



Rating Rationale

Trimurti Plant Sciences Private Limited

30 May 2019

Brickwork Ratings upgrades the rating to ‘BWR BB+’ for the enhanced bank loan facilities of Rs. 33.00 Crore of Trimurti Plant Sciences Private Limited [‘TPSPL’ or ‘the company’], Hyderabad, Telangana

Particulars

Facilities	Amount (Rs. Crs)		Tenure	Ratings*	
	Previous	Present		Previous	Present
Fund Based Open Cash Credit Proposed Open Cash Credit	22.00 -	22.00 11.00	Long Term	BWR BB <i>(Pronounced as BWR Double B)</i> Outlook: Stable	BWR BB+ <i>(Pronounced as BWR Double B Plus)</i> Outlook: Stable Upgraded
Total	22.00	Rs. 33.00 Crore (Rupees Thirty Three Crore Only)			

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

Brickwork Ratings has essentially relied upon the audited financials upto FY18, provisional financials of FY19, projected financials upto FY20, publicly available information and information/clarifications provided by the company’s management.

The rating upgrade factors the improved operational performance of the company. The rating continue to factor the experienced management, strong research & development facilities (DSIR accredited) and diversified product portfolio. However, the rating continues to be constrained by the long gestation period in the seed processing industry, wherein demand estimation becomes a crucial factor, regulatory risks inherent to the sector and stiff competition in the hybrid seeds industry from other private players and state seed corporations which can impact the revenue growth and profitability. The company is susceptible to uncertain agro-climatic conditions, which directly impact development as well as the demand for hybrid seeds. The rating also factors the stretched receivables coupled with high cash conversion cycle and working capital intensive operations.



Going forward, the company's ability to increase its scale of operations, improve profitability, enhance receivables collection efficiency, strengthen its credit profile and manage its working capital efficiently will be the key rating sensitivities.

Key Rating drivers

Credit Strengths:

- **Experienced management:** TPSPL's senior management has over a decade of experience in Seed production industry. The company has also employed qualified and experienced management at all levels.
- **Diversified Product portfolio:** TPSPL is engaged in manufacturing of crop genetics and hybrid seeds, Food crops [*variants of Maize, Bajra, Rice and Mustard, etc.*], Vegetables [*variants of Tomato, Chilli, Cucumber, Bottle Gourd, Ridge Gourd, Sponge Gourd, etc*] and Fodder crops.
- **Established business operations:** TPSPL has its presence across India with key revenue generating states of the company being Bihar, Jharkhand, Telangana, Andhra Pradesh, Karnataka, Maharashtra, Chattisgarh, Uttar Pradesh, etc. TPSPL has registered trademarks in the name of Trimurti Amy, Uttej, Vasuki, Tinku, Bappi, Trimurti Rumi, etc. The company's R&D facilities has been accredited by the Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Government of India.
- **Operational performance:** TPSPL's revenue has increased y-o-y over the last four years as the company is increasing its presence in all agriculture oriented states. The company has reported a revenue of Rs. 72.51 crore for FY18 as against Rs. 49.22 crore for FY17. On a provisional basis, the company's revenue has improved by around 26% in FY19, to Rs. 91.84 crore in FY19.

Credit Constraints:

- **Average financial risk profile:** TPSPL's debt servicing capabilities are moderate reflected by ISCR of 2.37 times for FY18 as against 3.29 times for FY17. TPSPL's tangible net worth was Rs. 18.11 crore as on 31st March 2018 as against Rs. 15.47 crore as on 31st March 2017. The company has a moderately leveraged capital structure reflected by Total Debt/ Tangible net worth of 1.70 times as on 31st March 2018 as against 1.49 times as on 31st March 2017 and TOL/Tangible net worth at 2.04 times as on 31st March 2018 as against 1.71 times as on 31st March 2017. TPSPL's profitability margins are relatively low with net profit margin of 3.62% for FY18 as against 5.09% for FY17 and operating profit margin of 6.86% for FY18 as against 7.86% for FY17.
- **Working capital requirement:** TPSPL's utilisation of its bank lines was high at around 95% over the last 6 months. The company is primarily dependent on working capital facilities availed from the bank as well as unsecured borrowings from promoters. The



company has elongated days receivables, as the company provides an average credit period of one crop season to clientele/dealers [*inherent in the industry*], coupled with high days inventory which also impacts its overall working capital cycle.

- **Seasonal and monsoon dependent nature of operations:** The company's business is seasonal and dependent on the rainfall and other climatic conditions, which may also affect the crop output and quality. Adverse agro-climatic conditions can impact the overall demand for seeds from farmers and lead to inventory pile-up.
- **High gestation period** – The gestation period in the seeds business is long at around four-six years from breeder to commercial seeds. The company needs to estimate the seed demand a year in advance of sale, hence demand estimation becomes crucial.
- **High exposure to regulatory risks and stiff competition in the industry** – The prices of seeds are regulated by the Government and all companies adhere to the price fixed by the Government, reducing the scope of profitability. The company faces intense competition from other large private players and state seed corporations in the hybrid seed processing industry. Due to intense competition, the bargaining power of the firm with its customers is low.

Liquidity - Moderate: Current ratio was adequate at 1.70 times as on 31st March 2018 as against 1.95 times as on 31st March 2017. Net cash accruals to total debt was low at 0.09 times as on 31st March 2018 as against 0.12 times as on 31st March 2017. Cash conversion cycle was stretched, however, improved to 259 days for FY18 as against 332 days for FY17. Cash & Cash equivalents stood at Rs. 0.91 crore as on 31st March 2018.

Analytical Approach

Brickwork Ratings has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

Brickwork Ratings believes that **Trimurti Plant Sciences Private Limited** [*'TPSPL' or 'the company'*] business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The outlook may be revised to 'Positive' if sales and margins improve significantly leading to cash generation, along with better working capital management. Conversely, the outlook may be revised to 'Negative' if the financial risk profile, particularly liquidity, weakens because of stretch in working capital cycle, low cash generation or any unanticipated large debt-funded capital expenditure.

About the Company

Trimurti Plant Sciences Private Limited (TPSPL), an ISO 9001:2008 accredited company, was incorporated on 26th July 2011 at Hyderabad, Telangana. The company is engaged in Crop



Genetics and production of Hybrid seeds, with registered Trademarks and product portfolio includes food crops, vegetables and fodder crops. TPSPL's Research & Development facilities are accredited by the Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Government of India. The company identifies land of various demographics and climatic conditions across India to conduct its Research & Development and Multi Location Testing activities. TPSPL also has a collection of Germplasm from various National and International Research Institutes.

Shri. Raghu Vasu Adusumilli and Shri. Srivalli Balusu are the directors.

Financial Performance

Key Financial Indicators:

Particulars		31 Mar 2017	31 Mar 2018
		Audited	Audited
Net Revenue	Rs. Cr	90.91	77.42
EBITDA	Rs. Cr	3.00	2.76
Profit After Tax	Rs. Cr	0.42	0.22
Tangible Net Worth	Rs. Cr	4.54	4.61
Total Debt : Tangible Net Worth	Times	3.18	4.06
Current Ratio	Times	1.16	1.19

On a provisional basis, the company has achieved revenue of around Rs. 91 crore in FY19.

Rating History for the last three years

Sl. No.	Facilities	Current Rating (2019)			Rating History		
		Type	Amount (Rs. Cr)	Rating	2018	2017 ¹ [July 10, 2017] [#]	2016 ² [Apr 05, 2016]
1	Open Cash Credit	Long Term	22.00	BWR BB+ <i>(Pronounced as BWR Double B Plus)</i> Outlook: Stable <i>Upgraded</i>	-	BWR BB <i>(Pronounced as BWR Double B)</i> Outlook: Stable <i>Reaffirmed</i>	BWR BB <i>(Pronounced as BWR Double B)</i> Outlook: Stable <i>Assigned</i>
2	Proposed Open Cash Credit		11.00		-		
Total			Rs. 33.00 Crore (Rupees Thirty Three Crore Only)				

¹ Amount Rated: Rs. 22.00 Crore; ² Amount Rated: Rs. 15.00 Crore

[#] The rating was moved to 'Rating Not Reviewed' category on 11th October 2018



Status of Non-Cooperation with other CRA: Not Applicable

Any other information: Not Applicable

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

Analytical Contacts	Investor Contacts
<p>Rajee R Senior Director - Ratings B :+91 80 4040 9940 rajee.r@brickworkratings.com</p> <p>Sunil Kumar E Ratings Analyst B :+91 40 2331 0161 / 2331 0071 sunilkumar.e@brickworkratings.com</p>	<p>Satish Nair Director - Global Market Development & Investor Relations M : +91 7738875550 B : +91 80 6745 6666 satish.n@brickworkratings.com</p>
1-860-425-2742	

Annexure I Bank Loan Facilities

Bank	Facilities	Tenure	Previous (Rs. Crs)	Present (Rs. Crs)
Canara Bank Hitech Agriculture Finance Branch, Hyderabad, Telangana	Fund Based Open Cash Credit Proposed Open Cash Credit	Long Term	22.00 -	22.00 11.00
Total			22.00	33.00

**For print and digital media**

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf. Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.