjoys proximity to all necessary infrastructure facilities thereby providing location advantage. The unit is located ideally from the point of availability of rice. Some important mandis falling within a radius of 200 kms are Kota, Bundi, Baran etc.

Liquidity: Stretched

Liquidity remains stretched with projected gross cash accruals being closely matched with incremental working capital requirements and debt repayment obligations. CARE Ratings expects the company to generate GCA of Rs. 3-4 crore p.a. against repayment obligation of Rs. 1.5-2 crore p.a. over the next 2 years. The company also has capex plans of Rs. 0.7-1.0 crore p.a. The average utilisation of sanctioned cash credit limits stood high at 95% during the last 12 months period ended March 2025. Additionally, it has sanctioned facilities backed by warehouse receipts.

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
Manufacturing Companies
Financial Ratios – Non financial Sector

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Other Agricultural Products

Incorporated on March 08, 2022, Omprakash Ashok Kumar Private Limited (OAKPL) is engaged in rice processing and has setup up a modern continuous rice mill plant with capacity of 240 Metric Tonne per day (MTPD) with the products to be manufactured including full rice, three-fourth rice, half rice, one-fourth rice and rice bran.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	0.00	111.21	123.39
PBILDT	-0.02	4.12	7.93
PAT	0.00	-3.42	0.37
Overall gearing (times)	4.34	16.81	16.03
Interest coverage (times)	-47.02	1.03	1.80

A: Audited P: Provisional; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	35.00	CARE B+; Stable
Fund-based - LT-Term Loan	-	-	-	May 2025	14.85	CARE B+; Stable

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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	14.85	CARE B+; Stable	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (11-Feb-25)	1)CARE BB-; Stable (07-Feb-24) 2)CARE BB-; Stable (21-Apr-23)	-
2	Fund-based - LT-Cash Credit	LT	35.00	CARE B+; Stable	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (11-Feb-25)	1)CARE BB-; Stable (07-Feb-24) 2)CARE BB-; Stable (21-Apr-23)	-

*Issuer did not cooperate; based on best available information.
LT: Long 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on the complexity levels of the 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.

Contact us

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About us:

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