



## Press Release

### Shraddha Energy And Infraprojects Private Limited

February 13, 2023

#### Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a> (Simple / High / Complex)
Long Term Fund Based Bank Facilities	178.20	IVR BB (Outlook: Stable) [IVR Double B with Stable Outlook]	Assigned	Simple
Short Term Non-Fund Based Bank Facilities	30.00	IVR A4 [IVR A Four]	Assigned	Simple
<b>Total</b>	<b>208.20</b>	<b>INR Two Hundred and Eight Crores and Twenty Lakhs Only</b>		

#### Detailed Rationale

The rating assigned to Shraddha Energy and Infraprojects Private Limited factors in the strength from the extensive experience of the promoters in a diversified product profile, moderate capital structure and well-established relationships with customers and suppliers.

However, the ratings remain constrained by the vulnerability of the company's profitability to volatility in key raw material prices and the competition faced by the company from other organised and unorganised players from the industry.

#### Key Rating Sensitivities:

##### Upward Factors

- Sustained scale up in revenues with sustenance of operating profitability
- Sustenance of working capital cycle

##### Downward Factors

- Sustained de-growth in revenue and decline in operating margin below 8%



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- Any sharp stretch in working capital cycle.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced promoters in infrastructure & sugar business** - SEIPL, promoted by Mr. Shivaji Bhagwanrao Jadhav in 1986, is the flagship company of Shraddha group. The company is engaged in the business of sugar manufacturing, co-generation from Sugar Unit and construction work related to dams, barrages lift irrigation, etc and power generation through wind energy.
- **Diversified revenue streams** – SEIPL is operating across three segments viz. sugar, construction, and renewable power (windmill). The diversified cash flows from these segments shields the company from any risk arising out of any industry specific developments.
- **Moderate Scale of Operations** – SEIPL has moderate scale of operations as reflected by a total income of Rs 414.99cr in FY22 improving from Rs 339.59cr in FY21 on account of higher realization of orders. The company has clocked in revenues in tune of Rs 329.81cr for a period of April to December 22.
- **Moderate Capital Structure** – SEIPL has a moderate capital structure as reflected by a high Tangible Net Worth of Rs 364.20cr in FY22 increasing from Rs 324.77cr in FY21 leading to a low gearing of 0.96X in FY22 vis-à-vis 1.26X in FY21. The company has a moderate TOL/TNW of 1.24X in FY22 improving from 1.62X in FY21.

#### Key Rating Weaknesses

- **Modest Coverage Metrics** – The coverage metrics of the company as reflected by the ISCR & DSCR stand modest at 1.61X & 1.12X in FY22 improving from 1.48X & 0.97X in FY21 on account of repayment of debt obligations of the company.



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- **Susceptibility of profitability to volatility in material prices:** Sugarcane and the other by products manufactured by the company remain extremely sensitive to fluctuations to commodity prices thereby impacting the overall revenue and profitability profile of the company. Cane production is highly dependent on the monsoons and realizations in alternative crops such as rice and wheat, which may prompt farmers to switch to sowing other crops. However, revenue from other segments, support the overall operating profitability.
- **Working capital intensive operations** - Since sugar is an agro-based commodity (with sugarcane crushed mainly during November to April). Hence, the sugar inventory is piled up during the crushing season and gradually released till the commencement of the next crushing season, resulting into high inventory carrying cost and requirement of higher working capital. The operating cycle of the company improved but continues to remain elongated at 128 days in FY22 from 141 days in FY21.

**Analytical Approach:** Standalone

**Applicable Criteria**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria Of Assigning Rating Outlook](#)

**Liquidity – Adequate**

The liquidity position of the company has remained adequate in FY22 as marked by its gross cash accrual (GCA) of INR 55.19 Cr in FY22 as against a repayment obligation of Rs 45.19cr. The average utilization of the company stands at 41.62% for a period of January to December 22 providing sufficient liquidity cushion. The current ratio remains comfortable at 1.23X as on March 31, 2022. However, going ahead with an increase in revenues for FY23,



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the liquidity position of the company is expected to improve. The working capital cycle is also expected to remain comfortable and the same needs to be monitored going ahead.

### **About the Company**

SEIPL, promoted by Mr. Shivaji Bhagwanrao Jadhav in 1986, is the flagship company of Shraddha group. The company is engaged in the business of sugar manufacturing, co-generation from Sugar Unit and construction work related to dams, barrages lift irrigation, etc and power generation through wind energy.

### **Financials (Standalone):**

For the year ended* / As On	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	318.27	376.39
EBITDA	55.04	54.49
PAT	18.62	39.43
Total Debt	410.53	348.68
Tangible Networth	324.77	364.20
<b>Ratios</b>		
EBITDA Margin (%)	17.29	14.48
PAT Margin (%)	5.48	9.50
Overall Gearing Ratio (X) (Adjusted)	1.26	0.96

**Status of non-cooperation with previous CRA:** ICRA Ratings has migrated Shraddha Energy & Infraprojects Private Limited Long-Term & Short Term Rating to the non-cooperating category vide its press release dated 27th October 2022. The issuer did not participate in the rating exercise despite continuous requests and follow-ups by the agency.

CARE Ratings has migrated Shraddha Energy & Infraprojects Private Limited Long-Term & Short Term Rating to the non-cooperating category vide its press release dated 24th December 2021. The issuer did not participate in the rating exercise despite continuous requests and follow-ups by the agency.



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Any other information: NA

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	2021-22	2020-21	2019-20
1.	Fund Based	Long Term	178.20	IVR BB (Outlook: Stable)	NA	NA	NA
2.	Non-Fund Based	Short Term	30.00	IVR A4	NA	NA	NA
	<b>Total*</b>		<b>208.20</b>				

*\*Details in Annexure I*

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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 6 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 Fund Based Bank Facilities - <b>Term Loans</b>	-	-	-	118.20	IVR BB (Outlook: Stable) [IVR Double B with Stable Outlook]
Long Term Fund Based Bank Facilities - <b>Cash Credit</b>	-	-	-	40.00	
Long Term Fund Based Bank Facilities - <b>Property OD</b>	-	-	-	20.00	
Short Term Non Fund Based Bank Facilities - <b>Bank Guarantee</b>	-	-	-	30.00	IVR A4 [IVR A Four]

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

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-ShraddhaEnergy-feb23.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 Instruments/Facilities: NA**

**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 <http://www.infomerics.com>