
Rating Advisory

September 30, 2021| Mumbai

Advisory as on September 30, 2021

This rating advisory is provided in relation to the rating of Super Crop Safe Limited.

CRISIL Ratings vide its publication dated September 22, 2021 highlighted the aspect of non-co-operation by Super Crop Safe Limited.

Super Crop Safe Limited has now initiated cooperation, has confirmed timeliness in debt servicing for August 2021 and has also provided 'No Default Statement' dated September 30, 2021.

You may access the Rating Rationale as appended below.

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Rating Rationale

January 22, 2021 | Mumbai

Super Crop Safe Limited

'CRISIL BB / Stable' assigned to Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.12 Crore
Long Term Rating	CRISIL BB/Stable (Assigned)

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its 'CRISIL BB/Stable' rating to the bank facilities of Super Crop Safe Limited (SCSL).

The rating reflects extensive industry experience of the promoters and moderate financial profile. These strengths are partially offset by its an average scale and working capital intensive operations, susceptibility to adverse changes in government regulations and climatic conditions.

Key Rating Drivers & Detailed Description

Strengths:

- Extensive industry experience of the promoters:** The promoters have an experience of over 3 decades in agro chemical industry. This has given them an understanding of the dynamics of the market, and enabled them to establish relationships with suppliers and customers. Also, the company has a diversified geographical presence in 8 states with around 2250 distributors and over 121 product licenses.
- Moderate financial profile:** SCSL's capital structure has been at healthy level due to controlled reliance on external funds yielding gearing of 0.35 time and low total outside liabilities to adj tangible networth (TOL/ANW) of 0.93 time for year ending on 31st March, 2020. The interest coverage and net cash accrual to total debt (NCATD) ratio stood at 2.64 times and 0.19 times for fiscal 2020.

Weaknesses:

- Average scale and working capital intensive operations:** SCSL clocked a turnover of Rs.52 cr in fiscal 20 and is expected to grow modestly in fiscal 2021. Operations are working capital intensive with gross current assets of 444 days as on March 31, 2020. Its's large working capital requirements arise from its high debtor and inventory levels which additionally have been on rising trajectory.
- Susceptibility to adverse changes in government regulations, and climatic conditions:** The pesticide, fertilizers business is highly susceptible to changes in government regulations, and any unfavourable changes in policies can put pressure on revenue or profitability. Also, the prevailing climatic conditions affects the demand and consumption of SCSL's product.

Liquidity: Stretched

The company operates with almost fully drawn bank limits (Rs. 12 cr) amidst high working capital intensity. SCSL has also received additional funding of Rs. 3.6 cr through guaranteed emergency credit line (GECL) and common credit emergency credit line (CCECL) recently, to face COVID-19 driven liquidity pressures. Current ratio stood at 1.9 times as March 31, 2020 supported by well capitalized balance sheet. However liquidity is restrained by high working capital intensity. Company is expected to generate annual accruals of Rs. 2.5-3 cr adequately covering the repayment obligation in near term. Low gearing and moderate net worth support its financial flexibility, and provides the financial cushion available in case of any adverse conditions or downturn in the business.

Outlook: Stable

CRISIL Ratings believe SCSL will continue to benefit from the extensive experience of its promoter, and established relationships with clients.

Rating Sensitivity factors

Upward factor

- * Sustained improvement in margins and scale, leading to higher cash accruals.
- * Improvement in working capital cycle, with gross current assets improve to less than 1 year resulting in improved liquidity.

Downward factor

- * Pressure on the working capital cycle or accruals impacting the liquidity
- * Decline in net cash accruals below Rs 2 crore on account of decline in revenue or operating profits.

About the Company

Incorporated in 1987, SCSL is engaged in the business of manufacturing agro chemicals which include Insecticides, Bio-Fertilizers, Weedicides, Fungicides and other chemicals. The company is promoted by Patel Family and the manufacturing facility is based out of Ahmedabad, Gujrat. The company was listed on the Bombay Stock Exchange (BSE) in 1995.

Key Financial Indicators

As on / for the period ended March 31		2020	2019
Operating income	Rs crore	52.45	64.42
Reported profit after tax	Rs crore	1.45	5.51
PAT margins	%	2.86	8.45
Adjusted Debt/Adjusted Net worth	Times	0.35	0.39
Interest coverage	Times	2.64	5.98

Status of non cooperation with previous CRA: SCSL has not cooperated with Brickwork Ratings India Private Limited (BWR) which has classified it as non-cooperative vide release dated January 23, 2020. The reason provided by BWR is non-furnishing of information for monitoring of ratings.

Any other information: Not applicable

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs Cr)	Complexity Levels	Rating Assigned with Outlook
NA	Cash Credit	NA	NA	NA	12.00	NA	CRISIL BB/Stable

Annexure - Rating History for last 3 Years

Instrument	Current			2021 (History)		2020		2019		2018		Start of 2018
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	12.0	CRISIL BB/Stable		--		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit	12	CRISIL BB/Stable	-	-	-
Total	12	-	Total	-	-

Links to related criteria

[Rating criteria for manufacturing and service sector companies](#)

[Rating Criteria for Fertiliser Industry](#)

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