



## Press Release

### Crop Care Organics LLP (CCOL)

April 27, 2023

#### Ratings

Instruments/ Facilities	Amount (Rs. crore)	Ratings	<a href="#">Rating Action</a>
Long Term Bank Facilities	45.00	IVR B/ Stable (IVR Single B with Stable outlook)	Assigned
Short Term Bank Facilities	40.00	IVR A4 (IVR A Four)	Assigned
<b>Total</b>	<b>85.00</b> <b>(Rupees Eighty - five crore only)</b>		

Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of Crop Care Organics LLP (CCOL) draws comfort from its experienced partners and successful implementation of the project during FY23. However, these rating strengths are partially offset by its partnership nature of constitution, nascent stage of operation and competitive nature of the industry.

#### Key Rating Sensitivities:

##### Upward Factors

- Sustained increase in operating income and profitability leading to improvement in cash flows and liquidity of the firm.

##### Downward Factors

- Not able to scale up operations thus impacting the cash flow and liquidity of the company.
- Any major debt funded capex deteriorating the debt protection metrics.

#### List of Key Rating Drivers with Detailed Description

##### Key Rating Strengths

###### Experienced partners

The partners are highly qualified and have experience in the manufacturing and trading of steel products since the last two decades. Mr. V.K. Choudhary has about 15 years' experience in manufacturing of pesticides.

##### Key Rating Weaknesses



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### **Nascent stage of operations**

CCOL started commercial production from December 20, 2022. Hence, FY23 reflects its first three and half month of operations. Going forward, scaling up of operations and profitability will be key rating monitorable.

### **Constitution of the entity**

Crop Care, being a partnership firm, is exposed to inherent risk of partners' capital being withdrawn at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of the partner. Furthermore, partnership entities have restricted access to external borrowing, as credit worthiness of partner would be the key factors affecting credit decision for the lenders.

### **Competitive industry**

The pesticide market is highly competitive with major players enjoying economies of scale and focusing on strategies like mergers and acquisition to grow further and improve their market share. CCOL's nascent stage of operation, limits its financial flexibility and deprives it of scale benefits.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Criteria for assigning Rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

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

### **Liquidity – Stretched**

The liquidity profile of CCOL is expected to remain stretched as the firm started commercial operations on December 20, 2022 and is yet to scale up its operations. The ability to scale up operations will be key monitorable point so that firm can generate sufficient cash accruals to meet repayment obligations.

### **About the Firm**

M/s Crop Care Organics LLP is an existing LLP constituted in December 2019. The firm is constituted to carry on the business of manufacturing, refining, blending, processing, preparing, storing, buying, selling, importing, exporting and distributing all kind of Pesticides,



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Insecticides, Chemicals, Pharmaceuticals, Fertilizers, relating Technicals including their mixtures, formulations and constituents, etc. The finished product i.e. pesticides is used as a preventive to crop from insects, fungus, etc. The operation of the LLP takes place from Bijnor district of Uttar Pradesh. The LLP is at initial stage of operation as it has started its commercial production from December 20, 2022.

**Financials (Standalone):** The firm started operation from December 20, 2022, hence FY23 will be its first year of operation.

**Status of non-cooperation with previous CRA:** Brickwork ratings vide its press release date December 22, 2022 maintained the rating in issuer not cooperating category due to non-submission of information by the firm.

**Any other information:**

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (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
1.	Term Loan	Long Term	26.50	IVR B/ Stable	-	-	-
2.	Cash Credit	Long Term	10.00	IVR B/ Stable	-	-	-
3.	Proposed Term Loan	Long Term	3.50	IVR B/ Stable	-	-	-
4.	Proposed Cash Credit	Long Term	5.00	IVR B/ Stable	-	-	-
5.	Foreign Letter of Credit	Short Term	3.00	IVR A4	-	-	-
6.	Proposed Foreign Letter of Credit	Short Term	37.00	IVR A4	-	-	-



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### About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit [www.infomerics.com](http://www.infomerics.com)

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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
Long Term Bank Facilities - Term Loan I	-	-	Sept-2029	20.00	IVR B/Stable



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities - Term Loan II	-	-	Sept-2029	6.50	IVR B/Stable
Long Term Bank Facilities – Proposed Term Loan	-	-	-	3.50	IVR B/Stable
Long Term Bank Facilities – Cash Credit	-	-	-	10.00	IVR B/Stable
Long Term Bank Facilities – Proposed Cash Credit				5.00	IVR B/Stable
Short Term Bank Facilities – Foreign Letter of Credit	-	-	-	3.00	IVR A4
Short Term Bank Facilities – Proposed Foreign Letter of Credit	-	-	-	37.00	IVR A4

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

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-CropCare-apr23.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](http://www.infomerics.com).