



## Press Release

### Rajshree Fine Chemicals Industries India Private Limited

March 29, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	153.75	IVR BB+/Stable [IVR Double B Plus with Stable Outlook]	Upgraded	Simple
Long Term Bank Facilities	70.43	IVR BB+/Stable [IVR Double B Plus with Stable Outlook]	Assigned	Simple
<b>Total</b>	<b>224.18</b> <b>(Enhanced from Rs. 153.75 Crore)</b>	<b>(Rupees Two Hundred Twenty- Four Crore and Eighteen Lakhs)</b>		

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

Infomerics Ratings and Valuation Private Limited (IVR) has upgraded long term rating to IVR BB+ with a Stable outlook for the bank loan facilities of Rajshree Fine Chemicals Industries India Private Limited (RFCII). IVR has also assigned ratings of IVR BB+ with stable outlook for the long term enhanced bank facilities of RFCII.

The rating upgrade takes into consideration the timely completion of project without any cost overrun along with commencement of operations. Further, the project is stabilized and the company has also overachieved expected financials. The ratings continue to draw comfort from experienced promoters and locational advantages for the distillery. The ratings further take into account the strong demand dynamics and Government support to the sector. However, these rating strengths are partially offset by nascent stage of operations and susceptibility of operating margins to volatile raw material prices.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term.



## Press Release

IVR has principally relied on the audited financial results of the company up to March 31, 2023, and projected financials for FY2024-FY2026, and publicly available information/ clarifications provided by the company's management.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Stabilization of operations and generation of the cash flows as projected.

#### **Downward Factors**

- Non-stabilization of operations impacting the projected cash flows.

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

#### **Key Rating Strengths**

##### **Experienced 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 company.

##### **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



## Press Release

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 to 20% by 2030. Going forward this will be positive for augmenting the demand for the company's products.

### **Key Rating Weaknesses:**

#### **Nascent Stage of Operation**

The company has achieved its Commercial Operational Date in December 2022. However, the stabilization of operations risk persists, and achievement of projected turnover and profitability will be key monitorable.

#### **Susceptibility of operating margin to volatile raw material prices**

The key raw material for ethanol manufacturing is rice grain, maize, sugarcane, corn etc. Availability and prices both are volatile in nature due to presence of agro-climatic risk and cyclicity in the industry.

#### **Analytical Approach:** Standalone

#### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria for assigning rating outlook](#)

#### **Liquidity – Adequate**

The company's liquidity is adequate. The unencumbered cash and bank balance stood at Rs. 7.68 Crore as on 31st March 2023. The GCA stood at Rs. 3.25 Crore in FY23. The current ratio stood moderate at 1.31x as on March 31st, 2023. Operating cycle of the company stood at 114 days in FY23. The average fund based working capital utilization stood at 52.92% for the last 12 months.



## Press Release

### About the Company

Rajshree Fine Chemicals Industries India Pvt Ltd. was incorporated on 01st October 2018 and has its registered office at 11 Utkarsh Mahanagar, Phase-1, Bareilly, Uttar Pradesh. The Company is promoted by Mr. Rakesh Kumar Agarwal, Mr. Rajendra Kumar, Mr. Rishabh Bansal and Mr. Rohan Bansal. The Company is engaged in the business of manufacturing of Ethanol from molasses and grain. The manufacturing facilities (distillery) are to be located at Village Shalpur, Navadia Teh. Tilher, Distt. Shahjahanpur, Uttar Pradesh with a total installed capacity of 56,000 kilo litres per annum.

### Financials (Standalone):

For the year ended* / as on	(Rs. Crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	--	70.38
EBITDA	--	9.91
PAT	--	0.83
Total Debt	117.65	201.39
Tangible Net Worth(including quasi-equity)	17.59	74.07
<b>Ratios</b>		
EBITDA Margin (%)	--	14.08
PAT Margin (%)	--	1.17
Overall Gearing Ratio (x)(including quasi-equity)	6.69	2.72

*\*Classification as per Infomerics` standards*

**Status of non-cooperation with previous CRA: None**

**Any other information:** Not Applicable

**Rating History for last three years:**



## Press Release

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 (Mar 02, 2023)	Date(s) & Rating(s) assigned in 2022-23 (Nov 07, 2022)	Date(s) & Rating(s) assigned in 2021-22 (Aug 09, 2021)
1.	Long Term Fund Based Facilities	Long Term	224.18	IVR BB+/ Stable	IVR BB/ Stable	IVR BB/ CWDI	IVR BB/ Stable

### Name and Contact Details of the Rating Analyst:

Name: Vipin Jindal

Tel: (011) 45579024

Email: [vipin.jindal@infomerics.com](mailto:vipin.jindal@infomerics.com)

### 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.

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

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not



## Press Release

recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	September 2031	179.18	IVR BB+/Stable
OCC	-	-	-	45.00	IVR BB+/Stable

**Annexure 2: List of companies considered for consolidated analysis: None.**

### Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Rajshree-FineChemicals-mar24.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).