



Press Release
Uttar Pradesh Beej Vikas Nigam
November 28, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of "ACUITE A-" (read as ACUITE A minus) on the bank facilities of Rs.100 Crore of Uttar Pradesh Beej Vikas Nigam (UPBVN). The outlook is 'Stable'.

Rationale for rating

The rating reaffirmation is driven by comfort from Government of Uttar Pradesh (GoUP) since more than 90% shareholding is with GoUP and it holds strategic importance to the GoUP for catering to the seed requirement of the state by supplying seeds to Agriculture department. The rating also considers the support extended by the UP state through infusion of equity in the company. Further, the rating factors in the moderate revenue base of the company which stood at Rs. 233.32 Crore in FY24 (prov.) against Rs.184.48 Crore in FY 23. The rating also favourably factors in the strong liquidity position of the company with unencumbered cash and bank balance of Rs 90.10 Cr. in FY 24 (prov.).

However, these strengths are partially offset by intensive working capital management reflected by high Gross Current Asset (GCA) days of 274 days as on 31st March 2024 (prov.) on account of stretched receivables and advances to suppliers.

About the Company

Uttar Pradesh Beej Vikas Nigam is Incorporated in 2002 and is a Government of Uttar Pradesh owned company and located at Lucknow (Uttar Pradesh). The directors of company are Mr. Satyendra Kumar Singh, Mr. Rajeshwar Singh and Mr. Jitendra Kumar Tomar. Uttar Pradesh Beej Vikas Nigam is engaged in Production of seeds, growing of crops and horticulture.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken the standalone view on the business and financial risk profile of Uttar Pradesh Beej Vikas Nigam (UPBVN). Further, Acuite has also factored in the support extended from the State Government of Uttar Pradesh.

Key Rating Drivers

Strengths

Strategic Importance of UPBVN to GoUP

UPBVN is a 90% owned entity of GoUP and holds a strategic importance to GoUP in terms of Agriculture requirements of the state. The company is engaged in production of seeds, growing of crops and horticulture. The company caters to the seed requirements of UP Agriculture department. The directors of the company are Mr. Satyendra Kumar Singh, Mr. Rajeshwar Singh and Mr. Jitendra Kumar Tomar who have more than two decades of experience in agriculture industry. The company sells to dealers mostly to S & F and Agri junction. The EBITDA margins of the company is growing on y-o-y basis which stood at 8.95% in FY24 (prov.) against 6.55% in FY23.

Acuité believes that the UPBVN, being a strategically important to GoUP, shall continue to benefit from operational and management support of GoUP time to time.

Augmentation in business risk profile supported by stable operations

The company has achieved a turnover of Rs. 233.32 Crore in FY24 (Prov.) against Rs. 184.48 Crore in FY23. The company is exhibiting increase in the revenue on account of execution of monthly orders and also driven by market

demand scenario. Company gets requirement of seeds from agriculture department a year in advance. Further, EBITDA margin of the company stood at 8.95% in FY24 (prov.) against 6.55% in FY23. The company's PAT margins also stood at 8.30% in FY24 (prov.) against 6.01% in FY23. The company has achieved the revenue of Rs. 173.78 Cr. as on Nov 2024. The company is expected to achieve better topline in next financial years with slight improvement in the margins.

Healthy Financial Risk Profile

The company's financial risk profile is marked by a healthy net-worth and comfortable debt protection metrics. The company's net-worth of Rs. 119.08 Crore as on 31st March 2024 (prov.) against Rs. 52.83 Crore as on 31st March 2023 on an account of accretion of reserves. Further, the company doesn't have any long term debt and has cash credit facility of Rs.125 Crores. The interest coverage ratio and debt service coverage ratio of the company stood at 9.97 times and 9.97 times as on 31st March 2024 (prov.) respectively against 7.63 times and 7.63 times as on 31st March 2023 respectively. Acuite believes that company financial risk profile will remain healthy over the medium term.

Weaknesses

Intensive working capital operations

The working capital cycle of the company remained high with GCA days at 274 days as on 31st March 2024 (prov.) against 559 days as on 31st March 2023. The high in GCA days is on an account of debtor days' which stood at 190 days as on 31st March 2024 (prov.) against 197 days as on 31st March 2023. As company's working capital cycle is different from other industries due to seasonal nature of business. The creditor days of the company stood at 175 days as on 31st March 2024 (prov.) against 228 days as on 31st March 2023. Acuite believes that the operations of the company will remain working capital intensive on an account of nature of the agriculture industry.

Rating Sensitivities

- Movement in the scale of operations and profitability.
- Movement in working capital operations.

Liquidity Position

Strong

The liquidity profile of the company is strong. The company has net cash accruals of Rs. 20.15 Crore in FY24 (prov.) against nil debt repayments obligation. The cash and bank balance stood at Rs. 25.05 Crore and an investment of Rs. 65.05 Crore as on 31st March 2024 (prov.) which is entirely unencumbered. The current ratio of the company stood at 1.97 times as on 31st March 2024 (prov.). The average bank limit utilization of the company stood at 65.77% in last 7 months ending October 2024. Further, the company's operations are seasonal in nature (between April to January) and accordingly, the cash credit limit is being utilized by the company during the same period only.

Acuite believes that the liquidity profile of the company will remain strong in near to medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	233.32	184.48
PAT	Rs. Cr.	19.35	11.10
PAT Margin	(%)	8.30	6.01
Total Debt/Tangible Net Worth	Times	0.00	0.00
PBDIT/Interest	Times	9.97	7.63

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

Not Applicable

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. Acuité'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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 Aug 2023	Cash Credit	Long Term	100.00	ACUITE A- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
UCO Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE A- Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr.No.	Company Name
1	Government of Uttar Pradesh
2	Uttar Pradesh Beej Vikas Nigam

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About Acuité Ratings & Research

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