



## Press Release

### Rajshree Fine Chemical Industries India Private Limited

March 02, 2023

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities – Term Loan	153.75	IVR BB/Stable (IVR Double B with Stable Outlook)	Rating Reaffirmed and moved out of Rating watch with Developing Implications	Simple
<b>Total</b>	<b>153.75</b>	<b>Rupees One Hundred Fifty-Three Crore and Seventy-Five Lakh Only</b>		

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

Infomerics has removed the rating of the bank facilities of Rajshree Fine Chemical Industries India Pvt. Ltd. from 'Rating watch with developing implications' after emergence of clarity on revised project execution timelines and cost vis-à-vis actual project progress. Earlier, the rating was placed under rating watch with developing implications to monitor timely completion of project before the sanctioned COD of December 31, 2022. The company has achieved the COD on December 12, 2022, and the cost incurred was within the revised project cost. These recent developments majorly extinguish the concern led for placing the rating under rating watch with developing implications. Hence, the rating watch was resolved, and stable outlook was assigned.

The reaffirmation of rating assigned to the bank facilities of Rajshree Fine Chemicals Industries India Private Limited (RFCIPL) continues to draw comfort from resourceful promoters, locational advantage. The rating also factors in the strong demand dynamics & government support to the sector. However, these strengths are constrained by stabilisation of operation risk.



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### **Key Rating Sensitivities:**

#### **Upward Factors**

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

#### **Downward Factors**

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

### **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. Further, the promoters have infused funds to the tune of Rs.86.76 crore out of their proposed contribution of Rs.92.22 crore up to January 2022, for part-funding the ongoing project which indicates their resourcefulness.

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



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### Key Rating Weaknesses

#### Stabilisation of operations risk

The Company has set up a greenfield project of distillery for manufacturing Ethanol and achieved its Commercial Operational Date (COD) in December 2022. However, the stabilisation of operations risk persists, and achievement of projected turnover and profitability will be key monitorable. Further, timely completion of remaining project within the revised cost parameters would be crucial.

**Analytical Approach:** Standalone

#### Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria of assigning Outlook](#)

#### Liquidity – Adequate

The firm is likely to be benefited from the resourcefulness of the promoters. Rajshree Fine Chemical's liquidity profile seems adequate in the medium term. The entire cash flows depend upon the timely stabilisation of operation of the plant which have already commenced from December 2022. The entity is projected to maintain an adequate level of cash inflow and the same is expected to increase gradually with increase in sales.

#### 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 Litres Per Day (KLPD) for Molasses/Grain based & 80 KLPD for Grain based production of Ethanol. The Cost of the Project is INR 282.98 crores to be funded by term loan of INR190.75 crores and balance from promoters' contribution.



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### Financials (Standalone):

For the year ended/As on*	30-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	0.00	0.00
EBITDA	-0.08	-0.06
PAT	0.00	0.00
Total Debt	2.59	114.47
Tangible Net Worth	3.55	17.59
<b>Ratios</b>		
EBITDA Margin (%)	--	--
PAT Margin (%)	0.00	0.00
Overall Gearing Ratio (x)	6.09	7.59

\*Classification as per infomerics' standards

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

**Any other information:** Not Applicable

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Rating (Nov 07, 2022)	Date(s) & Rating(s) assigned in 2021-22 (Aug 9, 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Long Term Fund Based Facilities	Long Term	153.75	IVR BB/ Stable	IVR BB/ RWDI	IVR BB/ Stable	--	--

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### About Infomerics:

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).



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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
Term Loan	-	-	Sept 2031	153.75	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/Len-RajshreeFine-mar23.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).