



**Press Release**  
**BALIRAJA SAKHAR KARKHANA LIMITED**  
**March 04, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	110.00	ACUITE BBB   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	110.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned the long-term rating at '**ACUITE BBB (read as ACUITE triple B)**' on the Rs.110.00 Cr. bank facilities of Baliraja Sakhar Karkhana Limited (BSKL). The outlook is '**Stable**'.

**Rationale for rating assigned**

The rating assigned factors in the established track record of the group along with the extensive experience of the management in the sugar industry. The rating further takes into account the diversified revenue profile of the group dominated majorly by the integrated nature of sugar operations. Further, it also factors in the comfortable financial risk profile of the group. However, these strengths are partly offset by the intensive working capital operations coupled with susceptibility to regulatory changes, inherent volatility in sugar prices, agro-climatic risks and the cyclical trends of sugar industry.

**About the Company**

Incorporated in January 2001, BSKL is a wholly owned subsidiary of Shraddha Energy and Infraprojects Private Limited (SEIPL). The company's manufacturing facility is located in Purna, Maharashtra, with a sugar crushing capacity of 3,500 TCD and 15 MW of power generation capacity. In FY24, BSKL acquired Sant Muktai Sugar and Energy Limited (SMSEL) from its parent company SEIPL and subsequently merged SMSEL with itself. Currently, the merged installed sugarcane crushing capacity stands at 6,000 TCD and along with a cogen capacity of 27 MW. The current directors of the company are Mr. Shivaji Bhagwanrao Jadhav, Mr. Amit Shivajirao Jadhav and Mr. Ajay Shivajirao Jadhav.

**About the Group**

**Shraddha Energy and Infraprojects Private Limited (SEIPL)**

Incorporated in December 2004, SEIPL is a Pune based company operating across multiple sectors - sugar milling, wind energy projects and infrastructure construction. The company has a sugarcane crushing capacity of 4,500 TCD and a 18 MW co-generation facility for power generation. In addition to its sugar production, SEIPL operates wind turbines in Maharashtra ~ 47.2 MW and Karnataka ~ 4.8 MW. Further, the company is also involved in construction projects, primarily focused on dams, barrages and lift irrigation systems. The company is currently developing an ethanol plant with capacity of 350 KLPD, expected to be completed by March 2025. The current directors of the company are Mr. Shivaji Bhagwanrao Jadhav, Mr. Amit Shivajirao Jadhav and Mr. Ajay Shivajirao Jadhav.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

**Extent of Consolidation**

• Full Consolidation

**Rationale for Consolidation or Parent / Group / Govt. Support**

Acuite has consolidated the business and financial risk profiles of SEIPL and BSKL. The consolidation is on account of ownership of BSKL by SEIPL, similar line of operations, common management and cashflow fungibility between the companies.

### **Key Rating Drivers**

## Strengths

### Experienced promoters and long track record of operations

Incorporated in January 2001, BSKL is a part of Shraddha Group which is led by Mr. Shivaji Bhaganwanrao Jadhav who is having more than 40 years of experience in engineering, procurement and construction (EPC) and wind mill power generator and around 2 decades of experience in sugar industry. The group currently has 3 sugar manufacturing units located each at Jalna, Parbhani and Jalgaon district of Maharashtra with a total installed capacity of 10,500 TCD. The extensive experience of management has helped the group in getting wide acceptance among local farmers, facilitating adequate and timely cane procurement, ensuring an adequate crushing period which has helped the group improve its scale of operations over the years. Further, the group holds an order book of Rs 1,058.84 Cr. as on December 01, 2024 in the EPC segment and has tied up its wind power capacity with Maharashtra State Electricity Distribution Company Limited (MSEDCL) at a tariff rate of Rs.2.65 per unit till 2029.

Acuite believes that the group will continue to benefit from its established track record of operations and experience of its management team.

### Diversified revenue streams and stable margins dominated majorly by integrated nature of sugar operations

The group earns majority of its revenue from sugar and its integrated business (85 % of FY24 revenue) followed by the EPC business (6.75%) and wind power (3.7%). Furthermore, the group's foray into ethanol business at total capex of Rs. 214.67 Cr. (Rs 183.47 Cr. incurred till December 27, 2024) is expected to increment revenues from March 2025.

The operating revenue of the group declined to Rs. 685.18 Cr. in FY24 compared to Rs. 1,071.99 Cr. in FY23 on account of ban on export sales of sugar and low stock availability from ESY 2022-23. However, the operating profit margin of the group improved significantly to 21.34 percent in FY24 as against 13.94 percent in FY23 due to the improvement in the realisation prices of sugar. Going forward, the group is expected to earn margins between 16-17%.

Acuite believes that the group's scale of operations will continue to improve through the enhanced utilization of its existing capacity, onset of distillery unit and support by favourable government measures.

### Comfortable Financial risk profile

The financial risk profile of the group remained comfortable marked by a healthy net worth, moderate gearing and debt protection metrics. The net worth of the group stood at Rs. 380.48 Cr. as on March 31, 2024 as against Rs. 398.49 Cr. as on March 31, 2023. Further, the gearing ratio remained low at 0.85 times as of March 31, 2024, compared to 0.77 times on March 31, 2023. However, this is expected to increase to 0.97 times as on March 31, 2025 on account of additional debt of Rs. 85.2 Cr. being drawn by the group for the distillery unit. The debt protection metrics remained moderate with debt service coverage ratio and interest coverage ratio standing at 1.85 times and 4.99 times respectively as on March 31, 2024 as against 1.38 times and 3.83 times respectively as on March 31, 2023.

The capital structure and debt servicing indicators are expected to remain comfortable in the medium term supported by healthy cash accruals and no significant debt funded capex.

## Weaknesses

### Intensive working capital operations of the group

The working capital operations of group remain intensive, as indicated by gross current asset days (GCA) of 245 days in FY24 compared to 157 days in FY23. These are primarily impacted by increase in inventory days which rose to 233 days in FY24 from 135 days in FY23. This higher inventory level as of March 31, 2024, was a result of stock holding due to ban on export sales. Further, the debtor's days of the group stood at 28 days in FY24 as compared to 18 days in FY23. The group receives advance payment from its dealers for the sale of sugar, whereas for EPC and wind turbine it receives payment in ~30-45 days. The creditors days for the group stood at 173 days in FY24 as compared to 94 days in FY23.

Acuite believes that working capital operations of the group may continue to remain intensive considering the nature of business.

### Susceptibility to regulatory changes and inherent volatility in sugar prices

The sugar industry is susceptible to movements in sugarcane and sugar prices which results in volatile profitability. While the government policy of Fair and Remunerative Price for sugarcane has brought some amount of stability and predictability in input price, open market sugar price remains dependent on the demand-supply scenario. Besides this, the government also regulates domestic demand-supply through restrictions on imports and exports, sugar release orders and buffer stock limits. Government interventions will remain a key driver for the profitability of sugar mills and continue as a key rating sensitivity factor.

### Agro climatic risks and cyclical trends in the industry

Profitability of sugar mills will remain vulnerable to the agro-climatic risks related to cane production. Being an agricultural product, the sugarcane crop is dependent upon weather conditions and is vulnerable to pests and

diseases that may not only impact the yield per hectare but also the recovery rate. These factors can have a significant impact on the group's revenue and profitability.

### **Rating Sensitivities**

- Sustained improvement in operating income and profitability
- Improvement in the working capital operations
- Changes in government regulations
- Reduction in cash accruals or significant debt funded capex affecting liquidity and financial risk profile

### **Liquidity Position**

#### **Adequate**

The liquidity position of group is adequate marked with net cash accruals (NCA) of Rs. 114.57 Cr. in FY24 as against maturing debt repayment obligations of Rs. 48.28 Cr. in the same year. Further, it is expected that group will generate NCA in range of Rs. 84-140 Cr. against the repayment obligations of around Rs. 30-35 Cr. over the medium term. The current ratio of the group stood at 1.12 times in FY24. The average bank limit utilization for last 12 months ending December 31, 2024 stood at 62.3 percent. Further, the group had cash and bank balance of Rs.1.56 Cr. as on March 31, 2024.

Acuite believes that the liquidity position of the group will continue to remain adequate on the back of steady cash accruals.

### **Outlook : Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	685.18	1071.99
PAT	Rs. Cr.	78.73	74.92
PAT Margin	(%)	11.49	6.99
Total Debt/Tangible Net Worth	Times	0.85	0.77
PBDIT/Interest	Times	4.99	3.83

### Key Financials (Standalone)

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	392.88	683.31
PAT	Rs. Cr.	60.68	46.01
PAT Margin	(%)	15.45	6.73
Total Debt/Tangible Net Worth	Times	3.09	1.47
PBDIT/Interest	Times	7.84	4.25

### Status of non-cooperation with previous CRA (if applicable)

None

### Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
23 Dec 2024	Term Loan	Long Term	67.97	ACUITE Not Applicable (Withdrawn)
	Term Loan	Long Term	17.17	ACUITE Not Applicable (Withdrawn)
	Term Loan	Long Term	47.50	ACUITE Not Applicable (Withdrawn)
09 Aug 2024	Term Loan	Long Term	67.97	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	17.17	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	47.50	ACUITE D (Reaffirmed & Issuer not co-operating*)
15 May 2023	Term Loan	Long Term	67.97	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	17.17	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	47.50	ACUITE D (Reaffirmed & Issuer not co-operating*)
16 Feb 2022	Term Loan	Long Term	67.97	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	17.17	ACUITE D (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	47.50	ACUITE D (Reaffirmed & Issuer not co-operating*)

### Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
TJSB Sahakari Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUTE BBB   Stable   Assigned
TJSB Sahakari Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUTE BBB   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.24	Simple	ACUTE BBB   Stable   Assigned
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	26 Apr 2030	6.21	Simple	ACUTE BBB   Stable   Assigned
TJSB Sahakari Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	03 Nov 2029	3.55	Simple	ACUTE BBB   Stable   Assigned

### \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Company name
1	Shraddha Energy and Infraprojects Private Limited (SEIPL)
2	Baliraja Sakhar Karkhana Limited (BSKL)

## Contacts

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### About Acuité Ratings & Research

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