

Press Release**Baliraja Sakhar Karkhana Limited (BSKL)****May 13, 2019****Rating**

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating Assigned
1	Long term facility- Term Loan	85.00	IVR B+ / Stable [IVR B Plus with Stable outlook]
	Total	85.00	

Details of Facilities are in Annexure I**Detailed Rationale**

The aforesaid rating derives comfort from experienced promoters, diversified customer and supplier base. However, the rating is constrained by volatile operating margin, exposure to risk related to government regulations, susceptibility to adverse weather conditions, stretched liquidity, weak profitability & debt protection parameters and working capital intensive operations. Volatile scale of operations, profitability and capital structure are the key rating sensitivities.

Detailed Description of the Key Rating Drivers**Key Rating Strengths****Experienced promoters**

The promoters of BSKL have around two decades of long experience in the sugar industry. Long presence in the industry has helped them in establishing relationship with both customers and suppliers. The company is likely to benefit from the extensive experience of its promoters in the medium to long run.

Diversified customer and supplier base

The company has a diversified customer base as it derives only ~6.89% of its FY18 revenue from top 10 customers. Further, top 10 suppliers contributed to ~1.30% to its total purchase in FY18.

Key Weaknesses

Volatile operating margin and exposure to risk related to government regulations

BSKL operates in the sugar industry which is exposed to risks related to Government regulations. This makes its operating profitability susceptible to any policy measure announced by the Government to support sugarcane producers and to keep the sugar prices in check.

Susceptibility to adverse weather conditions

The company's operation is seasonal with maximum business between the months of September to October. The profitability of the company is highly dependent on weather conditions.

Stretched liquidity

The company has stretched liquidity as reflected in high utilization of its bank limits for the last 12 months. Further, BSKL is expected to generate modest accruals going forward against which it has sizeable repayment obligations. The liquidity position is likely to remain tight in the short to medium term.

Weak profitability and debt protection parameters

The profitability margins and debt protection metrics of the company are weak on account of low profitability coupled with high term debt.

Working capital intensive operations

Operations of the company are working capital intensive. The inventory holding days of the company have generally been high in the last three years. However, creditor days have improved significantly in FY18.

Analytical Approach & Applicable Criteria:

Standalone

Rating Methodology for Manufacturing companies

Financial Ratios & Interpretation (Non-Financial Sector)

Default Recognition and Post-Default Curing Period

Liquidity

The company has stretched liquidity as reflected in high utilization of its bank limits for the last 12 months. Further, BSKL is expected to generate modest accruals going forward against which it has sizeable repayment obligations. The liquidity position is likely to remain tight in the short to medium term.

About the Company

Baliraja Sakhar Karkhana Limited (BSKL) was incorporated in 2001 and has registered office at Shivaji Nagar, Pune. The company was promoted by Mr. Shivaji Bhagwanrao Jadhav and his family. The company is engaged in manufacturing of sugar with manufacturing capacity of 3500 TCD (tons of cane per day). Shradha Energy and Infra Project Pvt. Lt, is holding company of BSKL is into power generation with capacity of 15MW.

Financials (Standalone)

(Rs. crore)

For the year ended/ As On	31-03-2017	31-03-2018
	(Audited)	(Audited)
Total Operating Income	82.72	62.82
EBITDA	-4.38	37.74
PAT	-44.95	0.05
Total Debt	149.61	173.18
Tangible Networkth	-8.63	-8.58
<u>Ratios</u>		
EBITDA Margin (%)	-ve	60.08
PAT Margin (%)	-ve	0.47
Overall Gearing Ratio (x)	N.A	N.A

Note: Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Acuite Ratings which has earlier rated the company, has classified it as “Issuer Not Cooperating” category due to non-submission of information as per Press Release dated June 11, 2018.

Any other information: N.A

Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crores)	Rating	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	Long term facility-Term Loan	Long Term	85.00	IVR B+ / Stable [IVR B Plus with Stable outlook]	--	--	--

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.

Name and Contact Details of the Rating Analyst:

Name: Ms. Mansi Korlekar

Tel: (022) 62396023

Email: mbkorlekar@infomerics.com

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. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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, suspend 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 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. Crores)	Rating Assigned/ Outlook
Long term facility - Term Loan	-	-	Feb 2023	85.00	IVR B+ / Stable [IVR B Plus with Stable outlook]