

Press Release

Best Crop Science Private Limited (Erstwhile Best Crop Science LI

October 06, 2022



Rating Upgraded & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	28.00	ACUITE BBB Upgraded & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	28.00	-	-

Rating Rationale

Acuite has upgraded and withdrawn its long term rating of **"ACUITE BBB" (read as ACUITE Triple B)** of Rs.28 Crore bank facilities of BEST CROP SCIENCE PRIVATE LIMITED (ERSTWHILE BEST CROP SCIENCE LLP). The rating withdrawal is on account of the request received from the company and the NOC received from the banker. The rating is withdrawn on Acuite's policy of withdrawal of ratings.

Rationale for rating

Sustained performance, Established track record of operation and experienced management and healthy financial risk profile were the driving factors of the rating however the rating is underpinned by the moderately intensive working capital operation and competition from other players.

About Company

Best Crop Science Private limited has converted into private limited, earlier it was a partnership firm established in 2015. It is a part of Delhi based Best Agro Group and is engaged in manufacturing and trading of crop protection products such as pesticides, herbicides, insecticides etc. the firm started its operation in 2016. The company is promoted by Mr. Vimal Alawadhi, and the others.

About the Group

Best Agrolife Group is a Delhi based group, promoted by Mr. Vimal Alawadhi, Mr. Braj Kishore Prasad, among the others, which is engaged in the manufacturing and trading of agrochemical products such as insecticides, pesticides, herbicides, fungicides and plant nutrients. The group currently comprises of two entities i.e. Best Agrolife Limited and Best Crop Science Private limited.

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profiles of Best Agrolife Limited and Best Crop Science LLP together known as Best Agro Group, to arrive at this rating. The

consolidation is on account of common management, similar line of business, and operational linkages.

Key Rating Drivers

Strengths

Established track record of operation and experience management

Mr. Vimal Kumar is the managing director and has vast experience in the agrochemical industry. He is ably supported by other directors who are professionally running the company. The group has a distribution network with more than 3600 distributors and direct dealers and over 1500 retail points across the country with 18 stock points which has enabled them to clock revenues of Rs.1451.36 crore in FY2022 as compared to Rs.992.79 crore in FY2021. Acuite believes that the group will continue to benefit from its experienced management and long track record of operation in agrochemical industry.

Healthy financial risk profile

Group's Financial risk profile remain healthy marked by strong net worth, strong gearing and strong debt protection metrics. The net worth of the group stood at Rs.355.95 Crore as on March 2022 against Rs.148.30 Crore in FY21. The net worth levels have seen significant improvement over the last three years on an account of healthy accretion to reserve during the same period. The gearing level stood at 0.87 times in FY22 against 1.07 times in FY21. In addition to this, the interest coverage ratio stood high at 9.15 times in FY22 against 7.59 times in FY21. Acuite expects that financial risk profile of the group to remain healthy over the medium term on an account of high net worth and strong debt protection metrics.

Weaknesses

Moderate working Capital operations

The working capital operations of the company is intensive in FY22 marked by GCA (Gross current days) Days of 217 days in FY22 against 198 days in FY21. The GCA days are high on an account of high inventory days due to import from China. The current ratio of the company stood at 1.23 times in FY22. Acuite believes that the working capital requirement will continue to remain intensive over the medium term.

Competitive and fragmented nature of operation

The group is operating in competitive and fragmented nature of industry. There are several players engaged in the agrochemical industry in organized and unorganized sector. Hence, the group might face pricing pressure from other competitors. Therefore, having an established brand name is of utmost importance in this industry along with continuous addition of value added products in the product offerings.

Rating Sensitivities

- Significant improvement in operating income and profitability
- Stretch in working capital cycle

Material Covenants

None.

Liquidity Position

Strong

The group has strong liquidity marked by high net cash accruals to its maturing debt obligations. The group generated net cash accruals of Rs.125.89 Crore against CPLTD of Rs.1.45 Crore for the same period. Company maintains unencumbered cash and bank balance of Rs.12.79 Crore. Acuite believes that the liquidity of the company is likely to remain strong over the medium term on account of healthy cash accrual and no major repayments over the medium term.

Outlook:

Not Applicable.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	1451.36	992.79
PAT	Rs. Cr.	114.98	50.07
PAT Margin	(%)	7.92	5.04
Total Debt/Tangible Net Worth	Times	0.87	1.07
PBDIT/Interest	Times	9.15	7.59

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

None

Any Other Information

None

Applicable Criteria

- Complexity Level Of Financial Instruments: <https://www.acuite.in/view-rating-criteria-55.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument<https://www.acuite.in/view-rating-criteria-55.htm>**Rating History**

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 Jul 2022	Cash Credit	Long Term	16.50	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	0.63	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	7.57	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Working Capital Term Loan	Long Term	3.30	ACUITE BB+ (Downgraded and Issuer not co-operating*)
27 Apr 2021	Term Loan	Long Term	7.57	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	3.30	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	16.50	ACUITE BBB Stable (Assigned)
	Proposed Bank Facility	Long Term	0.63	ACUITE BBB (Assigned)
28 Dec 2018	Cash Credit	Long Term	16.00	ACUITE BB Stable (Withdrawn)
	Term Loan	Long Term	12.65	ACUITE BB Stable (Withdrawn)
	Proposed Long Term Loan	Long Term	1.35	ACUITE BB Stable (Withdrawn)
26 Dec 2017	Term Loan	Long Term	12.65	ACUITE BB Stable (Assigned)
	Cash Credit	Long Term	16.00	ACUITE BB Stable (Assigned)
	Proposed Long Term Loan	Long Term	1.35	ACUITE BB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Axis Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	16.50	ACUITE BBB Upgraded & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.63	ACUITE BBB Upgraded & Withdrawn
Axis Bank	Not Applicable	Term Loan	Not available	9.25	31-03-2023	7.57	ACUITE BBB Upgraded & Withdrawn
Axis Bank	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	3.30	ACUITE BBB Upgraded & Withdrawn

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About Acuité Ratings & Research

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