

Rajgad Sahakari Sakhar Kharkhana Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	50.00	SMERA C (Assigned)
Short Term Loan (Excise Loan)	4.86	SMERA A4 (Assigned)
Long Term Loan (Soft loan and Working Capital Term Loan)	7.69	SMERA C (Assigned)
Proposed Short Term Loan	8.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA C**' (**read as SMERA C**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.70.55 crore bank facilities of Rajgad Sahakari Sakhar Kharkhana Limited (RSSKL). The ratings are constrained by the weak financial risk profile, working capital intensive operations and irregularities in servicing of debt obligations of government entities. However, the ratings draw support from the experienced management and proximity to raw material source.

RSSKL, established in 1989, is engaged in the manufacture of sugar. The financial risk profile of the company is weak marked by accumulated losses during FY2013-14 to FY2015-16 that has resulted in negative net worth of Rs.35.90 crore as on March 31, 2016 (provisional). The interest coverage ratio stands low at around 1.31 times in FY2016 (provisional) while the DSCR ratio is also low at around 0.42 times in FY2016 (provisional).

Besides, the operations are working capital intensive with GCA of around 519 days as on March 31, 2016 (provisional) and high inventory days of about 408 days. Further, the company has delayed repayment of debt obligations of government entities.

However, RSSKL benefits from its experienced management. Mr. Anantrao Thopate, the founder director, has over three decades of experience in the sugar industry. The manufacturing facility is located at Bhor, Pune in close proximity to sugarcane growing areas.

Rating Sensitivity Factors

- Scaling up operations and profitability
- Efficient working capital management
- Comfortable capital structure
- Timely servicing of debt obligations

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

RSSKL, promoted by Mr Anantrao Thopate in 1989 is engaged in the manufacture of sugar at Bhor, Pune. The company has an installed capacity of 1,250 tonnes crushed per day (TCD).

For FY2015-16 (provisional), RSSKL reported net profit of Rs.0.63 crore on operating income of Rs.48.33 crore, as compared with net losses of Rs.14.49 crore on operating income of Rs.73.16 crore in FY2014-15.

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ABOUT SMERA

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