



Press Release

Rajshree Fine Chemical Industries India Private Limited **(RFCIPL)**

August 09, 2021

Ratings

| Instrument / Facility | Amount (INR crore) | Ratings | Rating Action |
|--|--|--|----------------------|
| Long Term Fund based Bank Facilities – Term Loan | 153.75 | IVR BB/Stable (IVR Double B with Stable Outlook) | Assigned |
| Total | 153.75 (One Hundred and Fifty Three Crores and Seventy Five Lakhs Only) | | |

Details of Facilities are in Annexure 1

Detailed Rationale

The assignment of ratings to the bank facilities of Rajshree Fine Chemical Industries India Private Limited (RFCIPL) takes into account resourceful promoters, locational advantages and strong demand dynamics & government support to the sector.

The rating is however constrained by project execution risk.

Key Rating Sensitivities:

Upward Factors

Scheduled completion of the project & generation of the cash flows as projected.

Downward Factors

Any major delay in scheduled completion of the project impacting the projected cash flows.



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Resourceful promoters:

The promoter of the company is having the vast experience of different business segment resulting in established relationship with various stakeholders. The same is expected to benefit the ongoing project.

Locational Advantages for the distillery:

The distillery is coming at cane and food grains rich area in central Uttar Pradesh. There are around 30 working sugar mills in the command area of the project i.e. in Shahjahanpur, Hardoi, Lakhimpur Kheri, Sitapur, Bareilly and Pilibhit. Further, there are more than 4000 rice mills in the State of Uttar Pradesh. Most of the rice mills are located in the western and central UP. Sugarcane molasses and rice grain being principal raw material for ethanol manufacturing various locational advantages accrue to the manufacturing plant in terms of sourcing the raw material at cost effective rates.

Strong demand dynamics & Government support to the sector.:

Ethanol is found to be cost effective dilutant in petrol and diesel without loss of energy. Besides the manufacturing process for ethanol does not require sophisticated technology and the raw material is also available abundantly in sugar and rice producing areas of India. With heavy dependence of India on imported crude the Government of India has taken various policy initiatives to incentivise blending ethanol with fuels from currently 6% to 10% by 2022 and further to 20% by 2030. Going forward this will be positive for augmenting the demand for the company's products.



Press Release

Key Rating Weaknesses

Project execution risk:

The Company is setting up a greenfield project for setting up a distillery for manufacturing Ethanol. The Company is planning to start production by December 2021. This exposes the Company to inherent execution risks and uncertainties. Any delay in the execution of the project in scheduled timelines may lead to cost overruns and may affect the envisaged cash flows of the project, thus jeopardising the debt repayment capacity of the Company.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity – Adequate

The company is likely to be benefited from the resourcefulness of the promoter's. RFCIPL liquidity profile seems adequate in the medium term. However, the entire cash flows depend upon the timely beginning of the commercial operation of the plant which is expected to start by the end of December 2021.

About the Company

Rajshree Fine Chemical Industries India Private Limited was incorporated on 01st October 2018 in Kanpur, Uttar Pradesh for setting up a distillery unit for manufacture of Ethanol with 4.5 MW Co Generation Power Plant. The capacity of the plant is 80 Kilo Liters Per Day (KLPD) for Molasses based & 80 KLPD for Grain based production of Ethanol. The Cost of the Project is INR 238.79 crores to be funded by term loan of INR 153.75 crores and balance from promoters contribution.



Press Release

Financials Standalone: Not Applicable as greenfield project.

Status of non-cooperation with previous CRA: None

Any other information:

Rating History for last three years:

| Sr. No. | Name of Instrument/Facilities | Current Ratings (Year 2021-22) | | | Rating History for the past 3 years | | |
|---------|--|--------------------------------|--------------------------------|---------------|---|---|---|
| | | Type | Amount outstanding (INR Crore) | Rating | Date(s) & Rating(s) assigned in 2020-21 | Date(s) & Rating(s) assigned in 2019-20 | Date(s) & Rating(s) assigned in 2018-19 |
| 1. | Long Term fund based Bank Facilities – Term Loan | Long Term | 153.75 | IVR BB/Stable | - | - | - |

Name and Contact Details of the Rating Analyst:

| | |
|--------------------------------------|---------------------------------|
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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.



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 | Rating Assigned/ Outlook |
|--|------------------|------------------|---------------|------------------|--------------------------|
| | | | | (INR Crore) | |
| Long Term Fund Based Bank Facilities – Term Loan | - | - | Jun-30 | 78.75 | IVR BB/Stable |
| Long Term Fund Based Bank Facilities – Term Loan | - | - | Dec-30 | 50.00 | IVR BB/Stable |
| Long Term Fund Based Bank Facilities – Term Loan | - | - | Jun-30 | 25.00 | IVR BB/Stable |

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/lenders-raishree-9-aug-21.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: The Terms of sanction include standard covenants normally stipulated for such facilities.

Annexure 5: Complexity level of the rated facilities

| Sr No. | Instrument | Complexity Indicator |
|--------|------------|----------------------|
| 1. | Term Loan | Simple |

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.