



Press Release

Panchaganga Seeds Private Limited

April 01, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator (Simple/ Complex/ Highly complex)
Long Term Bank Facilities	49.00	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Assigned	Simple
Total	49.00 (Rupees forty-nine crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned for the bank facilities of Panchaganga Seeds Private Limited derive strength from experienced promoters, established track record in seed business, Research & Development facilities in place and comfortable financial risk profile. However, the rating strengths are partially offset due to moderate scale of operations and volatility in profit margins, intense competition in the seed industry and susceptibility of operations to external factors viz. climatic conditions, infectious plant diseases, etc.

Key Rating Sensitivities:

Upward rating factor

- Healthy revenue growth and sustained operating margin of 10%.
- Improvement in operational cash flow generation.

Downward rating factor

- Lower-than-expected cash accrual due to decline in revenue or operating margins.



Press Release

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Strong and experienced promoters:

The Panchaganga group is an established industrial house promoted by Prabhakar Uttamrao Shinde who has more than two decades of experience in the seed business. The directors of the company are Vivek Balasaheb Shinde, Babasaheb Uttamrao Shinde and Balasaheb Uttamrao Shinde. All the directors of the company are qualified in agriculture and have work experience in the field of agriculture.

Established track record in seeds business:

PSPL started plant breeding and research in onions and succeeded in developing seed varieties for every segment across the country. As years passed by, it has established as leading onion seed brand in the country which supplies more than 30% of the total seed volume supplied by the organized sector. Apart from onion seed the company has other products viz seeds of Chillis, Brinjal, Tomato, Okra, Gourds, Maize, Paddy, Bajra, and Bt Hybrid Cotton.

Research and Development facilities:

As far as Plant Breeding research is concerned, PSPL organizes research activities at nearly 2200 acres of research farms. The company has a dedicated, qualified, and trained team of 70 research staff around the year conducting research activities and maintaining released products. Considering the research activities, investment in it and commercial achievements, the Department of Science & Industrial Research, Ministry of Science & Technology, Government of India, New Delhi honored recognition to the R&D Unit of Panchaganga Seeds. The company's technocrats continuously conduct research for anticipated problems of cultivation in the future.

Comfortable financial risk profile:

The company has remained debt free so far since it has been generating sufficient cash flow to fund the operations.



Press Release

Key Rating Weaknesses

Moderate scale of operations

The company's scale remains moderate, marked by revenues of Rs. 186.86 crore in FY2023 (Rs. 210.03 crore in FY2022). GCA of the company was Rs. 19.12 crore in FY23 (Rs. 24.92 crore in FY22). The Networth base is also moderate at Rs 84.19 crore. During 9MFY24, TOI of the company is RS. 137.73 crore and EBITDA & PAT Margins are 13.88% and 9.37% respectively whereas overall gearing ratio is 0.26x and TO/TNW is 0.65x.

Moderate operating margins

The company's operating margin in FY2023 was 10.57% (11.57% in FY2022) and PAT margin in FY23 is 8.66% (10.97%) Going forward, the company's ability to significantly improve its operating margins and sustain them at the improved levels will be a key rating monitorable.

Operations exposed to intense competition and susceptibility to climatic conditions:

The domestic hybrid vegetable seed market remains intensely competitive with the presence of MNCs and local players, though PSPL is among the leading players in the vegetable seed segment. Intense competition limits bargaining power with farmers and distributors, and ability to cope with cyclical demand. Furthermore, turnover and operating margin are affected by external factors such as monsoon, soil conditions, and crop diseases. Also, government regulations and import/export restrictions impact prices.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of Rating Outlook | Infomerics Ratings](#)

[Criteria of Default Recognition](#)

Liquidity –Adequate

PSPL has an adequate liquidity profile. The unencumbered cash and cash equivalents were at Rs. 25.77 crore as on March 31, 2023. Further, the GCA was Rs. 19.12 crore in FY23.

About the company:



Press Release

Panchaganga Seeds Private Limited (PSPL) was incorporated on April 21, 2003, as a private limited company engaged in procuring, producing, and selling of hybrid/open pollinated seeds of various vegetables and crops includes onion, brinjal, chillies, maize, bajra, paddy, etc.

The company was promoted by Mr. Prabhakar Uttamrao Shinde who has more than two decades of the experience in the field of agriculture. The company has processing and inhouse R&D unit located in Aurangabad – Maharashtra. PSPL has a significant share in India's onion seeds production apart from other vegetables.

Financials (Standalone):

(Rs. Crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	210.03	186.86
EBITDA	24.31	19.74
PAT	23.92	16.59
Total Debt	0.00	0.00
Tangible Net worth	67.60	84.19
Ratios		
EBITDA Margin (%)	11.57	10.57
PAT Margin (%)	10.97	8.66
Overall Gearing Ratio (x)	0.00	0.00

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years: Nil

Sr N o.	Name of Instrument/Fa cilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstand ing (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21



Press Release

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Press Release

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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	49.00	IVR BBB / Stable (IVR Triple B with Stable Outlook)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-PanchaganqaSeeds-apr24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com